



Province of Alberta

The 29th Legislature
Third Session

Alberta Hansard

Wednesday morning, May 10, 2017

Day 31

The Honourable Robert E. Wanner, Speaker

Legislative Assembly of Alberta

The 29th Legislature

Third Session

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New Democrat: 55

Wildrose: 22

Progressive Conservative: 8

Alberta Liberal: 1

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Legislative Assembly of Alberta

9 a.m.

Wednesday, May 10, 2017

[The Deputy Speaker in the chair]

Prayers

The Deputy Speaker: Good morning.

Let's take a moment to reflect, to recognize and send our thoughts to all those who were and continue to be affected by the recent flooding in Ontario and Quebec. It's times like these when we need to stand with our neighbours and let them know that they're not alone and to send our sincere thanks and appreciation to all those who are working tirelessly to ensure that the communities affected remain safe.

Please be seated.

Orders of the Day

Government Bills and Orders Second Reading

Bill 12 New Home Buyer Protection Amendment Act, 2017

[Debate adjourned May 9]

The Deputy Speaker: Any members wishing to speak to this bill? The hon. Member for Red Deer-South.

Ms Miller: Thank you, Madam Speaker. Imagine, if you will, building your dream home. Husband and wife, three children: you're moving to a new community, so you're building your dream home in a new community. Because it's so far away, you can't do regular checks. The day of excitement comes. You're moving in. You're doing your final walk-through. You open your front door, and in your front entranceway is your gas meter because the person who built the house read the blueprints wrong, and instead of putting it at the front door, they put it inside the front door. To this day that gas meter is still in that front entranceway because they are still fighting with the builder to move it. That happened in Ontario. They don't have these kinds of laws, but there are horror stories all over Alberta.

I was married, and with my first husband we built our first home. We would go in every evening and check for, you know, little things that could be wrong. The builder didn't like it, so they locked us out of the house, and we couldn't check on anything. We go to do our final walk-through, and there were problems everywhere. Could you imagine someone putting the outlet for your in-home vacuum in the middle of a staircase, so you can't use it upstairs or downstairs? Or putting the electrical plug-ins for something – so here's your wall. You've got your electrical plug-in for your in-home vacuum. Twelve feet away you've got your outlet to plug in your in-home vacuum. It doesn't work. The cords are only four feet long.

These are the kinds of things that happen. The day of a housewarming having all four toilets crack in your house, and you've got water everywhere because they used faulty toilets that ended up being recalled. If you have a good builder, a licensed builder, these things get rectified. In the case of the toilets they were fixed within hours, but in the case of other things they don't happen as readily and get fixed as fast.

When you're building your dream home, you don't expect all the pitfalls. The shoddy, fly-by-night contractors that take advantage of people have to be stopped. People put their life savings into their homes so they can build their family. It's just not right. We have to be able to have laws that stop them. It doesn't matter who you are. You're not above ripping someone off, putting it bluntly.

I think that this will level the playing field. You have to be licensed, you have to be insured, and then the homeowner has something to come back on. I wouldn't want any of these types of horror stories to happen to anyone. I know that my friend in Ontario is still fighting with this, and her gas meter in her front entranceway is an atrocity.

I would encourage everyone in this House to support this bill to prevent any of these things happening to others. Thank you.

The Deputy Speaker: Under Standing Order 29(2)(a), any questions or comments?

Seeing none, any others wishing to speak to the bill? The hon. Member for Stony Plain-Spruce Grove.

Mr. Horne: Spruce Grove-St. Albert. Still a crossboundary road, also a great community, totally different although they do work really well together.

Thank you, Madam Speaker. You know, when I was much, much, much younger – I was about two or three – my dad was working for Safeway at the time in the advertising department, and he had moved up to Edmonton for the position. He met my mother, had two kids, and then the department transferred him back down to Calgary. He was actually from Calgary, so that meant we got to see his side of the family a lot more. But the relevance of this story is that Safeway paid for the moving expenses to move back down to Calgary. We moved into a community, a fairly new community at the time, in what is now Calgary-Shaw. It was, I believe, about two years old when we moved in. Of course, we weren't the original owners, but with two-year-old developments there were plenty of the original owners around.

