

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Tuesday, April 19, 1988 2:30 p.m.**

Date: 88/04/19

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

[Mr. Speaker in the Chair]

Prayers

MR. SPEAKER: Let us pray.

O Lord, we give thanks for the bounty of our province: our land, our resources, and our people.

We pledge ourselves to act as good stewards on behalf of all Albertans.

Amen.

head: TABLING RETURNS AND REPORTS

MR. ANDERSON: Mr. Speaker, I'm pleased to table the 1986-87 annual report of the Department of Municipal Affairs for the interest of all members.

MR. WEISS: Mr. Speaker, it's my pleasure to table copies of the fifth annual report of the Advisory Committee on Wilderness Areas and Ecological Reserves. It covers the period between April 1, 1987, and March 31, 1988.

head: INTRODUCTION OF SPECIAL GUESTS

MR. KOWALSKI: Mr. Speaker, earlier today it was my pleasure to announce in conjunction with the the Alberta Pharmaceutical Association that we've designated the month of May as the Great Drug Roundup Month in the province of Alberta. The Alberta Pharmaceutical Association's initiative in organizing a provincewide campaign to collect old drugs and to ensure their proper disposal is an excellent example of how nonregulated hazardous wastes can be properly treated in our province. I would like to point out as well that the province of Alberta is providing assistance to the Alberta Special Waste Management Corporation by purchasing containers for use in pharmacies and by covering disposal charges at the treatment centre.

In the members' gallery today, Mr. Speaker, are three representatives of the Alberta Pharmaceutical Association that I would like to introduce to all members of the Assembly: first of all, Mr. Larry Shipka, registrar, Alberta Pharmaceutical Association; secondly, Mr. Chris Graham, who will serve as campaign chairman of this very important campaign; and thirdly, Olly Kochan, who's the professional services co-ordinator of the Alberta Pharmaceutical Association. I would ask that our guests rise and receive the warm welcome of the Assembly.

MR. BRASSARD: Mr. Speaker, it gives me a great deal of pleasure today to introduce to you and through you to the members of the Assembly, 29 grade 10 students from the village of Cremona. They've traveled all the way up here today to be with us and are joined by their teacher John Gerlach, Mr. Frank Cummins, Jennifer Osborne, Joanne Van Arnam, Linda Hosegood, Carmen Herbert, Dianne Anderson, Nels Brian, Dot Talbot, and their bus driver Rollie Ayres. I would ask that they stand and receive the very warm welcome of this Assembly.

MS LAING: Mr. Speaker, it is my pleasure today to introduce to you and through you to the members of this Assembly, two groups of school students: first, 85 students from Holy Trinity Catholic high school, a community school in the constituency of Edmonton-Avonmore. They are accompanied by their teachers Ms Cindy Winter, Ms Irene Washylk, and Mr. George Robert. I would ask that they rise and receive the warm welcome of this Assembly.

I would also like to introduce to the members of this Assembly, 17 students from Hazeldean school, also in the constituency of Edmonton-Avonmore. They are accompanied by their teacher Don Brooks, and I would ask them to now rise and receive the welcome of this Assembly.

head: ORAL QUESTION PERIOD**Labour Relations Code**

MR. MARTIN: Mr. Speaker, to the Minister of Labour. This government's antiworker and unfair bias is certainly spread throughout Bill 22. Today I'd specifically like to ask him about an area where the government has again repeated its past blunders and added a few more to protect its position. My question to the minister: will the minister explain why the new legislation repeats all the mistakes contained in the old Bill 44 with respect to nurses and other hospital workers when it's been shown in practice that this legislation does not work?

DR. REID: Mr. Speaker, you know, the Leader of the Opposition's preambles are getting more and more ridiculous with the passage of time. To say that this government is antiworker is manifest nonsense. The situation is that the provisions have been changed, and if the hon. member would read the Bill properly, he would see the changes.

MR. MARTIN: Mr. Speaker, Bill 44 is still there. We went through a tough nurses' strike. It should be clear even to him and this government that it doesn't work. My question to this minister is: why didn't they repeal Bill 44 and bring in decent legislation to deal with our hospital employees?

DR. REID: Mr. Speaker, in December of last year the Premier appointed a commission to look into health care issues. He has specifically asked that commission to address the concerns of the nurses which may be of a nonbargainable nature. That was the primary difficulty when I was at meetings with the nurses. Their primary concerns were of a nonbargainable nature, and those concerns will be looked at by that commission.

There are changes to Bill 22; specifically, the removal of the requirement for the arbitrator in compulsory binding arbitration to address a specially produced document on the fiscal policy of the government. That has been removed from the Bill.

MR. MARTIN: Big deal, Mr. Speaker. They still have to look at "the general economic conditions" set out by this government.

My question is to this minister. Hasn't the government realized yet that when they bring in unjust, unfair, bad laws, it will create more problems than it solves? Haven't they realized that yet?

DR. REID: Mr. Speaker, it is not the general economic conditions in the province as defined by the government. It is "the general economic conditions" in the province, full stop. For the

member to suggest that the people of Alberta want to have a succession of strikes in the hospital sector -- if that's the kind of government that gentleman would produce, then he should go and make that case to the people of Alberta.

MR. MARTIN: Well, Mr. Speaker, I would remind this minister it's under your legislation that you had the worst strike possible.

My question is to the minister. How many nurses are you going to make criminals, Mr. Minister, before you realize that this is a bad law and that it should be removed? Is there any attempt to remove this, and when are you going to do it?

DR. REID: Mr. Speaker, we have removed the specific concern that was addressed by the United Nurses of Alberta. They felt that there was undue intervention by the government by producing a document on the fiscal policy of the government. That provision from Bill 44 has been removed in Bill 22. I repeat: it has been removed. If the hon. Leader of the Official Opposition and the New Democratic Party wish to go to the people of this province, saying that they wish to return to the days of having nursing strikes and shutdowns in hospitals, then let them make that case.

MRS. HEWES: Mr. Speaker, my supplementary is back to the original question to the minister on fairness in this legislation, or improvement. Relative to picketing disallowed by supporters except those who are immediately involved in the strike, to the minister: do you really believe that this requirement is legal either in fact or in spirit within the Canadian Charter of Rights and Freedoms?

MR. SPEAKER: The question is out of order. Legal opinions cannot be asked in question period.
Lethbridge-West.

MR. GOGO: Mr. Speaker, a supplementary question to the hon. minister. Recognizing that the intent of legislation is to apply to all Albertans, could the Minister of Labour share with the Assembly a rough idea of how many groups or individuals in Alberta he had met with prior to the introduction of Bill 22?

DR. REID: Mr. Speaker, in relation to the hospital system, in specifics, in view of the first question by the Leader of the Official Opposition, I met with nurses, registered nursing assistants, laboratory technicians, and the groups that represent them, other than the United Nurses of Alberta, who refused to speak to me. I also spoke with individual hospital boards, trustees, and the Alberta Hospital Association. I also met with representatives of the Canadian Union of Public Employees, who represent other hospital workers. The input was valuable, and it did influence the decision that was made with reference to the specific provisions that are mentioned. [interjections]

It's interesting that while I'm talking the members of the Official Opposition, who obviously support illegal activities by the nurses and who disregard the concept of the rule of law, keep making remarks during my comments.

MR. MARTIN: Bring in decent laws . . .

MR. SPEAKER: Are you on a supplementary?

MR. MARTIN: I'd like to designate to the Member for St. Al-

bert. He wasn't answering his question either.

Employment Standards Code

MR. STRONG: Mr. Speaker, my questions today are directed towards the Minister of Labour. When the minister introduced Bills 21 and 22, he cited that it was "an almost unbelievable consultation process" to arrive at these two Bills. I'd suggest that most Albertans believe, as I do, that it wasn't the consultation process that was unbelievable; it was a good one. The results were unbelievable. I attended many of the public hearings and also read very closely the recommendations listed in the final report of the Labour Legislation Review Committee. That report recommended that the minimum wage rate be reviewed on a . . .

MR. SPEAKER: Order please, hon. member. The Chair knows that you have a very strong voice, but even you need to have a little more quiet in the Assembly to be heard.

St. Albert, please.

MR. STRONG: Mr. Speaker, I would have sat down quicker, but I never saw you get up. I was looking at my notes here.

Mr. Speaker, the minister indicated in that report that the minimum wage rate would be reviewed on a regular basis. To the minister: where is the mechanism to review the minimum wage in the province of Alberta, or are Albertans going to have to wait for another seven years for an increase in the minimum wage rate?

MR. SPEAKER: The question was asked yesterday.

DR. REID: Mr. Speaker, I have just this morning announced a significant increase in the minimum wage. It has been increased to \$4.50 per hour for all members of the regular work force, with no provision for a reduced rate for those under 18. There is a student minimum wage rate of \$4 per hour, and that is for students who are still in the school system and who are working part-time. That has just been done by the process that was mentioned.

Now, as for the hon. member's comments about "seven years," he may not be aware, but the majority of Albertans have gone through a period of time in this province over the last seven years largely attributable to the national energy program, which his party supported, and supported vigorously, I might say. The results of that upon the economy of this province resulted in most Albertans' forgoing wage increases. Many Albertans lost their jobs; many other Albertans had to take wage decreases. In those circumstances it was perfectly reasonable that the minimum wage be held stationary.

In the future, Mr. Speaker, in relation to the nub of the hon. member's question, the minimum wage will be reviewed regularly, and it will not happen with the Meech Lake accord and with the free trade agreement. In the event there are future national energy programs with the same results, it may be that the same restriction on the minimum wage will have to apply.

MR. STRONG: Mr. Speaker, every time there's a problem, they dredge up the national energy program as an excuse.

Mr. Speaker, the minister indicated in the final report of the Labour Legislation Review Committee that overtime agreements would not be a condition of employment. Supplementary to the minister. If the minister believes in fairness and equity in

labour legislation, why did he not ban the utilization of overtime agreements by employers, unscrupulous ones, in the province of Alberta?

DR. REID: Mr. Speaker, if the hon. gentleman reads the legislation, he will find that there is provision for time off in lieu of overtime, the so-called overtime agreement. It is true that in Bill 60 we did not have that provision, but we had representations, I might say, from organized union members; maybe not from their unions but from the members themselves, whom this government represents better than the hon. member does. We had representations from individual employees by the score. We had representation from employers. It would appear that time off in lieu of overtime is a very acceptable precept in the province of Alberta, both employees and employers, and it will therefore continue.

MR. STRONG: Mr. Speaker, this minister indicated he'd had 200 submissions after the final report of the Labour Legislation Review Committee came forth. Could this minister identify for Albertans how many labour groups or individuals, working Albertans, recommended that he keep overtime agreements in place? How many?

DR. REID: Mr. Speaker, I will mention one profession alone: nurses. I had several representations from nurses. When they work overtime in the middle of the night, many nurses would prefer to accumulate that overtime and take off a Friday afternoon or a Friday in lieu. That's one specific example, and there are many others of that nature.

The hon. member, incidentally, said: a couple of hundred submissions subsequent to the final report. I think he'd better read the press release and my other comments a bit more clearly, in that there were several hundred submissions subsequent to the final report being issued, in addition to those that were accepted during the process of public meetings around the province, and since Bill 60 alone I've had over 200 meetings.

MR. STRONG: Mr. Speaker, the minister should open and unplug his ears because that's exactly what I said.

Mr. Speaker, final supplementary to the minister. Why does the minister's Employment Standards Code require one month's notice by an employee to be given to an employer before that employee can terminate his or her overtime agreement, which in most cases they were forced to sign or they wouldn't have got a job? Why do you substantiate that?

DR. REID: It is a mutual arrangement. The same notice is required in the other direction. The provision of time off in lieu, or overtime agreements where they are formalized: that provision applies in both circumstances. Perhaps if the hon. member had belonged to many of the work forces in this province -- for example, pulp mills, hospitals, coal mines, and others -- he would understand the benefits to both sides of the equation. However, he doesn't appear to represent both sides or even one side of the equation.

MR. TAYLOR: Mr. Speaker, supplemental to the minister. The minister is implementing a minimum wage on September 1 with a certain amount of logic, admittedly weak. However, what reason does he have for keeping the students, for chiseling them out of 70 cents an hour during the summer months, particularly when tuition fees and everything else have gone up?

What reason does he have for holding them back?

DR. REID: Mr. Speaker, the student population have in many cases already made arrangements with employers for summer employment. Those arrangements have been made under the current situation. The hon. member should also remember that the hospitality industry and the tourist industry have in many cases already made formal bookings and contracts based on the costs at the time they made those contracts. The situation is that to enforce an increase in those wages at this time might result in those contracts being uneconomical.

In addition, Mr. Speaker, the students we are talking about had obviously taken any employment they have taken under the current provisions. Industry, employees and employers alike, need to have a time to make the adjustments that are necessary with a significant increase in the minimum wage from \$3.80 to \$4.50.

MR. SPEAKER: Main question, Westlock-Sturgeon, followed by Clover Bar.

Metis Settlements

MR. TAYLOR: Thank you, Mr. Speaker. My main question today is to the Premier. It was on June 3, 1985, that this Legislature unanimously passed Resolution 18, that endorsed the government's commitment to transfer title -- his is surface title only -- to the Metis settlement areas and to protect that land in the Constitution by means of a resolution to amend the Alberta Act. Now, on March 26, 1987, on national television the Premier of this province told the first ministers that with good efforts on both sides this will be concluded in 1987. Given that commitment, may we assume that we're going to see this legislation in this sitting?

MR. GETTY: It's difficult to know, Mr. Speaker, because even the delay in 1987 was as a result of requests from the very Metis people that we were negotiating with, and it's difficult to know whether they will want us to proceed or whether we will be prepared to proceed during this session. My colleague the Solicitor General meets regularly with the Metis people and may wish to augment this answer.

MR. ROSTAD: Thank you, Mr. Speaker. The hon. member forgot to point out that in June 1987 we tabled in this House a document approximately an inch or better in thickness entitled Implementation of Resolution 18, and we have held innumerable meetings with the Metis federation and their president Mr. Randy Hardy, and we've been fleshing out this implementation proposal.

It's important for everyone to remember that a transfer of 1.25 million acres is of significant consequence for the Metis people of Alberta and for the people who aren't Metis. It's important that it not be transferred purely for the political gain of people off the reserve or political gain for the people on the reserve. It's important that all Metis realize the consequences and the significance of this transfer and the legislation that's required to effect it and flesh it out. That's the process we're undertaking.

MR. TAYLOR: Mr. Speaker, to the Premier, first supplementary. It's utter nonsense to say that after three years -- and, Mr. Premier, you have been famous for making the statement

that the government does not break promises in Alberta. For three years you've promised to transfer the surface title, and your minions in the Solicitor General's and the Attorney General's departments are going around trying to stop it. Who runs this government, you or them?

MR. GETTY: We'll skip that one, Mr. Speaker.

MR. TAYLOR: I'd hang my head in shame too, Mr. Speaker, if I had made a deal like this. There's no question that the Premier made a promise, and what is happening is that the Solicitor General and the Attorney General are trying to blackmail the Metis people into dropping their lawsuit or they won't go ahead with Resolution 18. Is that not the truth?

MR. GETTY: No, Mr. Speaker, and it's always been the hon. leader of the Liberal Party's custom in this Legislature when he is on very weak ground to raise his voice louder and louder, and he's doing it again.

MR. TAYLOR: Mr. Speaker, I don't know if we have a Premier or a wimp here.

Now, obviously the Premier has made a promise to settle this before '87, and the lawsuit that has been in place since 1977 for mineral title and oil rights -- it had nothing to do with surface rights -- is what these people are trying to get the Metis to drop. Will he not at least come out of his shell and say he will keep his word?

MR. GETTY: Mr. Speaker, as indicated by the Solicitor General, the government does keep its word. The government has been negotiating with the Metis people. We're proceeding at a pace that the Metis people feel is one that would best suit them. In terms of the lawsuit, obviously if the government is going to be a part of giving some 1.2 million acres to the Metis people and then, having signed an agreement, to be sued the next day does not make very much sense to the people of Alberta. Obviously, we are going to try and develop an agreement with them that removes that possibility.

MR. SPEAKER: Supplementary, Edmonton-Highlands. All the supplementaries have expired, Westlock-Sturgeon.

MS BARRETT: Thank you, Mr. Speaker. Supplementary to the minister responsible for native affairs. Given his answer earlier this afternoon, I wonder if he can report whether or not any new sort of voting mechanism has been put in place by his department with respect to the Metis and Resolution 18 implementation.

MR. ROSTAD: Mr. Speaker, just for clarification, it's the minister responsible for native programs not native affairs; native affairs is shared with the Attorney General.

One of the issues we are currently discussing with the federation is making the settlement councils legal entities and effecting a mechanism whereby they can be elected and hold office in a formalized manner. That is currently under discussion.

Energy Industry

DR. BUCK: Mr. Speaker, my question is to the Premier. I don't get quite as exercised as the hon. leader of the Liberals does about some of the things the Premier says. But I'd like to

know if the Premier has indicated publicly that the turmoil that's going on in the Middle East in the Arab oil-producing nations is going to have an effect on the production of oil in Alberta as it relates to the export to the United States, in light of the fact that the small amount we do export doesn't have that significant an impact on their security of supply. Has the Premier indicated that this will be an opportunity for Alberta producers to increase their production?

MR. GETTY: No, I haven't, Mr. Speaker, in the context that the member asks the question. But what I have said in a variety of places, when I'm talking with other premiers, when I'm talking with the Prime Minister, and talking throughout Alberta and other parts of Canada, is this: under the free trade agreement with the United States we have an opportunity for a great deal more investment in Alberta's oil sands to develop those oil sands in the best interests of Albertans and to develop markets for the oil sands, so that when the time comes that we have OPEC once again tightening their hands, if you like, around the neck of the western world, it would be wise if Alberta right at that time could not only have developed self-sufficiency for Canadians but also have oil to export to countries that are friends of ours or trading relations of ours.

Under the free trade agreement I would see the United States being able to establish an amount of supply to their country from the oil sands that would be by pipeline across land and very secure, from a trading partner. I think that would be much wiser than having to run aircraft carriers up and down the Persian Gulf trying to keep open a supply of oil. I think in the coming months that the United States will see the advantages of that as well. I think it will provide a great opportunity for Albertans to increase trade with the United States and also see our oil sands developed at a more active pace.

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of Energy. Is the minister in a position to indicate what proportion of the American oil supply that comes offshore Canada does contribute?

DR. WEBBER: Mr. Speaker, our exports to the United States last year were of the magnitude of 455, 000 barrels a day. I don't remember the exact percentage, but it's a relatively small percentage of their total imports. However, having said that, we are a significant supplier relative to other nations providing oil to the United States. Certainly I would echo the Premier's comments in terms of the reliance of the United States on a friendly nation for future supplies as opposed to relying on the Middle East, where they could be held hostage for supplies in the mid '90s.

DR. BUCK: A supplementary to the Premier, Mr. Speaker. Can the Premier indicate if there are any active negotiations going on to raise capital in the United States to go ahead with a third megaproject in the Fort McMurray area?

MR. GETTY: Mr. Speaker, there have been discussions with companies, there have been discussions with the federal government, and it has been raised by me with our trade negotiators. I haven't discussed it directly with a member of the United States government.

MR. SPEAKER: Minister of Energy, supplementary information.

DR. WEBBER: I would just supplement that, Mr. Speaker, to say that last year we had over \$3 billion of new equity investment, primarily from outside the country and primarily from the United States, recognizing that Alberta, with lower finding costs and the fiscal regime that is in place, is the best place in North America to invest for oil and gas. The Federal and Inter-governmental Affairs minister, myself, the Provincial Treasurer, and others have been going to different parts of the United States, New York and California, talking to oil companies, talking to investors. This has resulted, in my view, in a significant increase in investments in this province.

MR. PASHAK: Mr. Speaker, does the Premier not share the concern of many Albertans that the Mulroney trade agreement will lock us into an agreement whereby the security interests of Albertans will become second to those of the United States?

MR. GETTY: Mr. Speaker, there'll be absolutely no chance of that.

MR. SPEAKER: Member for Dunvegan.

Daishowa Pulp Mill

MR. CLEGG: Thank you, Mr. Speaker. My questions today are to the Minister of the Environment, respecting the Daishowa project in northern Alberta. It is my understanding that construction has commenced on this important forestry operation, and I would appreciate it if the minister would tell the House whether this means that Daishowa has had their environmental impact assessment approved.

MR. KOWALSKI: Mr. Speaker, construction has not begun on the Daishowa plant, and the environmental impact assessment respecting Daishowa has not been completed either.

MR. CLEGG: Supplementary question, Mr. Speaker. Can the minister explain to the House under what circumstances he will issue a permit to Daishowa to begin construction on the site?

MR. KOWALSKI: Daishowa would have to complete, Mr. Speaker, the environmental impact assessment, would have to apply to Alberta Environment for permits under the Clean Air Act and Clean Water Act, and there would have to be a review of those permits. Until the review would be completed, the permits would not be issued.

MR. CLEGG: Second supplementary question, Mr. Speaker, to the minister. What position will he take with Daishowa should they not satisfy him as to the environmental concerns on the site?

MR. KOWALSKI: Well, Mr. Speaker, I've no indication whatsoever that Daishowa will not complete the necessary environmental impact assessment and will not follow through the rules and the guidelines we have in our province. Should there be a situation or case, however, where a proponent, Daishowa or any other proponent, would in fact begin construction -- and construction defined in terms of the terminology and nomenclature used by Alberta Environment means foundation work -- then in essence we would be in a position to issue a cease construction order.

MR. CLEGG: A final supplementary, Mr. Speaker. I'm aware of the government's commitment to jobs for Alberta and to the diversification of our economy. Is the minister confident that all necessary conditions which he has set forth for the protection of our environment can be met by Daishowa so this project can proceed?

MR. KOWALSKI: Yes, Mr. Speaker, I'm confident that Daishowa will meet the environmental requirements that were laid down. I repeat what I indicated a little earlier: that I have no indication whatsoever that there's any hesitation in terms of Daishowa's performance with respect to this. I pointed out before in the House the new environmental technologies and methodologies that will be employed by Daishowa with respect to its major plant.

The member is also very correct Mr. Speaker, that the amount of employment that will be garnered in northern Alberta by the Daishowa plant will be very significant to the economy of this province.

MR. SPEAKER: Edmonton-Glengarry.

MR. YOUNIE: Thank you, Mr. Speaker. Can the minister assure the entire province that when Daishowa goes ahead -- and he's made it clear that that will happen regardless -- it will meet the standards being set by countries like Japan, where the company is from, and indeed even the standards being set in Hinton by Champion Forest Products in their refit?

MR. KOWALSKI: Well, Mr. Speaker, that's not difficult at all to do. Of course, they will. In fact, we've already indicated that oxygen delignification will be employed in this particular plant, which will be state of the art, the best achievable technology we can find, and will be far superior to the often-quoted country that our friends in the NDP often list as a prime example of environmental protection in the world, and that's Sweden. In fact, the standards in our province are far superior to that which will be found in the country that this particular group oftentimes refers to as being the model.

Alberta Royalty Tax Credit Program

MR. PASHAK: Mr. Speaker, the Alberta royalty tax credit has helped keep small Canadian oil and gas companies viable. This is especially important given the billions that large, mostly foreign companies are spending to buy their smaller competitors. But this government is now reducing the level of Alberta royalty tax credit, and it's failing to ensure that every tax credit recipient is entitled to that credit. To the Minister of Energy, Mr. Speaker. Is the minister satisfied that our royalty tax credit expenditures are distributed in a way that maximizes their benefit to the companies that need them most?

DR. WEBBER: Well, Mr. Speaker, the hon. member during estimates the other night made some remarks, as others did, on the Alberta royalty tax credit program, and I think, if the hon. member would read *Hansard*, that I responded to that question. Certainly the Alberta royalty tax credit program has been very beneficial in assisting the smaller companies, particularly in the oil and gas industry, that have a ceiling of some \$3 million and rebating up to 95 percent of the royalties that they owe to the Crown. Now, that benefit was put at that level in response to the significant drop in world oil prices. Previously it had been

at a level, as I recall, of some 50 percent and \$2 million. In view of last year's better than expected recovery we reduced those benefits to 75 percent and \$3 million, still above what had been the case before. We are working with the industry and the umbrella groups to determine what the level should be for 1989. We have not made any decisions on that but are studying it very carefully.

MR. PASHAK: Mr. Speaker, my question was whether in the opinion of the minister those benefits were distributed fairly.

In any event, a supplementary to the minister. Would he now consider lowering that ceiling from \$3 million, when a lower ceiling would likely continue to benefit the small producers, it would reduce windfall benefits to the larger companies, and it would probably save the province a lot of money?

DR. WEBBER: Well, Mr. Speaker, in terms of these benefits the main beneficiaries are the many, many small companies in this province. We have received representation from the Small Explorers and Producers Association, which I assume is the proposal that the hon. member is echoing, to have a lower ceiling but at a higher percentage, and certainly that's one option we are considering.

MR. PASHAK: Mr. Speaker, a further supplementary. I assume that the minister is aware of concerns in the industry that some firms are engaged in double dipping; that is, setting up subsidiary companies for the purpose of beating the maximum rebate ceiling. What does the minister propose to do about this situation?

DR. WEBBER: Well, Mr. Speaker, when we brought the ARTC program in many years ago, there was a situation that arose whereby spin-off companies were formed in order for companies to get the maximum benefit of that program, and the government responded by putting in place rules for the program to avoid that. With respect to the current situation, yes, there are some companies that have subsidiary companies and are working within the law to receive the maximum benefits of that program. We are looking at all aspects of the program to see if we can improve the efficiency of it.

MR. PASHAK: A final supplementary, Mr. Speaker, to the Provincial Treasurer. Will the Treasurer review section 26 of the Corporate Income Tax Act to see if its requirements are meeting the goal of fairly distributing royalty tax credits to the industry?

MR. JOHNSTON: Mr. Speaker, the Minister of Energy already indicated a fairly comprehensive understanding of how this process is operated and in fact has committed that the entire process is under review again in the context of the entire fiscal regime, so we would obviously look at those sections.

MR. SPEAKER: The Chair recognizes the Member for Wainwright, followed by Edmonton-Centre, Cypress-Redcliff, Edmonton-Avonmore, Cardston, and Taber-Warner.

Water Resource Management

MR. FISCHER: Thank you, Mr. Speaker. My question is to the Premier, and it's concerning the potential drought problems that we're having in the south and possibly right across the province.

Have the Premier and our government taken any steps to put in place a plan to help with this drought problem?

MR. GETTY: Mr. Speaker, I'm sure all members of the House would recognize that government's capacity to balance out nature is limited, of course, to a great extent. We've had that shown to us when we've tried to deal with such things as tornadoes and severe drought and grasshoppers and things like that in the past, but I think we still have a responsibility to do everything we possibly can.

We are aware of the potential for water shortages in various parts of our province. I have asked our Minister of the Environment to chair a water supply action committee of our government. He will be supported on that committee by the Minister of Agriculture and the Minister of Transportation and Utilities. He will also have certain MLAs who have particular interests in the water shortage situation because of the location of their constituencies: the Member for Chinook, the Member for Redwater-Andrew, the Member for Cypress-Redcliff, and also the Member for . . .

AN HON. MEMBER: Vegreville.

MR. GETTY: No. Not the member... The Member for St Paul.

I was going to say, Mr. Speaker -- and it's kind of appropriate after the comment -- that all members of the House who perhaps have a particular problem in their constituencies could contact the Minister of the Environment as chairman of that committee, on both sides of the House, because this is obviously a matter that's serious, and input from MLAs is required. I'm sure that our committee would welcome reactions and advice from any member of the Legislature. We hope that this water supply action committee can provide the contingency plans to make sure that to the greatest extent possible Albertans are able to get through the problems that may be brought on by a drought, although I think one of the real solutions will be if we have some good rain in the remainder of April and in May.