There was an issue with the builder. For some strange reason they didn't install the windows correctly. I was trying to recall the term, but googling things when you don't have the term you're googling is not always that easy. Effectively, they installed the windows in such a way that if there was any water running down the window, the water would run down the Gyproc and get into the wall. Of course, as you can imagine, you now have not just a waterlogged wall, which poses all kinds of mould issues and everything, but you also now have a rotting support structure in your wall. Some of the windows in some of the houses started to rot out of the wall. This is only a two-year-old development, Madam Speaker.

This was, of course, very concerning for many of the residents, and they were, you know, looking to get this fixed. No homeowner buys a house expecting to have to replace the windows in two years, certainly not a new home. So individually they had to reach out to the developer, and the developer wasn't always responsive. Now, I was trying to do some research. Unfortunately, I couldn't find what happened to the developer. The residents did eventually get the developer to come back and replace the windows, do it properly this time. But that's just one of the issues that potentially could have arisen. Of course, when you have an issue where your windows are rotting out of your wall, you're now very concerned about what the rest of the work was like.

Now, with such a large investment, in the case of my family not just personally but for the company but certainly also for the individual – home ownership is a big investment. You know, in my community there's a lot of growth, a lot of new developments, and a lot of families take a lot of pride in being the first owner of their

home, and for a lot of them it's a huge step forward. In fact, the only time I could imagine a bigger financial decision might be the decision to retire, but that instance will be more personalized. For such a big financial decision to then face such uncertainty and, in some cases, neglect of the product they're buying that is their home, that is very concerning.

9:10

I know many of my constituents are very concerned any time they hear that somebody's property has an issue, you know, three blocks away, whether that's that the sump pump doesn't quite work, especially around where I live in northwest St. Albert – it's a very flat piece of land. It used to be mostly boggy land, so all of the houses have sump pumps that are running at least once a day trying to deal with the water. You know, when a sump pump fails, it's a very big concern.

Of course, I believe that this legislation endeavours to strike a balance between the homeowner and the builder. Certainly, in instances where there is an issue, you know, perhaps if the builder buys some toilets that turn out to be recalled, that might not be an issue of the home developer, the home builder but the supplier. That's certainly possible. Without legislation like this they're now in a situation where they're liable for those. I think that this is a good step toward that balance between consumer protection and business protection. I think it's working towards a good middle ground there.

I think that this is a good bill. I would like to thank the minister for bringing this forward, and I hope to see everybody in this House support this bill. Thank you.

The Deputy Speaker: Under Standing Order 29(2)(a), questions or comments? The hon. Member for Lethbridge-East.

Ms Fitzpatrick: Thank you, Madam Speaker and to the Member for Spruce Grove-St. Albert. You talked about, you know, water running down the insides of the walls, and you said that the builder did come back and replace the windows. Did the builder also come back and replace the structural damage that was done with the rotting two-by-fours and the Gyproc and all of the other little things that would have been affected by that kind of water coming down on the inside?

Mr. Horne: Yeah. Thank you to the hon. member for that question. Of course, I was three, four at the time. I don't quite recall.

The next step to the story of my moving around is that Safeway then tried to transfer my dad to San Francisco. He looked around and said: "Housing prices in San Francisco are insane. To find a house that I could afford would be a three-hour commute into work. I'm not doing it, not moving my kids." So we ended up in Prince George in B.C., and we lived there for about six months. My dad is in the design field. Then Conrad Black bought out the paper he was working at, so we moved back to St. Albert, and I've been there since. I've been in St. Albert since kindergarten plus a couple of years before moving to Calgary.

While I believe that the builders did in fact replace the structural damage, I was too young to quite recall, and I had a hard time finding an article on this instance, on this case, when I was doing some research when I saw the bill come forward.

Thank you for the question. Unfortunately, I can't give a definite answer.

The Deputy Speaker: Any further questions or comments under 29(2)(a)?

Seeing none, any other members wishing to speak to the bill? The hon. Member for Edmonton-Centre.

Mr. Shepherd: Thank you, Madam Speaker. It's a pleasure to rise today to speak to Bill 12, the New Home Buyer Protection Amendment Act, 2017. I'll be honest. The likelihood that I will buy a brand new home during my lifetime is probably relatively low. You see, I was raised fairly frugally. My parents didn't have a lot of money, and I didn't personally either, so I learned to be very careful about how I spent what I had. Certainly, working as a musician for a number of years – it's not known to be an occupation in which one makes a large amount of money – I had to learn how to live on a fairly low number of dollars. For myself personally, I spent many years renting before I finally got the opportunity to actually purchase a property.

In fact, Madam Speaker, I'll admit, you know, that I just recently upgraded my vehicle. I was driving a 1994 Toyota Camry that I bought for \$500 back in September 2014 and continued to drive that after elected. It ran well. It served me well, and it was one of many vehicles that I bought. I haven't spent over \$1,000 on a vehicle since 1993. So I'm not one to spend a large amount of money if I can find something that serves me well in a lower bracket.

Now, of course, housing is a bit of a different thing. You know, I did have the opportunity to buy my first property eventually in 2008, and that was in an apartment building that had been converted to condominiums. I had the opportunity to purchase there, and that was when I first moved into Edmonton-Centre. I had the opportunity to take over there. I lived there for about eight years before I purchased a new property just recently and moved in this past December, that again being a condominium of a sort, a unit in a three-storey fourplex just over in the community of Oliver here in Edmonton-Centre. Being that, Madam Speaker, I do really love living in the centre of our city and sort of that urban living, for those reasons, it's not likely that I'm ever going to buy a brand new home built from scratch.

That said, I certainly appreciate what this bill is bringing forward and the positive aspects that this is going to bring forward for Albertans and indeed many of my constituents because, as I said, Madam Speaker, my first home that I purchased was a unit in a condominium build, a converted apartment building. You know, one of the first things that happened when I moved into that building was that I was immediately asked to pay a special assessment to replace the balconies, which was fair. This was a building that was built in 1967 or so. Yes. Absolutely, it takes some time. You need to start to do some upgrades and that sort of thing.

I eventually went on to serve as the president of the condominium board for that building and certainly got a good appreciation for what goes into maintaining a building, what the costs are, and the things you have to look at over the long term. I certainly followed with interest many stories that I read about newer condominium developments around the province, indeed in many locations where builders were throwing up these condominium buildings very quickly, selling them, and then moving on, closing down the corporation that built the building, opening a new subsidiary to build the next building. Then the previous building that they built: within a year all of a sudden there are a number of things that are found to be wrong with it.

What happens then, Madam Speaker, is that the condominium board and the owners in that building are left holding the bill because the corporation that built the building no longer exists. They have no one that they can go back to for legal recourse, so owners are left with thousands and thousands of dollars in special assessments to bring a building up to the level where it should have been after the developer had actually built the property. This is something that has happened in many jurisdictions. Indeed, I believe there was one notable case in the Minister of Municipal

Affairs' own constituency of Leduc-Beaumont, that we heard about quite a bit.

So I think this bill, Madam Speaker, does some very good work towards ensuring that that will not continue to happen or that indeed, should that sort of shoddy workmanship occur in any future condominium buildings, there will be recourse because, as has been discussed by many members, this bill provides for builder licensing within the province of Alberta. I think this is an excellent step forward because, as many members have discussed, whether it's building a new home or building a new condominium building, we need to have standards. Albertans should be able to trust that when they are buying a property, that property is built as well as it could be built, that they are not going to be hit with hidden costs, hit with costs for damages that should not be there, for issues that should not be occurring and know that when they buy a new home, they can be comfortable, they can feel safe, and they can know that they are making a solid investment.

9:20

Builder licensing, Madam Speaker, will directly address builder accountability. The New Home Buyer Protection Act doesn't address the qualifications for being a builder. Right now anybody in Alberta can be a builder regardless of their experience or skills, and this is unlike many other aspects of actual building construction. Of course, the people that do the work to build the home are expected to be professionals. I can't just hang out a shingle and call myself a plumber. I have to have my certification; I have to have my ticket. I have to be able to – it's all inspected. All these things are checked. For any of the trades where people are involved, one must have training, and there must be certification.