MR. SPEAKER: Supplementary question, Wainwright.

MR. FISCHER: Thank you. Could the Premier indicate just when this special joint cabinet committee will report back?

MR. GETTY: Mr. Speaker, the committee is currently meeting at cabinet level, and we will be discussing certain matters on a daily basis; such things as hauling water, water storage, pipelining of water, dugout digging -- that type of thing. I hope that the committee looks at every possible opportunity to provide assistance to our farmers and ranchers.

MR. FOX: Supplementary to the Premier, Mr. Speaker. I'm glad to see that my representations to the Minister of Agriculture last summer about the drought and to the ministers of Transportation and Utilities, and Environment in fall have produced some results, and the government heeded my suggestion to reinstate the farm water grant program. I'd just like to know, given the fact that the drought appeared to be prolonged and enduring, why that program was reinstated with the budget reduced by 43.7 percent from last year.

MR. GETTY: Mr. Speaker, there are very few people who could predict a drought from last summer. The Member for

Vegreville claims that ability. I would ask him to help me with picking the winners of the hockey series.

MR. TAYLOR: Supplementary, Mr. Speaker, I think to the Premier. The other day I asked him, I guess it was before he set up his committee: are they going to establish a hierarchy of water users? In other words, there is fresh water being used for secondary oil recovery that could be well suspended for the summer to make use for cattle and people.

MR. SPEAKER: That sounds like the same question from yesterday.

MR. TAYLOR: I know, but it wasn't answered.

MR. SPEAKER: It doesn't matter.

MR. GETTY: Mr. Speaker, we hope that those types of things are not necessary, but if it is necessary, they'll certainly be considered.

DR. BUCK: Supplementary question to the Minister of the Environment. In light of the fact that the in situ program that Esso is undertaking in the Cold Lake area, where they are using ground water from some of the surrounding lakes -- can the minister indicate what steps are being taken to proceed with a pipeline from the North Saskatchewan River into the Cold Lake area to use that source of water rather than ground water?

MR. KOWALSKI: Mr. Speaker, the government in the fall of 1985 announced a plan for the construction of a water pipeline from the North Saskatchewan River to the Cold Lake area, and that schedule remains in effect today.

I would also like to point out, Mr. Speaker, that I really appreciate this new task assigned to me by the Premier, and I'd like everybody to know that three hours ago it started to rain in Barrhead.

MR. SPEAKER: The Chair apologizes to the Member for Edmonton-Centre, but inadvertently I have overlooked the Member for Calgary-Buffalo. So it will be Calgary-Buffalo, followed by Edmonton-Centre.

Addiction Treatment Programs for Adolescents

MR. CHUMIR: Thank you, Mr. Speaker. To the minister of hospitals. Tragically, the lives of many young Albertans addicted to drugs and alcohol are ruined, and they too often end up in jail or as suicides. Now, even more tragically and unforgivably, there are no programs in Alberta which deal with the special problems of adolescent addiction. Desperate parents are being forced to send children to the United States, where they do have such programs, often at great cost both financially and in terms of family dislocation. Why is it that we are so far behind in dealing with these human tragedies and do not have a single inpatient hospital-based program for treating teenage addiction in the whole province of Alberta yet pay hundreds of thousands of dollars to American hospitals for this purpose?

MR. M. MOORE: Mr. Speaker, certainly the concern the hon. member raises is one that's expressed often by parents and others who are involved with adolescent children who have a dependency on alcohol or drugs. We have taken the approach in

Alberta that such treatment programs should be generally operated under community health programs, and that is the very reason why this government some years ago established the Alberta Alcohol and Drug Abuse Commission to oversee our involvement in those kinds of programs.

It's simply not true, Mr. Speaker, that Alberta is doing nothing in this area. Indeed, we have done an extensive amount of work, and there are many facilities available. Unfortunately, there are not all of those facilities available here that some people might like to see. We are aware that there are programs developed from time to time. There's practically never a month goes by when it's not drawn to my attention that there's some program in some other part of the world that is purported to offer sufficiently better treatment for drug dependency or alcohol dependency, particularly for teenagers, than something we have in Alberta. We are trying very hard to learn from that, and I'm certain that the Minister of Community and Occupational Health and perhaps the chairman of AADAC would like the opportunity to respond as well.

MR. CHUMIR: Well, the minister hasn't been listening to parents and doctors who indicate that we just don't have the programs here. I'm wondering whether the minister or the minister of community health could tell us why the government totally refuses to fund successful community-based programs such as the El Paso program in the United States and instead forces Albertans, such as the McKee family in Calgary and the Gray family in Rocky Mountain House, to go into debt in order to save the lives of their children. For heaven's sake, what is our sense of priorities here?

MR. M. MOORE: Mr. Speaker, those two cases and many others have been drawn to my attention by families who wish to have financial support for their family members to go to programs in other parts of the country. We provide, through the Alberta health care insurance plan and our hospitalization benefits plan, payment for active treatment hospital care outside of our province when it's not available here. We would like to be able to expand that to facilities like the hon. member refers to, but we believe that it's more important that we try to develop those kinds of treatment facilities in this province. That's the mandate of the Alberta Alcohol and Drug Abuse Commission and indeed the mandate of the Department of Community and Occupational Health, working with the Department of Hospitals and Medical Care. We're very sympathetic, Mr. Speaker, to the problem, but it's one that can't be solved by simply paying for every person who wants to go outside Canada for some kind of treatment.

MR. SPEAKER: The time for question period has expired. Might we receive unanimous consent to complete this series of questions?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.
Supplementary, Calgary-Buffalo.

MR. CHUMIR: Yes, to the Solicitor General or the minister of community health. We spend millions on building new juvenile prisons, which are hotbeds of drug pushing and addiction, yet we have totally inadequate treatment programs. I'm wondering whether these ministers might tell us why this government is

doing so little to address the addiction problems of teenagers who end up in trouble with the law and in detention problems. The human cost of this is deplorable.

MR. DINNING: Mr. Speaker, the chairman of the Alcohol and Drug Abuse Commission may want to supplement my answer, and he can certainly give details about the diversity of programs available through AADAC to help our young Albertans cope with the dangers of drinking and substance abuse. But for the hon. member to suggest that this government lacks a caring or responsible attitude towards a very serious disease in our society is irresponsible on his part, because AADAC has set a standard in this country that no other province meets in providing service, providing care, providing education to all Albertans with a strong focus on our young citizens.

MR. CHUMIR: Well, it's not this member; it's citizens' groups such as PRIDE that are finally bringing the . . .

MR. SPEAKER: Thank you, hon. member. Could we have the question?

MR. CHUMIR: I get one sentence, Mr. Speaker.

MR. SPEAKER: No, you don't, hon. member. You get the question, please.

MR. CHUMIR: To the minister of hospitals. I and the citizens' groups such as PRIDE, which are bringing the government's callous treatment into question, are wondering whether the minister will forget the empty rhetoric and undertake without delay to bring to Alberta the kinds of programs and trained professionals that will help our youth in these life and death situations? The situation is desperate.

MR. M. MOORE: Mr. Speaker, certainly our government is extremely interested in bringing to Alberta any expertise in terms of new program development that might be of assistance in this area. We're aware of some of the programs that are being described as better, offering certain kinds of care and treatment better than what we have in Alberta, and investigations into those kinds of programs are being followed up. But I say again to the hon. member that there are perhaps hundreds of treatment facilities located in the United States that purport to do a much better job than what we do here. There are just as many people from across the line wanting to come to Alberta as there are from Alberta wanting to go somewhere else, and we again get them all the time. There is no magic, no magic whatsoever, to the treatment of alcohol and drug dependency, particularly when it comes to teenagers.

I just conclude, Mr. Speaker, by saying that we are concerned and are working hard on the problem, but we don't solve it by simply paying for every facility that is located outside of Alberta that someone might want to go to.

MR. SPEAKER: Edmonton-Centre on a supplementary, followed by Vermilion-Viking.

REV. ROBERTS: Yes, Mr. Speaker. They're so concerned that they've cut AADAC two years in a row. Would the chairman of AADAC please advise the Assembly how many outreach workers are left who are actually out in the community meeting with adolescents in the school, home, community, and

other places to deal with this most tragic situation?

MR. NELSON: Mr. Speaker, AADAC has continued to keep their programs to the full extent. In the last year there's been no cut of people in the field, to keep these programs that are so important in the community. There are ongoing discussions with many groups, including PRIDE. I have personally met with these people, and we are meeting with them in an ongoing way to ensure that there is discussion and an assembly of some facts and information relevant to additional programs that may be made available to our youth. The situation is such that AADAC, in their performance of excellence, have determined that there is no major program that can be determined for expertise and what have you with youth involvement in drugs and alcohol. We are examining the whole situation with this matter because some of the programs that are made in the States are not necessarily satisfactory to our Canadian youth, and we are certainly continuing our examination of that effort.

MR. SPEAKER: Vermilion-Viking, a final supplementary.

DR. WEST: Yes, supplementary to the Solicitor General. The drinking age of 18 certainly has driven the peer pressure to drink into some of the lower ages. Could the minister indicate if he has studies or is planning any studies that would show whether there has been an increase in the use of alcoholic beverages in 15-, 16-, and 17-year-olds because of the lowering of the drinking age to 18?

MR. ROSTAD: Mr. Speaker, I'm not aware of any correlation on a scientific basis that would show that the lowering of the age -- the age was lowered to the age of majority of 18 in 1971, and we feel that the responsibilities that come with life, aside from that, at 18 should be accorded to our youngsters. I've had a number of representations by people that we should raise the drinking age to 19 or to 21. That has been looked at. I haven't got a scientific correlation that can show that there is any difference.

MR. SPEAKER: Point of order, Government House Leader.

MR. YOUNG: Thank you, Mr. Speaker. I wish to rise on points of order arising out of the lead questions today and yesterday as well dealing with legislation, I believe Bills 21 and 22, on the Order Paper.

Our own House rules in section 23(e) address the question of anticipation, and *Beauchesne* addresses it as well in section 340 and more specifically in section 359(12). I rise because it seems to me that the point of the rules and of *Beauchesne* is to try to assure that in its proceedings the Assembly addresses issues of substance in the most appropriate manner when all members have the greatest latitude and opportunity to fully debate and engage in a matter.

The particular items before us, the two Bills dealing with labour, will be called in due course, and my point in rising at this moment is to raise a question as to how many times and to what extensiveness they should be the subject of oral questions. It seems to me that given that they will be called, there should be some limitation on the frequency, and I realize that's a matter of discretion to a considerable degree.

The other point that I would make is the point that can be

found under our own rules, section 23(i) and (j), dealing with decorum and attitude, and in *Beauchesne* under section 359(7), which is that questions should "adhere to priorities of the House." Mr. Speaker, given that our House should be setting an illustration and an example to others, including among that some school students, I would ask that all members take under advisement these points.

MR. SPEAKER: Member for Edmonton-Highlands.

MS BARRETT: Thank you, Mr. Speaker. On the point of order, the Government House Leader conveniently failed to mention that *Beauchesne* 359(12) says:

Questions should not anticipate a debate scheduled for the day,
but should be reserved for the debate.

He thereby deliberately, I believe, missed the point, which is that they shouldn't anticipate discussions that are meant for that day. Now, any parliamentarian ought to know that the Orders of the Day tell us just what's on schedule for the day, and neither Bill 21 nor Bill 22 is scheduled for debate. In fact, it's Motions Other Than Government Motions that is scheduled for this afternoon. In fact, it's government estimates scheduled for tonight.

Mr. Speaker, I take issue with the Government House Leader attempting to persuade you, the Chair, in convincing you that there ought to be any argument to be used, discretionary or otherwise, that would prevent, for instance, on the third or fourth or fifth day of a question arising when, in fact, it's not covered either by *Beauchesne* or Standing Orders. There are several precedents. I can go back to at least 1982 to demonstrate this, whereby members of the Assembly are entitled to bring up questions relating to government Bills that are on the Order Paper but are not scheduled for debate that day. I urge you to do as you have done in the past, and as your predecessor has done, and allow this Assembly to be used for the honest exchange of information and ideas, including in question period.

On the matter of decorum, Mr. Speaker, it's often been noted that this is the quietest Assembly in the entire land. If the Government House Leader would like to guarantee that it become the noisiest, all he has to do is try to run that sort of interference on you, Mr. Speaker. We can assure it will happen.

MR. MARTIN: Mr. Speaker, the only point I would make to add in the anticipation... I think our House leader has explained it well. But if you would remember this labour Bill last time, they brought it in and it sat on the Order Paper. Just because you bring something in doesn't necessarily mean they're going to bring it back, and I would remember that.

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. If you wanted to go backwards for precedent, you would not have to go any further than yesterday. I'm surprised that the Government House Leader, if he felt those questions were out of order, didn't rise yesterday when the hon. Member for Vermilion-Viking stood to ask questions of the Minister of Forestry, Lands and Wildlife when, in fact, moments later the estimates for the Department of Forestry, Lands and Wildlife were called. That was just yesterday. Neither you ruled him out of order nor did the House leader for the government stand up to bring that to anyone's attention. So it just seems somewhat suspicious to me that it would be on this occasion and these questions in particular that he would rise on this point of order.

MR. SPEAKER: There are at least two different issues to be addressed here, possibly three. The first is with regard to anticipation, the second deals with the matter of repetition, and the third deals with decorum.

First, with regard to anticipation, the Chair appreciates the fact that the discussion is taking place with input on both sides of the Chamber. The Chair has indeed looked at the rules of anticipation in *Beauchesne* and also with regard to *Ersldne May* as well as our own Standing Orders and has been examining it almost daily for the last two weeks with regard to a number of issues. I'll come back to the anticipation in a moment.

The matter of repetition concerns the Chair, because we're having some questions that are almost identical day by day, and the Chair is perforce going to have to rule them out of order. [interjections] Pardon me? Pardon me? The Chair doesn't recognize you. Sorry.

MR. TAYLOR: I haven't been saying anything. I was just listening.

MR. SPEAKER: On the contrary. On the contrary.

Some of the questions almost word for word are what have occurred in previous days, and it has occurred on a number of issues. One, for example, is the matter of the minimum wage, but there are other examples in terms of the last number of weeks. The Chair has full confidence in the ability of members of the House to be imaginative and creative in trying to ask questions in different ways. But when it gets down to being almost the same words, it really is a bit of a bore for the whole House and really does give us a problem with the matter of repetition. There is that small window in time where one perhaps might be able to say, "What has happened on this day?" vis-à-vis any kinds of developments that have taken place. So the Chair draws the attention of the House, with due respect, to please be a bit more creative with regard to repetitious questions or perforce be ruled out of order.

The matter of anticipation is a difficult issue, because in terms of the sourcing of documents, as the Member for Edmonton-Highlands has indeed pointed out in *Beauchesne* 359(12),

Questions should not anticipate a debate scheduled for the day,
but should be reserved for the debate.

The past practice of the House prior to '86 was indeed much more restricted in terms of the line of questioning involving matters that were on the Order Paper. The practice has changed to some degree; there's no doubt about that. The matter of anticipation is also difficult with regard to motions or Bills which may be on the Order Paper to be dealt with on a Tuesday or a Thursday. That is a concern again as to the issues that can indeed be anticipated.

The Chair believes that there is a bit of middle ground to be developed here, that with respect to the specifics of the two Bills as introduced by the Minister of Labour last Friday, indeed some questions can be developed and the Chair would not be ruling all of them out of order because of the fact that the Bills will not be before the House for, the Chair assumes, some period of time. But once the Bills reach second reading stage, then they're going to be ruled out of order in terms of question period. But having said "middle ground," the Chair is very much concerned that the line of questioning that has been going on is indeed on the verge of being entirely too detailed with respect to certain aspects of the Bill. So in terms of questions, they should be developed along the lines of the general policy

rather than getting down to almost a clause-by-clause examination of the Bill. Because if that occurs, those questions will indeed be ruled out of order.

With respect to the decorum of the House, the Chair is a bit concerned about some of the statements that are made back and forth, some of the catcalls. That's fine within the parliamentary process, but the Chair will indeed more and more sit quietly here and not recognize members if too much of the catcalls go on on either side of the House. The Chair stresses "on either side of the House" and would again respectfully remind all members that when the Chair is sitting here quietly waiting to recognize the next member when a semblance of quietness returns to the Chamber, all members are indeed wasting the time of their colleagues in this Chamber who are waiting to get into question period day by day and do not enjoy the privilege of being recognized among the first four or five asking questions in this House. I'm sure that hon. members in the Assembly -- and today the Chair had about four or five who were not able to get into question period from all parts of the House. I'm sure there's a great degree of frustration by all members of all parties who were not able to get into question period.

So once again, the Chair would talk about the decorum and hope that hon. members would indeed carry on with their full responsibilities as parliamentarians in this House but also with a view, especially within question period, to be able to speed up question period so all members in the House have an equal chance to get into question period. Because each one of us here has been elected to represent our constituency, and all should indeed be able to exercise that responsibility in question period, with the one exception of the Chair.

Thank you.

ORDERS OF THE DAY

MR. SPEAKER: Might we revert briefly to the Introduction of Special Guests?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Member for Edmonton-Centre.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

REV. ROBERTS: Thank you, Mr. Speaker. I am very pleased to be able to introduce to members of the Assembly a group I'm very fond of -- I met with them a couple of months ago -- from Grace Lutheran Church in Edmonton-Centre, a group of 21 members of the Grace Lutheran seniors, together with Jack Baron, president of the group, and Walter Dorn that I've met before as well. I look forward to seeing them after they're introduced. I'd ask that they now please rise and receive the welcome of the members of the Assembly.

MR. YOUNG: Mr. Speaker, I move that questions and motions for returns standing on the Order Paper should continue to stand and retain their place on the Order Paper.

[Motion carried]

head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

205. Moved by Mr. Nelson:

Be it resolved that the Legislative Assembly urge the government of Alberta to:

- (1) direct the Alberta Mortgage and Housing Corporation to cease investing further capital funds for any projects other than senior citizens' accommodation;
- (2) advise the Solicitor General to establish a committee, which would include three Members of the Legislative Assembly, one as a chairperson, and four members from the public, to completely review the corporation and make recommendations to the minister;
- (3) direct the corporation to develop innovative ways of having the private sector take over direct lending to individuals and businesses, thus removing, over a period of time, the corporation's involvement in the housing and mortgage lending field.

MR. NELSON: Mr. Speaker, I have waited long and patiently for this afternoon to discuss, in objective fashion of course, the issue related to Alberta Mortgage and Housing Corporation. It is with great conviction that I present Motion 205 to the Legislature today. This motion articulates a particular concern of mine and many of my constituents, and I've talked about this in the Assembly on other occasions. It is, however, regretful that I find it necessary to present this motion at all. I hope that our discussions here today will help to rectify what I see as a serious situation indeed. This motion asks that we reconsider the government of Alberta's involvement in the mortgage lending business, particularly in light of the fact that this practice is exacting enormous financial costs on this province, costs which are being borne primarily by the Alberta Heritage Savings Trust Fund and ultimately the General Revenue Fund and the taxpaying public.

The government has established a unique legacy in the Heritage Savings Trust Fund. Since its inception it has been funding projects which enhance the quality of life for Albertans, and that is as it should be. But if I may recall the mandate of the Alberta investment division of the fund as stated in its most recent annual report, that investments must "strengthen and diversify our economy," I argue that the Heritage Savings Trust Fund's investment in Alberta Mortgage and Housing Corporation does neither.

Mr. Speaker, the account books will show that the Alberta Mortgage and Housing Corporation occupies fully one-quarter of the fund's assets. Concurrently the corporation makes demands on the General Revenue Fund which, on behalf of the Alberta Mortgage and Housing Corporation, has been transferring funds to the heritage fund in order to maintain the integrity of the Heritage Savings Trust Fund. This is in addition to the costs of maintaining a bureaucracy which, in my opinion, has become unwieldy and totally unresponsive to the needs of its clientele. I question whether we should stand by and allow further erosion of this province's assets when clearly the private sector is better equipped and perfectly capable of delivering this service to the public. In short, the Alberta Mortgage and Housing Corporation has become a liability for this government and therefore I call for a complete review of the corporation with a view to eventually dissolving it altogether. I would exempt from this senior citizens' programs and other special needs programs which a review panel would decide are worth while and effective.

Mr. Speaker, I realize that advocating dissolution of a Crown corporation that has been in existence in one form or another for over 20 years may seem extreme in the opinion of some. I do not deny that during its history it has helped many Albertans purchase homes, but it also did an injustice to many Albertans by providing them with initial assistance to purchase a home when perhaps they weren't ready, then abandoning those people during the economic downturn when some were unable to meet their obligations. I have observed on many occasions the Alberta Mortgage and Housing Corporation's total inability to deal humanely or even rationally with their clientele. In many situations the mortgage corporation might have sought innovative ways to help solve some of the financial problems of their customers, ways which may have allowed some of these people to hang on to their properties and ways which might have saved them and the province millions of dollars.

[Mr. Deputy Speaker in the Chair]

Since 1967, when the Alberta Housing Corporation was founded, this province has undergone changes which must be taken into consideration when evaluating the effectiveness and necessity of the corporation today in 1988. In taking this historical perspective, we must evaluate if the delivery of this service need fall in the public or the private domain. In other words, we must keep up to the times, the day of the times, and not keep looking backwards to '67 or '77.

Between 1967 and 1975 the Alberta Housing Corporation was the sole entity in the field of housing. Its primary function was to assist the socially disadvantaged find affordable housing, which we all agree was a laudable mandate. But in 1976 the government ventured into the field of mortgage lending by establishing the Alberta Home Mortgage Corporation, which made it possible for lower- and middle-income Albertans to purchase homes. It also made mortgages available to Albertans who could not obtain financing through private-sector financial institutions. In the late '70s, what with rising fortunes of this province and a burgeoning population, the budget requirements of the Alberta Mortgage and Housing Corporation rose dramatically. When this province was rocked by plummeting commodity prices at the beginning of this decade, Alberta Mortgage and Housing Corporation was faced with a rash of foreclosures, which by the way still continue today at a lower but alarming rate.

Some five years later the province is only now reaching a degree of economic stability, but only under a strict program of fiscal restraint. The Alberta Mortgage and Housing Corporation's legacy of the so-called boom days is a portfolio of over 45,000 properties as of July 1, 1987, 4,000 of which have been designated for rental purposes and another 400 were put up for sale. In a depressed housing market the market value of the Alberta Mortgage and Housing Corporation housing portfolio has dropped over \$20 million. The rental properties have depreciated even more. What was purchased at \$254 million is now worth about \$159 million, which is a difference of \$94 million. These losses are staggering -- losses which could have been drastically curtailed had not the management policy dictating the handling of these properties been so rigid, uncompromising, and utterly misguided. In light of the province's program of restraint, I'd find it very difficult to reconcile the enormous fiscal demands of this corporation with the poor quality of service it provides to many.

I believe that the cost of maintaining the Alberta Mortgage

and Housing Corporation is grossly disproportionate to its value to the community. Mr. Speaker, that is a strong statement to make, but having become personally involved with many Alberta Mortgage and Housing Corporation cases over the years, I think I speak with some authority on this matter. I would like to relate some of those cases in order to illustrate the corporation's total lack of leniency and flexibility.

Mr. Speaker, in the constituency of Calgary-McCall we have a tremendous amount of housing that was developed and financed through the mortgage corporation, and much of it has angered citizens of Calgary, Calgary city council, and others in the community at large. Rather than sell foreclosed properties at market value, the corporation and Canada Mortgage and Housing Corporation have been transferring properties to the city of Calgary's housing authority, which in turn has been dumping them -- yes, Mr. Speaker, dumping them on communities as social housing. My dissatisfaction with this practice is that it compromises the integrity of the community. In all fairness to property owners in the community, we should offer the property for sale rather than converting it into social housing in districts and neighbourhoods never intended for that purpose. This practice has raised the ire of many homeowners who fear depreciation of their own property, and I believe their concerns are valid.

Mr. Speaker, in the development of these many new communities over the years, the process that has been gone through to have social housing integrated into these new developments has been long and arduous. City councils, and especially the one I'm familiar with in the city of Calgary, have made a tremendous effort to assist disadvantaged people by taking a portion of these developments and having them designated for housing for social needs. And no one has any difficulty with developing those needs within a community whilst it's under development so as to not alarm those people who may wish to purchase homes in a similar part of that community.

Now, when I use the term "alarm," it's not necessarily to suggest there's alarm because the people that are disadvantaged are bad people. Generally speaking, Mr. Speaker, they're not bad people; they're good people. They have disadvantages that some others don't have, and usually they're economic. The concern raised is that because the housing is not necessarily their own and is of a social nature, the housing stock and the property surrounding that house or dwelling is not kept up to the same level; the same pride is not taken in it as the homeowner next door. Thus, that is the alarm that is raised by many, because of the effort and the financial obligation that has been placed into some of these properties by the owners or the mortgage holders of those particular units.

The other concern that really disturbs me greatly, Mr. Speaker, is the lack of communication with the communities -- in particular, the community leaders and the MLA or the aldermen or the council person within the particular area -- that there's going to be consideration made for dumping housing that may not be acceptable. The MLA -- and I'll just refer to it in the singular at this point in time -- is not notified or consulted on any intention to transfer properties to a housing authority. Let's be quite clear, Mr. Speaker; I am not opposed to social housing. But I believe, again, that people looking to buy a home have the right to know if they will be living next door to a property so deemed, which is why the location of social housing should be determined during the zoning stage of subdivision development.

Surely these organizations, and in particular Alberta Mortgage and Housing, CMHC, and others, can take the time to discuss changes in the makeup of the community with those people

who represent the interests of the larger community, albeit an MLA, a Member of Parliament, a council person, or the leaders of each of these communities who have people so designated. Is it such that bureaucracies and some of these self-determined organizations do not think an MLA or an alderman or an MP or leaders in the community exist? Do they feel they wield such a big stick that they can just walk in and take over a community and take on the responsibility of the social needs of that community without discussion, communication, or negotiation?

I have the opinion, Mr. Speaker, that Alberta Mortgage thinks they are above all these people and that if they determine there's going to be a certain part of their stock, for whatever reason, shoved into a community, yes, that will be so. Well, I think that kind of vision by the leaders of a corporation of that nature should be squashed and indicated that prior to any exercise of placing additional housing into communities, some discussion and negotiation take place with the leaders of those communities. And I'm sure, Mr. Speaker, there would be a definite objective reason for the communities to assist in ensuring there is housing stock made available if it's in the community.

What recourse is there for the homeowner whose property plummets in value because the status of the adjacent property changes from owner-occupied to subsidized or rented social housing? What recourse? He has none. He can sell his home, probably at less than he paid for it, or he can stay and watch the value of his property further decline while the property next door to him passes from renter to renter and subsequently deteriorates.

In terms of all the undeveloped land and vacant housing currently in the possession of the mortgage corporation, much of it is unkept and dilapidated. Despite assurances from Alberta Mortgage and Housing Corporation that these properties would be cleaned up and maintained, many of them remain an eyesore and a nuisance to the communities, even though there was a motion passed by the Heritage Savings Trust Fund select committee a couple of years ago indicating their preference that this situation cease. That just shows you how much respect the corporation has for committees of this Legislature -- not a heck of a lot -- let alone the MLA or the council people.