It's incredibly important now that we bring in the opportunity for this licensing program. Under the legislation now, builders will be required to submit an application and pay a fee and then hold an active licence in order to be able to build. That licence will be for a one-year period and will allow the builder to apply for multiple building permits during that time, after which the builder then would have to apply for a renewal. But here's the most important part, Madam Speaker, in my view. The application process will require builders to submit information about their history, their track record, their financial standing, and their corporate structure. All those will then be assessed by the registrar of the new-home buyer protection office to ensure that all licence applications, then, are on the straight and narrow.

As I said, Madam Speaker, there has been this practice where builders will have multiple corporations that they use to build specific buildings, specific homes, specific units, and then they will retire that and move on to another. This now will require that when they submit an application for a licence or when they submit a renewal of their licence, all that information must be provided. It will be reviewed, and now it will be able to be tracked. Now Albertans will be aware of the work that has been done by a corporation or a builder in previous work, and the office will have the opportunity to review that and decide, then, whether this builder should be allowed to continue to build in the province of Alberta. I think that that is an incredibly important protection indeed because home ownership is one of the biggest financial decisions any family may ever make.

Certainly, Madam Speaker, as I said, I am loath to spend large amounts of money. I'm very careful about how I do that. I just bought a new vehicle recently and took my time, thinking very carefully about what I was going to get, how I was going to do it, trying to find the best deal I could. I know that Albertan families, when they're looking for a home, especially when they're making that kind of an investment, an investment in something that needs

to support them, that needs to be there for them and their children for many, many years to come, want to have that kind of reassurance. I think what this bill is proposing is a very fair and balanced measure. It's going to be good for consumers.

But, Madam Speaker, it's also going to be very good for the home building industry. Certainly, I think the majority of builders in our province are very good and reputable people. They do quality work. It's an important part of our economy. It's an important part of how our cities grow and thrive. But having even just a few bad apples can give a bad reputation to the larger group. Indeed, I know that in conversations that I've had with folks at the Canadian Home Builders' Association and some others, I think they are very much in support of ensuring that we have ways to track and identify and weed out those who would abuse the system, those who would take advantage of consumers, and ensuring that we are instead giving the opportunity to those who are going to do quality work, who are going to provide Albertans with good homes, who are going to continue to make sure that the industry can enjoy a good reputation and that people can have trust in the people that are building their homes.

As I said, Madam Speaker, this application process will require builders to submit their information about their history, their track record, their financial standing, and corporate structure. That will go to the new registrar of the new-home buyer protection office. They will assess that information.

It's quite similar to the process that we put in place for the enhanced builder information program in Fort McMurray, which I think was a good template. Madam Speaker, I think that was a great program that was put in place, especially when we have people in situations like we do in Fort McMurray, who indeed have lost so much, you know, and are just working to build back their lives, to provide them that extra layer of protection to help them navigate. That's one less stress that they have to have in a very difficult time of their lives.

Many of these requirements already exist for builders and are just going to be folded in under this legislation, and then the registrar will determine if the applicant meets the licence criteria and whether there are any other conditions that should be placed on that licence.

Now, of course, Madam Speaker, we don't just have builders that just build new homes; we have the area of renovations. Certainly, before I moved out of my first home, I did do some substantial renovations in that suite. I tackled some of those myself. I certainly enjoy the opportunity to do that when I can. I took the opportunity over the Christmas break, when I moved into my new home, to remove some of the carpet and replace it with hardwood. That was admittedly the first time I'd taken on sort of a task of that size, but I found it very personally satisfying to be able to spend part of my Christmas break on a task that was, say, a bit more mundane and a bit less intellectually taxing, perhaps, than some of the work we do here or challenging in a different way, certainly still using my brain but a different part of it, perhaps, than from day to day here in the Legislature.

So I certainly appreciate that in many cases people are looking to do renovations of their home. Certainly, here in the downtown core, within my constituency of Edmonton-Centre that's something that happens fairly often. People will buy older properties, and they will choose to do substantial renovations to them. Builder licensing, then, will be required for substantial renovations where at least 75 per cent of the home's footprint is changed such as if there's a full rebuild or if there's a top-floor redesign. That more or less aligns the home warranty with the home warranty requirements under the New Home Buyer Protection Act, where a renovation, as I said, that alters 75 per cent of a home's footprint is defined as essentially

being a new home and therefore requires a warranty. Applying this only to substantial renovations is going to keep us from overregulating the industry.