Mr. Speaker, another situation that has been brought to my attention concerns a lady who wished to purchase half a duplex which had been foreclosed upon. As owner of the other side, she wished to own the entire property. She made a couple of offers -- the final one, I understand, around \$67,000, and it was turned down because it was \$5,000 less than the outstanding mortgage. Yet after rejecting that offer, the corporation went and spent about \$5,000 upgrading and renovating the property so they could bring its value up. Why couldn't they just sell the property to the lady next door in the same duplex and let her take the thing on the kick? In essence, the corporation had to retrieve \$77,000 to maintain the mortgage they put out there at 72. So we're left with an angry potential buyer, another property introduced into an already swollen market, and another fine example of bureaucratic intransigence.

The next case I'd like to share with the Assembly again demonstrates the total lack of creativity in the handling of problems. What happened to the housing market in 1981-82 applies to condominiums. Jobs were lost and many units were foreclosed upon, sold to dollar dealers, or simply walked away from, leaving the mortgage corporations with millions of dollars worth of property. Those fortunate enough to maintain their income levels continued to pay mortgages, condominium fees, and what-

ever expense is necessary for the upkeep of their premises. The corporation, burdened with many seized or abandoned units, proceeded to rent them, often at rents half of what owner-occupied units cost to maintain. I might add that in many instances the renters didn't share the owner's regard for upkeep.

Mr. Speaker, as one of several possible solutions to the situation, the corporation might have considered transferring the remaining condominium owners to the many vacated homes in its portfolio and converting the entire condominium complex into a town house facility. This would have satisfied the needs of those people still paying their obligation, yet giving them the opportunity to live a satisfying life as they were used to under the conditions they had originally intended.

I would like to raise one other corporation embarrassment. Mortgage holders wanting to upgrade from their starter homes often sold their homes to dollar dealers. Real estate dealers flipped the properties for \$1 and went into default. Rather than go after the dollar dealers, the mortgage corporation doggedly pursued the original mortgage holders in an attempt to recover some of their losses. Well, they didn't listen to some of us that told them the ways. They took their case to court. These were the verdicts. The master of chambers determined they were out to lunch. The Court of Queen's Bench also said they were out to lunch. Need I tell what the appeal court of Canada said? Out to lunch. The Supreme Court of Canada would not even hear it because they felt the appeal court of Alberta was correct in their decision. Boy, could we have saved a lot of money and time and harassment of some of our good citizens by this unfeeling corporation. All it had to do, maybe, was sit down and listen to some of its intelligent MLAs, like the Member for Calgary-McCall. It's time the mortgage corporation, and other departments for that matter, began paying some attention to the private members of this Legislature who have some knowledge of what happens out there in our community.

Mr. Speaker, last year in the annual report of the mortgage corporation -- they held their chest out and indicated that their portfolio decreased from \$2.5 billion to \$2.4 billion, as many mortgagors paid out or transferred their mortgage loans. And they bragged that for many mortgagors this move was made possible by Alberta Mortgage and Housing Corporation's policy of allowing prepayment of mortgages without penalties. Well, last year there were two items sent to a couple of lawyers, and a handwritten note at the bottom of the statement of a loan account: there's no prepayment penalty applicable until August 31, 1987; and on another one a little piece of paper attached with a similar message. When I talked to the minister, he indicated that no policy decision had been made and these bureaucrats were acting on their own. Who sets policy around here? The bureaucrats or the politicians? It sure the hell ain't the bureaucrats.

Well, Mr. Speaker, I recently learned that as of April 1, 1988, the AMHC was going to begin charging a three-month penalty to clients wanting to pay out their outstanding mortgages. Interesting. Last year I indicated to the minister that if that would be the case, what we should do is give a three-month moratorium: tell the people who have mortgages that you are going to have a penalty if you decide to pay out that mortgage in a three-month period -- and that would be fair; not all of a sudden come out and say, "Well, we're sorry you're selling your house, but now, because of the deal you made on March 15 to have the mortgage paid out, there's going to be a three-month penalty placed on you on April 1." Well, Mr. Speaker, this is commonly done in the private lending institu-

tions. The mortgage corporation is not a private lending institution, and I should, I think, recall its mandate.

Last year I stepped in to protest this move and managed to postpone it. This year I didn't know about it. However, it seems that they've successfully and finally implemented it, despite very strong opposition by myself and others. I think it is exceedingly unfair to change its policy in midstream, unfair to those Albertans who have been planning to pay off their mortgages and who now face a penalty, and unfair to make such a move without giving preliminary notification to their mortgage holders. I have a suspicion that this policy change is precipitated by a desire to keep the mortgage portfolio alive as long as possible in order to slow the downsizing of the corporation. However, it is my feeling that their efforts are in vain and they are merely trying to stave off the inevitable.

Mr. Speaker, these examples are representative of the sorts of situations which have caused me to raise this motion. It is only a small sampling of the many cases which have resulted in untold financial losses for many Albertans. These examples hold a lot in common. In each case alternate solutions were obvious but never seriously explored. In its wake the corporation has left behind angry, frustrated, bewildered, and sometimes poorer Albertans. I realize my comments may be misconstrued by some as wanting to prevent lower- and middle-income Albertans from purchasing homes. On the contrary, Mr. Speaker. I would not be standing here today if I didn't believe that it is precisely those Albertans who will benefit the most from the dismantling of this institution. Surely my examples illustrate that the corporation no longer represents the interests of its clientele.

I might also be accused of putting this motion forward for purely philosophical reasons. Certainly the case for privatization speaks for itself, and I make no secret of the fact that I feel many government activities should be transferred to the private sector. But more than just simply being ineffective as a government body, the mortgage corporation is causing a valuable resource to dwindle. The Heritage Savings Trust Fund, as its name implies, is a heritage meant to benefit the people of this province for generations. As a member of this government caucus, I don't want to be held responsible for its collapse or partial collapse. At a time when we are trying to balance the budget, I see the Alberta Mortgage and Housing Corporation as thoroughly dispensable. Getting rid of this corporation would make money available for priority programs in education, health care, and economic expansion.

I also feel a sense of urgency about this, which is why I move that we halt further capital investment effective immediately and that we transfer our mortgage lending activities to the private sector as soon as possible. I think three years is a realistic time frame in which to achieve this.

Mr. Speaker, I realize that the Alberta Mortgage and Housing Corporation affects a lot of people, and I'm not asking that we arbitrarily disband it.

MR. DEPUTY SPEAKER: I hesitate to interrupt the hon. member, but under Standing Orders the hon. member's time has expired.

Hon. Member for Edmonton-Highlands.

MS BARRETT: Thank you, Mr. Speaker. My comments on the member's motion will be relatively brief.

I noticed that the Member for Calgary-McCall emphasized the ill or adverse effects of the AMHC properties being sold or

even rented out to tenants, the result of which is that you have a variable economic mix. He observed on many occasions and through many examples that this has constituted nothing more than social housing, that in some instances where housing wasn't kept to, you know, the standards previously set, this is a drain on the local community, and that it constitutes a reduction in the property values.

Mr. Speaker, I don't know where this member was in 1968, but by God, I can get him the news clippings and show him what happened in Watts in 1968 when it came to the ghettos in Los Angeles. If he doesn't believe those news clippings, I can get them from Detroit, and if he doesn't believe those news clippings, I can give him pictures I personally took when I was living in Britain in 1980 when the Brixton riots occurred. I'll tell you why they occur, Mr. Speaker. It's because, as any city planner in the 1960s, let alone the 1980s, can tell you, when you put social housing, as he calls it, for low- and modest-income people into one division or subdivision, as he so modestly proposed, what you end up with is a socioeconomic mess which perpetuates itself. They are called ghettos, and they serve no purpose other than to punish the poor.

Now, Mr. Speaker, I noticed that he kept talking about he who owns the property and he who had the house and he this and he that. I'd like to remind the hon. member that there are also 'shes' in this world. We constitute about half the world's population and we hold up half the sky, Mr. Speaker. What he forgot to talk about is the number of homeless right here in Alberta and right here in Edmonton, and how it is that the AMHC could, if it had the legislative and political authority granted to it by this Assembly and particularly by the minister in charge, take care of housing the homeless. You don't throw the baby out with the bathwater just because you don't like the colour of it, which is exactly what the Member for Calgary-McCall is getting at. He doesn't like a few things with it: junk the whole thing.

Well, Mr. Speaker, I'd like to tell you, and I'd like to tell members of the Assembly about another sector in this society called the co-operative sector -- the co-op sector for housing. It is eligible for a certain amount of interest subsidy, although very minimal, through Canada Mortgage and Housing Corporation and is administered through Alberta Mortgage and Housing Corporation only if and when it builds or takes over housing that will support a socioeconomic mix of people. The reason it does that, Mr. Speaker, is because some of these bureaucrats that the Member for Calgary-McCall likes to put down and insult happen to know -- they've bothered to read the newspapers over the last 20 years -- what happens when you create housing ghettos.

Now, third-sector housing is helping in the inner city right now in Edmonton, and could help a lot more if Alberta Mortgage and Housing Corporation were given the mandate by its political authorities to help even further. I can cite you instances where one individual agency, the Inner City Housing Society of Edmonton, has managed to take over existing properties and encourage the tenants to help reconstruct the property into a more co-operative life-style internally, where they each have a real commitment to the maintenance of that property in such a way that it isn't the typical inner-city tenement that's got burned-out light bulbs at every stairwell, that stinks from lack of maintenance, that is literally unsafe and unhealthy to be living in. Now, they've proven on a couple of projects already that they can do this, and they've proven it with the help of Alberta Mortgage and Housing Corporation. AMHC should be proud of those accomplishments, because I'll tell you what, Mr. Speaker instead of having people living in Grierson Hill -- yes, sir, Grier-

son Hill, and I know because I helped register them to vote -- they're living in little rooms that they feel some sense of pride in and that they want to help maintain when they know that their dollars aren't going to some slumlord so he can pocket it and go and live in rich Glenora.

Now, AMHC does do good things and can continue to do good things, including fostering an economic mix of housing in any division, subdivision or, in my instance, a particular co-op. I live in the Sundance Co-op in Edmonton, which wouldn't exist if it hadn't been for the help of CMHC and, in addition, AMHC. You know, we have a whole number of ranges of housing charges that we pay, some of which is given directly into a subsidy pool so that it ain't just people like me who can live there. It's also people who are unemployed. People who are students, single parents, and the working poor can afford to live there, and we all live together very well. That's the sort of thing that AMHC has been able to do in the past. It's increased its role as a result of the transference about four years ago of the CMHC responsibilities in some areas, and it can do a good job.

On behalf of the people of Edmonton-Highlands, I bid the member sponsoring this motion reconsider the thrust of his arguments to understand that if he wants a Watts or if he wants a Detroit uprising or if he wants a Brixton uprising, by God, he can have it. I've lived through those things, and I didn't think they were very funny. I thought they were pretty scary, Mr. Speaker.

I think the member should be a little more responsible when it comes to directing a large corporation that can have a good mandate; rather than saying, "Junk it out," a sense of responsibility with respect to the homeless right here in Alberta, which this government said in its throne speech last year they were going to help a lot. I've yet to see that help in my riding, Mr. Speaker. There are still folks living in Grierson Hill and McDougall Hill. Yes, sir, they live there. And there are still people living in doorways of tenements because they can't pay the rent inside, and there are still people living in stinky tenements that you and I wouldn't pay a nickel for, and they're living inside of them because there aren't better alternatives made available here in Alberta.

And let's not talk about the city of Edmonton. They themselves have gone and privatized some of their so-called social housing. Maybe one of the reasons they figured out that they should do that is because they developed these whole little ghetto areas for social housing. If you want social housing, Mr. Speaker, if you want to help the low- and modest-income people, you dot the housing around, which is exactly what the Member for Calgary-McCall said he was most vehemently opposed to. Well, tough luck about property values. If everybody took a little bit of pride and a little bit of commitment in helping out those low- and modest-income people, you know, pretty soon they'd start looking after themselves. Pretty soon the property standards look after themselves, and pretty soon the property values don't go down. At the same time, people can start to understand that they have democratic control of an extremely important social device like AMHC, which hitherto, I admit, has not served all of the purposes for which it potentially could have been mandated.

But I say this, Mr. Speaker, in closing: don't throw the baby out with the bathwater. Give it a chance, give it some teeth, give it a mandate to look after certain areas of housing and certain policies with respect to social housing dotted throughout various communities and, by God, the problems that the Member for Calgary-McCall speaks of won't exist.

Thank you, Mr. Speaker.

MR. DEPUTY SPEAKER: Hon. Member for Calgary-McKnight.

MR. MUSGREAVE: Mr. Speaker, it's always a pleasure to -- well, I don't know if it's a pleasure, but it's an interesting experience to be able to get up and speak after the Member for Edmonton-Highlands. I'm sure there are other members in the Legislature that probably felt the desire to speak to reflect on some of her remarks. She mentioned about Watts and Detroit and Brixton. What she didn't mention was that those are black ghettos, and the people in those ghettos had more than just housing problems to worry about. They had lack of jobs, lack of education, lack of many things. The housing was part of it, but it was only a smaller part. They had many, many frustrations facing them, and they still do. Watts hasn't been rebuilt. She didn't mention New York -- I'm surprised.

I'd like to thank the hon. Member for Calgary-McCall for bringing this issue to us. However, I can appreciate his frustrations, and I've had some of the same in my constituency. But I'm afraid, just in speaking to the motion, that I differ from the remarks of both hon. members that have spoken.

In the first place, I don't think we should be putting any capital funds into senior citizens' housing, period. In the city of Calgary in the last month I saw agencies advertising that they had senior citizens' housing available for \$200 a month, which is roughly 20 percent -- no, it's not even that -- of what a single person on the old age supplement can receive in this province right now. If a housing corporation has to advertise vacancies, then there is something wrong either with the management or the supply. In my opinion, I think it's the supply, because there has been as much as 20 percent vacancy in some of these units.