Certainly, I recognize that there are many people that do much smaller scale renovations. Indeed, when I had the kitchen in my previous home redone – this would have been last April or May – I thought it could be done quickly and in a matter of a short time. I thought it could be easily accommodated during session. I can assure you, Madam Speaker, that I don't think there was ever a renovation that has been done quickly and in the time that you anticipate. It certainly ended up being a bit more of a disruption than I had intended, but I deeply appreciated being able to hire a good contractor or renovator, indeed some local musicians and venue owners who also do some renovation work on the side. I was very happy to be able to hire them to come in and do that work for me as these days I don't have quite as much time as I used to and an opportunity to do these sorts of things. They did excellent work.

But, Madam Speaker, while it certainly made a big difference to my kitchen, it was not a substantial change to my actual home. It didn't do anything that would affect the safety of the home. It didn't take out any load-bearing walls or any walls at all, really. It was a matter of just replacing the cupboards and the flooring and doing a bit of a repaint. It's not something, I think, that would necessarily require licensing for someone to do that kind of work. I think we have some robust systems in place. You know, before I chose a person to do that renovation, I of course checked their references. I had the opportunity to talk to many people who knew them. I was able to work within my own network to have a good sense of reassurance in the work that they would do.

It's much different when somebody is doing a much more substantial renovation or indeed building a home, where it can be a lot more challenging and daunting to sort of find your way through that marketplace. Indeed, to throw citizens out and just sort of say, "You're on your own; you figure it out; buyer beware" is perhaps not the best approach there.

In the case of renovations, you know, we recognize that it can vary pretty significantly. It can be anything from just simply repainting or, as I said, redoing the kitchen. It could be just redoing a bathroom, or, as I said, it could be a gutting and reworking of an entire home. The builder licensing is focused on ensuring quality construction. The smaller renovations, that are more cosmetic and that sort of thing, are not really falling under that rubric. We only require under this bill, then, builder licensing, again, if it's at least 75 per cent of the home's footprint that is being changed.

9:30

In the case of subcontractors – and of course there are many of those within the province of Alberta, Madam Speaker. For a few years I worked for the Canada Revenue Agency. When I started working there, I was working on their phone lines for their business inquiries call centre here in Edmonton. We would be speaking with individuals, a large number of them who were self-employed, about business tax issues.

The Deputy Speaker: Any questions or comments under Standing Order 29(2)(a)?

Ms Fitzpatrick: Thank you very much to my colleague from Edmonton-Centre. I was quite interested in your story about your use of your time over Christmas. I sew, a number of years ago, not since I've been elected, and I had a sewing room. It had carpet on the floor, and I couldn't move my sewing table. So I did pull up the carpet, and I laid a laminate floor in my sewing room. I have to say that I did a pretty good job. Laying the first three boards, I had to

cope around corners. It was a long wall, and I went right to the cupboard, so I was pretty pleased with myself. But it wouldn't lay flat, and I couldn't figure out why it wouldn't lay flat. I sat down on the floor, after doing it over two or three times, and kind of had a conversation in my head with my dad, who was pretty good at doing those things. I realized that I needed to put another row down because the weight of it wasn't heavy enough to lay flat. I did complete it in a day and a half.

I'd appreciate hearing a little more about you laying the floor. I'm impressed that you did that.

Mr. Shepherd: Well, thank you to my colleague from Lethbridge-East. Certainly, as I said, it was a bit of a challenge, but it was one that I embraced quite readily. I found that generally what it comes down to is just being patient, and indeed, Madam Speaker, if you lay a good foundation – this is what I learned. I called over a friend to give me a bit of advice for the first bit of the floor, and what he showed me was that if you carefully, very carefully, lay out your measurements for your first few rows, make sure that they are very tight – make sure, folks, that you lay a good, solid foundation – everything else flows very well from there.

Indeed, I think that's largely what this legislation is looking to do, to set a firm foundation for our home building industry, to ensure that we have at least this minimum standard, this basic licensing, which then gives a lot of reassurance for consumers and also gives a solid foundation that we could continue to build on as a province as we continue to grow. Indeed, Madam Speaker, Alberta remains the youngest province in Canada. We have the largest number of children and babies in the country at the moment. We know that we have many people coming up. There are going to be many families that are going to need new homes, so it's indeed important that we have good protections in place to ensure those homes will be well built and protected.