Addressing the motion though, Mr. Speaker, I would support the idea of a committee, but I would urge that we have a select committee of the Legislature representing all parties that would tour throughout the province and hear from the community at large as to what they feel the role of Alberta Housing should be. At the same time, though, I would like another committee to be set up composed of those people in the industry, those people in the mortgaging and financing, and those people in the construction of homes, that would also review the role of Alberta Housing. In my opinion, this committee should examine what influence on the market Alberta Housing has, the cost of carrying the present foreclosed properties, what disposal arrangements for the modest apartment project are under way. Have they seriously considered the turnover of houses to renters, such as happened in Great Britain?

I'm surprised the hon. Member from Edmonton-Highlands didn't mention the significant changes in Great Britain. They estimate that the turnover of property to private individuals was never so great as since the time of King Henry VIII, when he took over the properties of the Roman Catholic Church. I happen to have an aunt who lives in one of those areas in northern Yorkshire, which is one of the depressed areas of Britain. You can walk through what they call the estates -- and that's a kind of strange word to use for this kind of housing -- and you're able to see who has been fortunate enough to purchase their homes. They have new doors, new walkways, new windows, and many of them have little flower gardens in the front. Then you can always pick out the ones where the people don't care; the front yard is not a garden, and the general property is in a run-down condition.

I agree with the hon. Member for Calgary-McCall that you can identify social housing projects in the city of Calgary because, in my opinion, most of them are lacking care and maintenance. However, when I was a city alderman -- and I hope the hon. member across will be quiet while I'm speaking -- I was instrumental in getting a housing project under way which held a seven-storey apartment building, a child care centre, a library, and several town houses. This was the first public housing in the city of Calgary, and it's a good project because it's well maintained and well located in a thriving community. I don't agree with the hon. Member for Calgary-McCall that you put all this housing in one area. What I do agree with, though, is that you need better management and maintenance. I think this is the problem. It's the lack of management that creates the problems that the hon. member mentioned.

Thirdly, on the third part of the motion, I don't think it's fair to be critical of the corporation as the hon. member has been, and on the other hand, I don't think the fulsome praise of the Member for Edmonton-Highlands is justified either. I agree that the corporation has to be given new directions, but you're not going to be able to convince any corporation that they should set about to get rid of themselves. I mean, after all, they want to preserve their jobs, their positions, and their reasons for being. But I think that the third part of the motion should, in effect, be a challenge by the government that the corporation should be directed to develop ways to take many parts of its function over by the private sector. I think any organization that does not have to worry about making a profit is not going to help any politician ensure its termination. In my opinion, the role of the corporation and how it functions is a government responsibility. There's a large staff in place. The mortgage field can amply be served by the private sector. I recognize the need for social housing, and the management of it that could be well handled by the private sector.

Many years ago Canada Mortgage and Housing came up with the AHOP program, assisted home ownership program, which was a disaster. In the province of Ontario alone 30,000 housing units were dumped on the doorstep of Canada Mortgage and Housing. Unfortunately, too long in our society we use the housing industry as an economic stimulator instead of letting the market determine it, and I really feel that is one that needs constant review. A recent study that was carried out for Canada Mortgage and Housing determined that 60 percent of the people living in social housing should not be there. They could afford to be somewhere else, and yet they were frustrating the aims and objectives of the program. Just recently, about 18 months ago, out in the city of Vancouver we had a minister of the provincial government living in co-op housing. In that particular project the amount of money you earned had a cap on it, and he was well above the cap. So you have to have constant vigilance to make sure that people move on to other housing.

There is a need for this kind of housing, because we still have people living in basements. I'm not familiar with what the Member for Edmonton-Highlands mentioned about the district, but I am certainly familiar with districts in the city of Calgary where people are living in substandard housing. If they had the opportunity to move out, I'm sure they would.

Finally, Mr. Speaker, I think there's no question that Alberta Housing has been a leader in innovative design. It has ensured better housing in smaller communities throughout the province. It has created opportunity for housing for many of our young people. But now many of these young people have had to walk from their property. They can't see the point of paying down a

mortgage that is greater than the value of the houses that are being sold around them. This is one of the dilemmas that Alberta Housing faces; they refuse to accept what the marketplace is telling them. They've been doing this for four or five years, while Canada Mortgage in the same period of time has got rid of several thousands of units in Calgary and Edmonton and throughout the province, and they've done it by just putting a limited number on the market every month.

I think the time for review is here, and I think it's time for the government to demand these studies. It's time that we stopped harassing the corporation officials or employees. The time, I think, Mr. Speaker, is for this government to re-examine our philosophy of what is the role of the housing corporation. We want Albertans to be properly housed; I don't think anyone quarrels with that. But I think we should quit living in a fairyland, thinking about the value of the mortgage corporation and its place in the heritage fund. It's time to face reality. The private sector has had to do it, and it is time the government did the same in the field of mortgages, real estate, and the value of real property in today's market.

Thank you.

MR. DEPUTY SPEAKER: Hon. Member for Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Speaker. A pleasure for me again to rise and speak to Motion 205. I think it's a very significant motion because it tends to want to rid the province of a corporation which, I think, has historically provided some very good service to the people of the province of Alberta. Having said that, however, I can't help but agree with the Member for Calgary-McCall that there are numerous deficiencies with the corporation, and I think he has alluded to them very well and has outlined them extremely well.

[Mr. Musgreave in the Chair]

However, like the Member for Edmonton-Highlands I do take some issue with his suggestion. Somehow the practice of placing social housing in one corner of a subdivision while we develop the other housing in another part of that subdivision is improper. That, in fact, we need to segregate housing components within a subdivision is really not acceptable. He also alluded to the fact that AMHC tends to rent out properties throughout an already developed subdivision, which adds to the devaluation of property in that subdivision, or particularly to the individuals living next to that property. Admittedly that may be true, but certainly it doesn't really matter who the landlord is. If someone is renting property next door, it doesn't matter whether it's Alberta Mortgage and Housing Corporation or whether it's some other private individual. If they don't look after their property, then of course there's going to be a devaluation. But for the most part, as the Member for Edmonton-Highlands said, if there is a co-operation and encouragement to work with people who are the have-nots in our society, I'm sure those kinds of problems can be worked out.

Now, there's no doubt that the corporation has a great deal of serious problems. It's true that the Alberta Mortgage and Housing Corporation has realized the possibility of losses up to some \$280 million from foreclosures and devalued properties, but that's not really much different than many other property owners who during the boom period invested in property on the assumption that the boom was going to continue forever and a

day. The corporation also got caught in that particular trap. In fact, in 1985 and '86 the corporation had the largest deficit of any Crown corporation in the province of Alberta, when we had some \$287 million in a deficit position. That is, of course, very difficult to tolerate. However, I think economics do dictate some circumstances. But we can't forget that there was a contribution, I think, from this government towards that deficit, where the corporation is in fact being held ransom for some \$1 billion by landlords under the CHIP and MURB programs, where they were forced to reduce already subsidized mortgages. This was not the corporation's fault; this was a decision of someone else other than the corporation.

As has been alluded to, I think there have been some very questionable practices taken on by the corporation, and in the past five years or more there have been well over 25, 000 foreclosures in the province of Alberta by the corporation. The Member for Calgary-McCall did allude to the situations in condominiums where the corporation [inaudible] the mortgages or the entire mortgage for that particular complex, and when people couldn't continue to maintain the mortgage and were, in fact, foreclosed on, rather than allowing the individuals to perhaps write down the mortgage, which the corporation eventually did in any event, and sell it back to these people where they perhaps could have continued to maintain that facility, the corporation refused to give them that option but instead would rather rent it out to someone else or let it sit vacant. This created a great deal of problems for the condominium associations in that instance, because the corporation also refused to pay the condo fees which helped to maintain that particular complex. As a result, those still residing in that complex were expected to take up the slack of the vacant condos. So it was a double whammy for some particular condo associations, created by the [corporation].

One of the other questionable practices, I think, that needs to be alluded to is that now the corporation is trying to gouge municipalities on land subdivisions that they had purchased or gave money to the municipalities in anticipation that there were going to be homeowners or industrial development. Of course, the development didn't take place, and now the corporation is attempting to force these municipalities to somehow pay for those facilities, and of course there's no way that's going to happen. So there's a problem that, as the Member for Calgary-McCall again alluded to, there is no flexibility within the corporation to deal with issues of this nature.

I, however, cannot agree that the corporation should be limited to only senior citizen accommodations. I think the corporation has even a greater role to play in such things as native housing and transitional housing, as they have done in the past. I think those areas can really only be accommodated by someone like the Alberta Mortgage and Housing Corporation, and I think for that reason alone they should be maintained.

Of course, the corporation's record as a mortgagor has not been great, given the already mentioned foreclosure record. But I can't help but think that in some future time there will be a need for someone like the corporation in the event that we have interest rates that rise quickly, as they did several years ago. I certainly think we support the role that the corporation has done, but it is hoped that they would fulfill their mandate in a more humane approach.

Dealing specifically with the motion, Mr. Speaker, and I already addressed number (1) in the motion, I think on (2) I agree that probably there needs to be some structured review of the corporation, but I'm not sure that I agree with what is being pro-

posed by the hon. Member for Calgary-McCall. I would suggest through the Assembly rather another process that might, I think, deal with the issue much better. That is, that there should be public hearings held to review completely the corporation's past activities, consider the corporation's directions for the future, and present its recommendations to this Legislative Assembly. I think that by doing that, we'll be able to have a good input from a cross section of people across the province of Alberta, rather than what is being suggested: to simply review the activities and the operations of Alberta Mortgage and Housing Corporation.

In item (3), where the member already has a solution to the problem -- that is, to privatize the corporation -- it seems there are some contradictions in his suggestions. In (2) he says: let's get a committee and let us review how this corporation functions and make a report to the minister. On the other hand, he goes directly to (3) and says: let's privatize the whole operation even before the review takes place. I don't think that makes too much sense, and I would think that shouldn't even be considered.

Mr. Speaker, the corporation has in fact provided a service to the people of Alberta. During the times when the need was greatest, I think they were there. The simple economics have had an impact on their operations, as the Member for Edmonton-Highlands suggested, because there are deficiencies, and I agree that there are. But certainly we should not, simply because of those deficiencies, rid ourselves of a corporation as this. I think rather we should improve on it and make it more viable and more acceptable and continue to provide the kind of services that it has been doing over the years in the province of Alberta.

MR. ACTING DEPUTY SPEAKER: The Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. I rise to suggest that the Assembly should reject this motion, and it's not because it hasn't got a part in it that's very dear to my heart and that I hope the government would go ahead with.

The author of this motion put forward a motion similar to part (2) in the heritage trust fund hearings in January. As a matter of fact, it was accepted by, I think, all members of the committee and will be passed onto the cabinet. It's, of course, because Alberta Mortgage and Housing gets most of its funding from the heritage trust fund that we were dealing with such a matter. Why the Member for Calgary-McCall had to mess up what was a perfectly good suggestion and one that I'm going to back up quite strongly -- that is, the need for an investigation into Alberta Mortgage and Housing -- by clouding the issue by suggesting what the solution should be before the study is ever done, and that in a contradictory manner at that, I do not know. Let me elaborate a little bit.

In part (1) the motion says that, okay, the Legislative Assembly should urge the government of Alberta to:

direct the Alberta Mortgage and Housing Corporation to cease investing further capital funds for any projects other than senior citizens' accommodation.

That would cut off every other possible expenditure except on seniors' accommodation if that motion were accepted. If you go to part (3), the Assembly is also supposed to direct the government to:

direct the corporation to develop innovative ways of having the private sector take over direct lending to individuals and businesses, thus removing, over a period of time, the corpora-

tion's involvement in the housing and mortgage lending field.

Now, I maintain those two things are contradictory, because I'm not sure how the corporation would ever find any commercial entities that would co-operate in innovative ways of taking over the direct lending to individuals and businesses other than giving them some kind of financial incentive, which (1) precludes. So why he had to mess up what could have been a very excellent suggestion with (1) and (3) so that it becomes unacceptable to anybody that's thinking, I don't know. Because certainly the need for a study and a review and a redirecting of what's happening with Alberta Mortgage and Housing could not be more obvious than to those members of the heritage trust fund committee, anyway, that have been talking about it over the last couple of years.

In fact, the investigation probably should be a royal commission or a judicial inquiry, and it should entail public hearings. I think the corporation is in just an incredible mess. And the new minister in charge -- I tried to tell him that, as did the Member for Calgary-Buffalo, in the heritage trust fund hearings, and he had a hard time believing us. I will quote you some quotes from a couple of other people that finally convinced him that at least there's a bit of a problem. I'll do that later on, and perhaps he will take those to heart as we reiterate some of those points.

But first I would just like to run through some of the numbers. I know that the Member for Calgary-McCall did a pretty good job of laying out some of the problems of Alberta Mortgage and Housing, but I want to look at those numbers also, perhaps with some differences and some similarities. We could start by saying that the heritage trust fund has had debentures in Alberta Mortgage and Housing Corporation of some \$3.4 billion pretty well consistently for the last four or five years. So we've got a lot of money at stake, about a fifth -- well, more than a fifth -- of the heritage trust fund, if you think in terms of its financial resources and don't count the deemed assets. Talking of that, one of the suggestions that both the Member for Calgary-McCall and I made to the Auditor General was that perhaps he should concern himself a little bit more with that \$3.4 billion investment in Alberta Mortgage and Housing and quit worrying so much about that silly argument about whether the deemed assets belong in or out of the fund. The fact is, they're not any assets that we can claim, and nobody can maintain that they are.

The second thing that bothers me about that money from the heritage trust fund into Alberta Mortgage and Housing is the arrangement that it entails. The fact is that the general revenue account has to support Alberta Mortgage and Housing to quite an extent each year, and I'll get into those numbers in a minute. But first, if you just look at the triangle of the general revenue account, the Alberta Mortgage and Housing account, and the heritage trust fund account, you'll see that we've set up the most extraordinary and awkward arrangement to try to figure out where we stand and what's going on.

The Alberta Mortgage and Housing Corporation has been losing money for a long time, and so it's been subsidized by the general revenue account -- would you believe to the tune of a billion dollars over the last four or five years? Five years, 1982 to 1987.

AN HON. MEMBER: If you say so, Alex.