As I was saying, Madam Speaker, in terms of subcontractors, when I worked at the Canada Revenue Agency, one of the calls we'd get most often would be from young tradespeople, indeed, who were just getting started and having to call in to register a GST number. In the industry, in the construction industry in particular, it has gone to a system where it is largely a fairly dense thicket of subcontractors, so every individual who does each piece of a job in each situation is considered to be their own employee. We recognize that that is a big part of the building industry, and certainly subcontractors will do a lot of work, particularly, I think, in areas where there are a number of homes that are being built by a single building company. In those cases we recognize that the builder is responsible for managing the project, including which subtrades they should hire and how much financial risk they're going to assume.

So we are not including the subtrades under builder licensing because that is indeed the responsibility of the builder. In this case we are saying that it's the responsibility of the builder to oversee their subcontractors, to ensure that the work of each of those individuals is of a quality that is going to continue to support the reputation of the builders themselves and, indeed, to be sure they can continue their licensing. I think that's a reasonable approach, Madam Speaker. I mean, after all, Alberta has a very strong system of qualified tradespeople. We have very competent builders. Licensing is about supporting those who do good work, to help them to set themselves apart from those who don't. So builder licensing will not and should not, I think, in fact, impact trades individually.

Thank you, Madam Speaker. I appreciate the opportunity to speak to this bill. I look forward to hearing from some of the other members, and I look forward to seeing this bill, hopefully, pass.

The Deputy Speaker: Any other questions or comments under 29(2)(a)? The hon. Member for Calgary-Varsity.

Ms McLean: For questions or comments?

The Deputy Speaker: Okay. You've got about 40 seconds. Go ahead.

Ms McLean: Thank you. I would just like to assist the hon. member. He made some comments about renovations. I'd just like to be able to clarify for the House and the record, consumer protection being very important to our government, that prepaid contractors are covered under Service Alberta for renovations. This legislation I think we can all be quite proud of. It covers when there are situations of 75 per cent or more of your house being renovated. When that percentage threshold is met, then this legislation certainly does cover that.

Thank you, hon. member.

The Deputy Speaker: Thank you.

Other members wishing to speak to the bill? The hon. Member for Drayton Valley-Devon.

Mr. Smith: Thank you, Madam Speaker. I want to thank the member for his comments earlier. I thought they were well spoken. I find it interesting that he was starting this job off with a car that was worth about \$500 because I think that I have driven many of those same vehicles in my life. It's just nice to see that sometimes there's a lot that we have in common as we enter into this profession.

I rise today to speak to Bill 12, New Home Buyer Protection Amendment Act, 2017. I want to let the House and my constituents know that I have a great deal of empathy for both sides of the groups of Albertans that will be affected, both the producers as well as the consumers in this case. I don't know if this is a good exercise to go through, but you could maybe turn your minds back a few years on my life and picture a much younger version of myself and see a university student before you looking for a job and finally being successful and finding a job in the construction industry. It happened to be a company that was owned by a neighbour down the street. I show up on that first day for this job, and I'm about a 150-pound, skinny kid that's looking for some way to work his way through university. I met this big, gruff bear of a man by the name of David Mitchell. Dave would be my foreman for the next three or four years of my life when I was looking for work in between schooling.

Dave was a man of few words. When I got onto the job, they were building a house, and they had just finished pouring the basement and were working on the subfloor. I came up to the job site, and he grabbed this shovel and said, "Do you know what this is?" I said: "Yeah. It's a shovel." He walked me over to the basement, and he threw it down into these three huge piles of sand, and in very Dave fashion he said: "That's a basement. That's sand. Level it." Those were my instructions for the rest of the morning.

Well, that was my introduction to the world of construction. As I said, for the next three or four summers you could find me variously on the end of a hammer or up on a roof or caulking or subflooring or landscaping. Probably the worst of it was putting a 150-pound kid on the end of a wheelbarrow full of cement as he was frantically trying to go through a front door and then pour some cement floors and do those kinds of things.

So I have some experience at the construction level. I wouldn't suggest that that makes me an expert by any stretch of the imagination, but I do know that the company that I worked for always tried to build a home that a family would be safe in, that

they would feel that they were getting good value for their money, that they would be happy living in and raising a family in. I know that there were times when, as the inspectors would come through or when the family would walk through if they'd prebought the house, they would look and we would make adjustments, and we would deal with any issues that either the inspectors or the family might have. It was always a symbiotic relationship, our job being to produce a house that the people would feel comfortable in and know was well built.

9:40

Well, fast-forward a few years. You've graduated from university, you've got your job teaching, and you now are married with three kids, a mortgage, and a home. You can understand as a consumer how important that home is. I mean, the reality is that it's probably the largest investment that we'll make in our lives, and when we find out that there are issues with this home that we have purchased, when it's brand new especially, there's concern. Sometimes the cash register can run up pretty quickly when you're trying to deal with some of those concerns. You know, I think we've all probably in our lives had to address defects and problems in our homes, and when you're a teacher on a single income, oftentimes you become that subcontractor trying to deal with those problems and those issues.

I think Bill 12 tries to address some of these concerns. While I appreciate the intent of it, and I will probably, at the end of the day, support the bill, there are some concerns that perhaps need to be addressed. On the positive side, let's start with, you know, that currently there is no recourse for families for the impact of a substandard home, a new build, but this bill will remedy that by providing safeguards for homeowners by providing a licensing regime that builders will have to follow. The standards that that licensing regime will set should, I believe, provide an additional level of peace of mind that a homeowner needs when making such a large investment, and I believe that that's a good thing. I think it will increase the level of accountability for a home builder to the purchaser or the homeowner. I believe that that is well intended and is worthy of support.

You know, there are times when we hear the bad-news stories. Maybe we've been a part of those bad-news stories. I know that in the house that we're living in presently, I wish I had been the new homeowner rather than somebody down the line because when we purchased our used home, we found out after three or four years that there were problems with the sewer system. When, at the end of the day, it was finally discovered what the issue was, it was that the original home builder had not built the house to grade. As my plumber put it: crap don't run uphill. Trust me, when we brought the town out and we started talking about, "How did this pass inspection?" and "How did 12 or 13 or 15 years ago . . ."

Ms McLean: Get a good inspector before you buy.

Mr. Smith: Yeah. They don't tend to go through the sewer pipe.

Ms McLean: Mine did. I paid for it.

Mr. Smith: Yeah?

Ms McLean: Yeah.

Mr. Smith: Well, actually, ours did as well, but it was about six or seven inches difference. As long as the kids had a bath two or three times a week and it flushed it out, we were good, but if all of a sudden it didn't work that way, it could get plugged up.

Ms McLean: The moral is bathe your children.

Mr. Smith: Yes. You know what? Trust me, when you've got a seven- or eight-year-old boy, you're having those conversations.

The reality is that there are times when I truly can understand the flip side of this, the purchaser's side of the agreement, and I think that this bill addresses some of those issues. I think that, you know, this bill encompasses warranty programs, so it should mean that there's a capacity for your purchaser to be able to fall back on those kinds of things if need be. I think that generally there's some really good material in this bill that needs to be pursued and supported.

There are some concerns that I think the House should consider as well. You know, there are small builders out there that are not building hundreds of houses every year. As a matter of fact, in some cases I'm aware of companies where they're actually one-at-a-time builders. They're very specific. They find the client. That client wants a very specific kind of house, and they build to meet the needs of that client. They might only build three or four houses in a year, and they'll act as their own general contractors and site managers. It's a family business where the husband will often do, in this case, much of the initial preparation work for the building, looking at the excavations and the finishing grades for the houses that they're building.

When I've talked with some of these companies, they do have some concerns. You know, one of them is that while this bill is supposed to be revenue neutral, they're not so sure. They're unsure of the impact in their specific instance, when they build one house at a time, and what that will mean for increased costs related to the licensing. While they understand that the licensing will be some of the lowest in the country, it's the economies of scale that they're worried about. To assume those additional costs would be burdensome on them, so they have to pass them on to the consumer, and that makes them, again, perhaps less attractive an option for people when they're looking to find a builder for their houses.