MR. McEACHERN: Yes. It's actually part of a saw-off, as a matter of fact, that says that the heritage trust fund has not been worth \$7 billion to Albertans over the last five years as the government often claims and as the chairman of the committee

claimed the other day. Because, in fact, we not only put that billion dollars in; we put in \$3.7 billion in revenues from natural resources as well, plus another sizable amount into Alberta Opportunity Company and the Agricultural Development Corporation, making a net flow to the General Revenue Fund of \$1.7 billion instead of \$7 billion. So when they give numbers on how important the heritage trust fund is, it is in fact the Alberta Mortgage and Housing Corporation which exemplifies the problem. The fact is, we keep putting the money in and then taking it back out and bragging about how much we're taking out of the heritage trust fund. Alberta Mortgage and Housing not only gets a substantial subsidy -- and I'll go to those numbers in a minute -- from the general revenue account, but it also gets new debentures all the time. It keeps paying out the old ones, but it keeps getting new ones, of usually an equal amount, so that it doesn't have to find itself short or ever pay its debts.

Mr. Speaker, the annual statement for Alberta Mortgage and Housing shows some very deep-seated problems with that organization. The interest income in 1987 -- that is, for March 31, 1987, the fiscal year preceding -- was only \$240 million. The interest expenses were \$418 million. The overall deficit was \$163 million, and that was after they did an \$80 million write-down and after they received \$193 million from the Alberta government's general revenue account. Now, that's not the end of the story, either. The Alberta Mortgage and Housing Corporation is also responsible for the mortgage part of the corporation. To find out what's going on there, you have to go over to page 21 of the annual statement. There you'll find out that in spite of shifting some deficit in the mortgage side over to the general account, which I was just referring to a minute ago -- some \$46 million last year -- nonetheless, in spite of doing that, the deficit for the mortgage insurance fund of Alberta Mortgage and Housing Corporation is now in debt to the tune of \$330 million. Now, if you add the \$330 million to the \$163 million, the corporation is a half a billion dollars in debt. That, Mr. Speaker, is in spite of the fact that they have not written down their portfolio the way they should, as the Member for Calgary-McCall pointed out.

So this corporation is in real serious trouble. The only thing is, it assumes that the general revenue account is a bottomless pit and the money will keep coming in. The minister in charge of the Alberta Mortgage and Housing Corporation was before the committee and refused to see that there was a problem. In fact, he claimed that most of the \$193 million subsidies that the general revenue account gave to Alberta Mortgage and Housing Corporation went to finance social housing. He said, in fact, that \$190 million of it did, and he may be quite right on that. But all that tells me is that the \$80 million write-down for property values was not adequate and has not been adequate through the last five years. So you can write-down some each year, but they've not written down enough. All the other commercial institutions in the industry have written down their real estate portfolios in the neighbourhood of 40 or 50 percent in the last five years, and still the Alberta Mortgage and Housing Corporation does not write it down. He even tried to claim that the half billion dollar deficit is sort of there almost like a contingency fund in case he has to write them down later, but in fact if he can sell properties and keep the corporation going, he may never have to admit to that half billion dollar deficit.

Well, that's nonsense, Mr. Speaker. Of the \$3.4 billion in Alberta Mortgage and Housing, \$1.4 billion of that is in commercial investments and about a billion of it is in seniors' and social housing, or so he said. And so he claimed, then, that the

20 percent contingency fund, as he called it, when actually it's just a deficit that they're holding on the books, was a reasonable provision for write-downs. Now, that's patently nonsense. All the other financial institutions engaged in real estate have had to write down in the neighbourhood of 35 or 40 or maybe even 50 percent over the last four or five years. That 20 percent provision is nothing like enough, and the institution, the Alberta Mortgage and Housing Corporation, merely gets to put off the day of reckoning, because it keeps getting new debentures from the heritage trust fund and money each year in the form of grants from the Alberta Treasury, from the general revenue account.

Mr. Speaker, during the hearings of the heritage trust fund in January the Member for Calgary-Buffalo and I tried to convince the minister that there was in fact a problem with Alberta Mortgage and Housing Corporation, and he kept insisting that there wasn't and that the only problem was that -- you know, that the money the government was putting in from the general revenue account was merely going to social housing. Finally, however, a couple of people were able to get his attention, and I just want to read a comment or two from other members of the committee. One of those people that finally got him to stop and listen and not to just sort of say that the Member for Calgary-Buffalo and I were out to lunch and were talking nonsense and that we didn't make any sense, finally... [interjection] Yeah. The member that did the pounding over there, just behind him is one of the people that helped to bring the minister to his senses. I'm going to quote him. Mr. Ray Speaker, the Member for Little Bow, said something along this line. Well, I'll read him exactly, or at least part of it.

Mr. Chairman, my questions relate to my earlier questions, but I have just a comment in terms of the whole Mortgage and Housing Corporation. I want to say that I was on record in 1975 saying that this kind of corporation would have a terrible effect on the marketplace of Alberta. Today we're living with some of the consequences of government getting into the mortgage and housing business...

Now, I don't agree with all these remarks, but it does point out that there's a problem; okay?

... which is a very unfortunate situation. I hope the intent of government is to wind us out of the marketplace and put social housing back in its proper category, and that should be funded through the General Revenue Fund of the province so that we deliberately each year plan the program and allot general revenue dollars for those policy objectives.

What he's saying, in other words, Mr. Speaker, is that the whole social programs part of Alberta Mortgage and Housing should be back under the department, should be brought in as part of the estimates, and should be debated in this Assembly instead of handled in the way it is now, as if it were part of the heritage trust fund and no right of this Assembly to consider those programs. Then we wouldn't be just subsidizing out through the back door a bunch of serious programs and important programs that should be debated here in this Assembly. So that was from the Member for Little Bow.

The Member for Stony Plain also finally got the attention of the minister. This is page 101 of the heritage trust fund *Hansard* from the January sittings, and he says:

Thank you, Mr. Chairman. I'll direct my question to Mr. Engelman through the minister, if I could. We're talking about the supply of houses or foreclosed properties. I'm hoping we're talking about them in a historical sense, because the popular literature just the other day reported that urban housing starts would be up by some 30 percent next year, which equates to some 10,000 units.

He goes on to describe the present situation a little bit, and then

makes these remarks a little further along in his exchange with the minister:

Well, Mr. Chairman, I find myself philosophically in step with Mr. Speaker and his comments of 1975, and perhaps as we look forward and create policy for the future, we should look to some of our historical experiences in the farm community.

He goes on a little further, and finally the comment that I particularly want to put on the record:

Because we've certainly had a very painful experience with government housing in terms of aggregate losses.

Finally, the minister sort of admitted that perhaps there were some problems, and I suggested to him that he should look at them very carefully, and particularly in the commercial division. I suppose one would have to say that there are rumors at this stage that the commercial loans are often in arrears and that there are a great deal of problems in that area. So I say again to the minister to look very closely at that.

Now, to just get back to this motion for a minute, number (2) is the part that I'm in favour of. It makes sense. It is time we took a good look at Alberta Mortgage and Housing; it is a mess. This government is a very bureaucratic government, and Alberta Mortgage and Housing is perhaps one of the most bureaucratic parts of it. They've made a right mess of their portfolio. That doesn't mean we should throw the whole thing out, however, and it certainly doesn't mean that we should hamstring them straight away like number (1) implies, where it says that Alberta Mortgage and Housing Corporation should "cease investing further capital funds for any projects other than senior citizens' accommodation." As my colleague from Edmonton-Highlands pointed out, there are some very important housing programs that this government is involved in. They can do a good job, and a lot of good things have been done, but there are a lot of problems also. Therefore, we should accept number (2) from this motion and reject numbers (1) and (3), which don't make any sense and, in fact, are contradictory. You do not propose the solution as part of a study. I mean, what's the point of having the study if you've already got the solution?

MR. ACTING DEPUTY SPEAKER: The hon. Member for Lethbridge-West.

MR. GOGO: Thank you, Mr. Speaker. I welcome the opportunity to make some comments on Motion 205 brought forward by the hon. Member for Calgary-McCall.

Mr. Speaker, I think I can appreciate the motivation of the hon. member in wanting to do the three items on the Order Paper under the resolution. I would like, however, to make some comments to perhaps temper his comments. First of all, our memories are pretty short. I remember well, Mr. Speaker, as a member of this House, back in the days when we had the Alberta Mortgage Corporation and the Alberta Housing Corporation. We in Alberta for a variety of reasons were hurting with regard to housing. The private sector, that great private sector that solves all our problems, for some reason couldn't solve that problem. That's why the government became involved. How great it is; the private sector is the be-all and end-all. And yet for some reason we had people who simply could not find accommodation. And I would remind hon. members that the goal of the corporation was to provide affordable accommodation, not social housing, based on the premise that it was far wiser to own than it was to rent. I believe most members would agree that a very commendable goal is to provide affordable housing for our citizens of Alberta, recognizing that when you have ownership of something, your sense of respect is far greater than

if you're a renter. Surely that's the lesson we learned from the tenant farming system of the Americas many years ago.

How proud we were, Mr. Speaker, in our throne speeches year after year to brag about the 44,000 housing starts in this province. How great it was that we had the resources to provide through subsidy and other ways in terms of acquiring land and building houses, to show the rest of Canada that the housing starts in this province were greater than the total of the rest of the country combined. Here we are today, it seems to me, looking at this resolution, not essentially bad-mouthing the corporation, although it sure sticks out to me as though that's what we're attempting to do, without recognizing that the role of the corporation was in direct relationship to the direction of this Assembly and the government that each year in its throne speech made its priority, in terms of services to its citizens, to provide housing.

I don't disagree with parts of this motion at all. I think, Mr. Speaker, some of them are quite in order. This House adopted a motion not long ago to recommend to the government that they review the goals and objectives of the Alberta Heritage Savings Trust Fund which, as members have pointed out, has substantial investments in Alberta Mortgage and Housing Corporation. But I don't think for one moment that the government of Alberta should have its hands tied with regard to number (1): "to cease investing further capital funds for any [further] projects other than senior citizens' accommodation."

I recall the hon. Member for Calgary-Glenmore in a report just recently released saying that there should be no further senior citizen lodges built until there was a comprehensive policy to develop long-term care. I don't know whether that's acceptable or not. I simply think we have to provide whatever is needed for our citizens. But at least that was a progressive move and a progressive suggestion that said that we really shouldn't until we co-ordinate it with a long-term health care plan.

To look at number (1) of the motion, I don't know how hon. members can separate that from the needs of Albertans who need housing. You may have a great surplus of housing in parts of Calgary. Maybe people, in spite of all the government subsidies to help the private builders through CHIP and CHAP and all the other programs, are hurting a little bit, and now they want government out of there regardless of the loss because the private sector can do no wrong. I hear that time and time again: how great it is to have that great private sector. Well, I wish members would take a moment to look back and recognize that the progress of this province has not always been because of the private sector. If it wasn't for the role of government answering those needs, Mr. Speaker, there are many people in affordable housing today that simply wouldn't be there.

On recommendation (2), Mr. Speaker, far be it for me to quarrel with the hon. Member for Calgary-McCall; maybe it's the greatest thing in the world to have a committee of several MLAs and members of the public to review things. I think that's commendable, and that's the one area I would agree with the hon. member on. If it's time for review, then let's review it, but let's not scrap it without we have the evidence with which to base it on. I hope that's not just knee-jerk reaction. Please recognize that the chairman of the corporation we're talking about is a colleague of ours, the Solicitor General. He has responsibilities, I think, as chairman of the corporation to make recommendations to cabinet. Because after all, this Assembly is not the government; members of cabinet are the government. They're the ones who need to be convinced. So I would simply say, Mr. Speaker, that number (2) is probably an excellent idea,

and I would endorse it.

But to go to number (3) and be directing the corporation to "innovative ways": I think that's their responsibility now. I've heard no evidence that they can't do that in a satisfactory way. Before Mr. Blenkarn and the House of Commons Finance Committee we hear about the private sector with regard to bank charges. For some reason that's all right. For some reason when Sears has 29 percent interest on the layaway plan, that's all right because it's the private sector.

DR. WEST: It's freedom of choice.

MR. GOGO: "It's freedom of choice," the hon. Member for Vermilion-Viking says. We have landlord/tenant legislation which is freedom of choice too. Why don't we make those funds go into a trust fund to guarantee tenants? Oh, no, that's the private sector; don't you dare criticize. The practicality, of course, is it's \$100 million in damage deposits that you couldn't possibly get back into a system.

Mr. Speaker, I'm often impressed with the Member for Calgary-McCall, with his somewhat right-wing views toward progressive legislation. Today is not one of those days, because he's failed on two out of three accounts. Two out of those three accounts I think he's failed on, but I will support him on number (2), Mr. Speaker, because I do believe that any time there's a review of any organization, the results can only lead to positive discussion and, hopefully, positive results. So from that point of view, I would be one-third in favour of Motion 205, which is the positive way of expressing myself.

Thank you.

MR. PAYNE: Mr. Speaker, you may have sensed that when the bells rang to indicate that the sponsoring member's time for speaking had lapsed, he had not yet quite finished his remarks. So here goes. And in the interest of this side -- front-row solidarity -- I offered to take care of completing his remarks.

I recognize that the primary role of a member in this Assembly is to articulate the views of his constituents. But having familiarized myself now with the sponsoring member's yet incomplete remarks, I think it's safe to say that in making those remarks on his behalf, I am certainly speaking for at least some of the constituents of Calgary-Fish Creek and perhaps for even one or two members of my constituency association.

What I believe the Member for Calgary-McCall was asking, Mr. Speaker, was for the establishment of a committee of persons from a broad cross section across the province to review cases like the ones he described during the course of his remarks earlier this afternoon. Now, if that committee were to ultimately conclude that the Alberta Home Mortgage Corporation should be disbanded, it could very well be replaced with a more efficient system, even if that meant transferring its activities ultimately to the private sector. If we were convinced that the AMHC were providing a valuable service, I think we could all support it all the way. But we believe that the private sector can better serve the needs of the public, both in the area of mortgage lending and even in the provision of social housing, even though such a concept might appear unpalatable to my socialist friends on this side and, indeed, to my left-wing friends on the other side. If it needs subsidization to do so, fine, and in the end it would be more cost-effective to transfer this responsibility out of the public domain.

Now, Mr. Speaker, divesting ourselves of this organization would also help us achieve our goals of economic expansion and

diversification. More and more industrialized countries are moving towards increased privatization, and in many cases we've witnessed amazing feats of economic renewal. We speak primarily today of Margaret Thatcher's Britain. Mrs. Thatcher has sold over a million properties back to the private sector, where ownership should be, and the country is consequently experiencing an economic resurgence unlike any experienced in the last 40 years. This follows swiftly on the heels of the devastating policies of former socialist governments. I think Alberta has much to learn from Mrs. Thatcher's enlightened decision-making.

Mr. Speaker, the discussion so far has neglected a very important aspect of the motion brought forward today by the Member for Calgary-McCall, and that's the issue of housing for senior citizens. This is one area where I believe the corporation has been successful. Programs such as the nursing home financing program and the senior citizen lodge program have helped improve the quality of facilities available to the seniors of our province and appropriately so. Undoubtedly this government already provides excellent programs to this province's seniors. It's a matter of record. But we can do more, and it's entirely possible that by incorporating some of the suggestions made this afternoon by the Member for Calgary-McCall, we'd be in a better position to deliver more and varied programs to our seniors.

I would join with the Member for Calgary-McCall today, Mr. Speaker, in asking that the Assembly support the motion for a cessation of capital investment in all Alberta Mortgage and Housing Corporation programs others than senior citizen programs, for the establishment of a committee to review the corporation, and finally, for the transfer of most of its responsibilities to the private sector in an orderly and timely fashion.

Now I'd like to put one caveat on that support. I'd like to respond to the comments made by members of the government party as well as the opposition parties today supporting this notion of a review. That's so close to apple pie and motherhood that I'm not surprised that many of the members today participating in the debate have risen to speak in support of the concept of a review. I do so also, but with this caveat: more often than not we have seen even in our own government and certainly in other jurisdictions that review is oftentimes just one other mechanism to avoid action. It would be my assumption that the Member for Calgary-McCall, in bringing forward this specific recommendation, the second part of it that deals with review, contemplates immediate, straightforward, and forceful action once that review has been conducted in a timely way. With that caveat I add my PS by way of support to this very fine motion brought to us today by the Member for Calgary-McCall.

MR. ACTING DEPUTY SPEAKER: The Member for Calgary-Millican.

MR. SHRAKE: Thank you, Mr. Speaker. I welcome the chance to say a few words on this. As a matter of fact, I've got quite a bit to say.

First off, after hearing some of the debate today, I do realize that this is a little more complex than a lot of the people realize. Of the speakers that have spoken, I realize some of them don't fully understand the problem, and an awful lot of them don't understand the solutions. But I think that before we start talking on this, we'd better take a little look back and see where and how and why did we get Alberta Housing and Mortgage Corporation. Let's go back before it started, back to 1967, and look at what we had. Let's look and see what we had then and what

we've got now and see how bad this problem is and if some of the wonderful solutions we had today are really viable or worth a darn.

Back in 1967 a lot of you, if we scratch your memory for a little bit, remember that our seniors back then, their housing usually -- unless they were reasonably wealthy they usually lived in basement suites. We had a lot of basement suites in Alberta. In the downtown areas we had a lot of very substandard apartment buildings. I think we referred to those suites as holes-in-the-walls, and that's where a lot of our seniors lived.

We had in Calgary the Metropolitan Calgary Foundation, set up between the city and the province to try to provide some housing for the seniors who had difficulty looking after themselves in their old age, some of the ones that could no longer cook for themselves. In Calgary I was on the Metropolitan Foundation; I was president of it in 1971. We had a waiting list of 2,500. The list would have been longer but we usually told them, "Don't bother putting your name on the list because we have 2,500 on the list already." And usually when we would get around -- finally one of the seniors would pass away. Very few moved out to another apartment building; they usually passed away, and then we would phone down the waiting list. We would find one or two, but usually we would find two or three before that had passed away before they ever got into the Metropolitan Foundation lodges. It didn't speak very well for our housing stock in Alberta.

As far as young families prior to 1967, the young families would not and could not qualify for a mortgage unless they had a very wealthy set of parents. You think back: who in '67 among the young families getting married, starting out could afford to buy a home? Not very many. Remember that. We forget too quick.

As far as immigrants coming into this country, they usually had to live here almost 10 years before they built up enough of a nest egg to ever put up a 25 percent down payment on a home. Back in good old '67 when things were really looking good and rosy -- think back. The construction of homes in this province: every winter after the first freeze up it geared down and quit. Construction workers then went on unemployment insurance for the winter. This was our legacy in 1967. We did not have winter construction of homes. So that was not acceptable to this government, and that was to both sides of the House. That's a long time ago; we had a little different sides then. It was not acceptable. Our young families couldn't get homes; we had high unemployment all winter long. The seniors had lousy housing; let's face it.

So in 1967 they did create Alberta Mortgage and Housing Corporation. It started to take off. It was slow at first. Finally, about 1971 we had a new government. The new government had good revenue, and they said, "This is going to change." They told Alberta Mortgage and Housing Corporation to go and build housing, and they started doing it. The Metropolitan Foundation lodges in the city of Calgary finally completely wiped out the waiting list. Lo and behold, they had a vacancy rate. The seniors and the Metropolitan Foundation lodges actually had a 3, almost 4 percent vacancy rate; how terrible. I thought it was great, really great. Our seniors then did not have to wait to get in; if they wanted a Metropolitan Foundation lodge, they could get in, and they could go in there.

I had people, when I was president of the Metropolitan Foundation, come to see me at my home. They said: "My mother, ever since Dad passed away, she's living by herself. She's got that big three-bedroom home. I'd like to get her in a

Metropolitan Foundation lodge because she doesn't eat right now. She eats cookies and has tea and kind of eats sweets a lot. Her health is kind of bad. She can't paint the place; she can't shovel the sidewalks in the winter. "We used to get snow in the winter back then. "I'm just in from Vancouver, and I'd like to get my mother in this place because I'm worried about her. She's very lonely; she's got a lot of problems; she can't look after herself." And I'd say, "Well, fine, but you know, we've got to put her name on the waiting list and wait."

But after we built the new lodges, we didn't have that problem. They got in; they were looked after. A lot of them, from being in with other seniors, their health improved. They got active. I remember at the old Metropolitan Foundation lodges we bought them some shuffleboards. Holy smokes, they were going to take on the world playing shuffleboard. Then we got one little old lady in the one lodge, and she taught them how to do petit point. They were going to flood the world with petit point. It was good.

Then we got the nonprofit groups in on the act. We said: "Well, we don't want to go in and look after them. We want to build the senior citizen housing, but we don't want the management of them." So we said: "Nonprofit groups, come on in here. We'll put the money up if you'll manage the thing." And Alberta Mortgage and Housing Corporation put up the money. We had Legions come in. Sometime come and look at Alex Walker Tower in Calgary; it's nice. Some of the church groups got in. They built, and they went back, and they provide services to this day, good social services and activities for the seniors living in their senior citizen housing. And the ethnic groups got in; they built homes. Sometime go out to northwest Calgary; see the German Canadian Club there. They were the sponsor of a senior citizen building there, and they have a good time in there. It's a lovely place; you should see it.

As far as our seniors having to live in holes-in-the-walls: no, sir; no more of that. No more of the basement suites for our seniors. I don't think there's one of us sitting here today that's going to criticize that. If you do, stand up and be counted right now.

As far as our young people, from 1971 until 1982 and the crisis, our young people started buying houses. We started building houses in the winter. Lo and behold, they found they could build homes in the winter. All they'd do is -- you do what they call hoarding. You put up a wooden frame, a little polyethylene around the old place, put in one of the big old heaters, and you work all winter. In the winter our unemployment in Calgary was less than the unemployment in previous years in the summer. Not too bad.

Actually, we had never had a co-op. Co-op housing: they'd talked about it for years, but after '71 we had such a thing. And believe it or not, it was illegal in this province to have such a thing as a condominium. Our land registration department said: "Well, you can't do that. How can you chop up one building with a whole bunch of owners?" Lo and behold, they found it could be done when you tried, and we brought in condominiums. It worked real good. Along about 1981 our people were well housed.

[Mr. Deputy Speaker in the Chair]

The Russians tried, from 1945 at the end of the war up to and including now, to properly house their people. They have poured in millions of rubles, they have had huge government projects, and still to this day the Russians cannot properly house

their people. They still have suites where you have a whole family in a small suite sharing the bathroom with the other suite down the hall in the great, huge government building. They cannot house their people properly.

The Europeans come over here, and they're amazed. Here in this funny place you can actually own your own home. I mean, not the rich guys; in Europe you must be very wealthy in order to own your own home. Whether you go to Italy, Germany, France, Holland, Norway, or Sweden, to own your home is quite a luxury, and it's a wonderful thing. They're quite amazed with us. Albertans are the best housed people in the world.

I think if we are going to fault Alberta Mortgage and Housing Corporation, we must fault them for one thing: they took the government direction, the government policies, and they did their job too darn good. They went out and they built all this housing. That's what they were told to do. They put housing in where the people in the lower income areas got in. But to do that, they took that lower down payment. They took people at the bottom end of that scale. It was kind of rocky because an awful large portion of their income was going to pay for the rent, but we got them into housing.

[Mr. Speaker in the Chair]

But in 1982 we had an economic crisis, a bad one. One of the best home builders in the world was Nu-West Development. They had an efficient system; they used to crank out in this province 10,000 homes a year, something to make the Russians envious of. How they could do that? That was a \$3 billion corporation. We had a little \$2 billion corporation that cranked a lot of homes out called Daon. Springer Homes, Jager . . . We had the world's largest housing, land development, construction industry company based in Calgary called Genstar. Unfortunately, since '82 Nu-West is now no more. Poor little Carma is basically a shadow of her former self. Daon is basically gone. Springer went under. Genstar is slowly selling off her assets, getting out.

Well, if they went under, with some of the best brains in the housing world, of course Alberta Mortgage and Housing Corporation had a problem. We had 25,000 people leave Calgary in a year. The homes lost up to 30 percent of their value. Now, Alberta Mortgage and Housing Corporation had gone in and given out 90 percent mortgages to the lowest income people in our society. Of course, they had a problem. Because these homes had no equity, and the moment the values went down 30 percent, these homes were not worth what was against them. Alberta Mortgage and Housing Corporation was not being a bad guy, going around foreclosing on these people. These people walked away. A lot of them actually had a very good scheme. I can't blame them for what they did. They said: "Okay, I owe \$65,000 on this house. It's worth \$55,000. The simple thing to do is I won't pay my rent for about six months; I will bank the money. My rent's \$500 a month. In six months I've got myself \$3,000, and I'll go and buy that unit down the street that is \$55,000." That happened again and again and again. Then we got our dollar dealers in there, trying to get around the legalities.

Anyway, the problem ended up that in Calgary, Central Mortgage and Housing Corporation had 5,000 homes come back on them. Alberta Mortgage and Housing Corporation had over 5,000 units come back onto them. What's the solution? Dump them all on the market? Drive the price really down? Take a horrendous loss? You would break every home builder there. You would have; you'd have broken them all. You'd have

driven the prices of housing down to only 50 percent of its value, and you'd get more houses dumped back on you. So that wasn't the solution. Or maybe rent them all out; rent all the units out. Well, there's no solution there, because up in certain sectors we had a 14 percent vacancy rate already. So you can't rent them all out; there's no market for it. Plus you would break more of the people who had housing units to rent. Or you could do the other thing: you could make them all public housing. Well they put a little bit out in public housing. They rented a little bit, they were able to sell a few, and they held the rest. That was the right decision.

The other thing is that they had been recovering some of these funds out of the federal government, and if we fold this whole thing up, we'll find that we aren't going to recover out of the federal government. They held the units until there was a market, and guess what? They made the right decision, because there is a market. So far they've dumped over 2,000 of those homes. They got the maximum return back on them. Also, they're still providing homes at low prices, they're recovering the money, and they have been responsive to the public concerns. Sales are rising. Sales in Calgary rose 9 percent in the last eight months of 1988. They brought in new programs that allow the renters to purchase the homes.

Let me throw one last little thing in here before I conclude. They had the other problem of: we, the government, had asked the private sector to come in, to give tax incentives. "Come in and build these apartment buildings, because there's a shortage of apartment buildings." They did. We asked them to put a personal guarantee up, and then when they had a 14 percent vacancy rate, they couldn't pay for these apartment buildings. So what should we do? Should we foreclose, sue these people -- these are Albertans we're talking about -- or hold on, hang in, ride with them until the market comes up? And that's what we

did.

Looking at the three portions of this motion, it says, "to cease investing further in capital funds for any projects other than senior citizens' accommodation." There are still people out there who don't have 25 percent of the price of a home, but they've got 10 percent. No, sir; that's not the way to go. What about the handicapped? We fund them, and there are still senior citizen projects needed in this province. As far as clause (1), forget it.

Put together a committee with three members of the Legislative Assembly: I've got a countersuggestion. We have a committee; it's called the board of the Alberta Mortgage and Housing Corporation. They work hard; they're knowledgeable; they try hard. Let's stick maybe a couple of MLAs in with them, because they're doing the right thing.

And then, "direct the corporation to develop innovative ways": they've developed them; they're there. You'd better read what they've got.

So as far as my recommendation on Motion 205, I would like to move that we adjourn debate.

MR. SPEAKER: Those in favour of the motion to adjourn debate, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Motion carries.

MR. KOWALSKI: Mr. Speaker, I would move that when the House adjourns this afternoon to return at 8 o'clock this evening, it do so in Committee of Supply.

[The House recessed at 5:28 p. m.]