We have to remember that this licensing fee has to be added to a series of other costs. I'm not trying to be digging at anything here, but obviously even the carbon tax that we have being placed on society has added additional costs, and to a small-scale builder those are costs that either they have to absorb or they have to pass on to the consumer. So in this particular case they're worried about their profit margins and whether they will be negatively impacted. They're worried a little bit about some of the additional time that's going to be spent on paperwork and administration. When we take a look at section 4.1(2)(a), there's perhaps a concern there. The registrar may "require an applicant to take . . . courses and examinations for the purposes of ensuring that the applicant . . . [meets] the qualifications and conditions" for prescribed qualifications and conditions for licensing. In 4.1(2)(b) the registrar may "set and administer courses and examinations."

In the company that I'm thinking about, Madam Speaker, they're self-taught general contractors. They've been very successfully in business for many years for a variety of individuals. They work very closely with their clients. They make sure that as issues develop in the building, they have dealt with those issues, that the purchaser, the buyer, has acceptable workmanship that's going into these buildings. They've never had an issue with home inspections, and they've just got questions. What will this mean to their business as somebody that is a self-taught general contractor but a very successful one?

Everything considered, the capacity for small-scale builders to continue with current businesses and business plans where they're only producing maybe a few single-family dwellings a year – it's becoming harder and harder to do that. The trend in our economy that I think all of us find troubling is when the smaller businesses, the small mom-and-pop operations, the family businesses, face challenges in continually trying to find ways to be more efficient,

to continue to exist amongst a climate of larger scale businesses. We have to be very careful about the cumulative impacts that continue to pile up on these businesses.

9:50

You know, even though in my own personal case perhaps there were some issues with the inspection system, I think that in general the inspectors that we have that are looking at electrical and gas and all of the inspections you have to go through as a builder do a pretty good job across this province to ensure that our houses are being built safely. They require a body of knowledge that allows them to be an expert, to make sure that the houses are meeting code and meeting standards and that it's followed through at each of the stages of the building of the house. Generally I think that the work that's being done is meeting a high level. I believe that it's holding builders to account.

Just a question, I guess, that I have is that if there is a gap between the inspections and the security of the build for the homebuyer, I'm just wondering if there's maybe not another way of ensuring that the work that is being done addresses the shortcomings in the current system rather than producing another bill.

Having said that, I think we've seen with the rural municipality of Wood Buffalo that they've done a pilot project there, and it's worked. So I do intend to support the intent of this bill.

The Deputy Speaker: Any questions or comments for the previous speaker under Standing Order 29(2)(a)? Edmonton-Whitemud.

Dr. Turner: Thank you, Madam Speaker. I've actually been really enjoying the comments from my colleague across the way. I want to ask questions in a couple of different areas. I was interested to hear that you actually have a mortgage on your home, as I do, actually. I've had a mortgage on a home since 1980, and I continue to pay on that mortgage. I think it's been one of the best investments that I've ever made in my family's life. I've used a secured mortgage to get a lower rate, and I've actually used that lower rate to do other infrastructure support and to buy things that are important for the future of my family like my children's education and, you know, improvements to our property.

I'm bringing this up because I often hear from the member that deficit spending is such a bad thing and that that party over there has never heard of a deficit that they like, and they rail against using the government's good credit to basically get a loan at a very low rate so that we can build infrastructure like the schools in the member's riding or the roads in the member's riding or the bridges in the member's riding. So I'm actually interested in hearing his reaction to that comment about the importance of being able to use wise investments and securitization, basically, in the whole province.

The other thing that I would ask him about is his more recent comments about the impact of this bill on the small, if you wish, mom-and-pop type of constructor. I think that this is a situation in which the government can help some of these people meet the requirements that all of us as citizens of this province actually expect of a builder. I think this is an example where regulations brought in by the government actually are going to be helpful to the business to assure confidence of the buyers of those homes, and that may actually help the businesses to acquire more customers.

On both of those questions, I look forward to the comments from the member.

The Deputy Speaker: Drayton Valley-Devon.

Mr. Smith: Thank you, Madam Speaker, and thank you for the question. You know, as a teacher we made good money, not as good

as doctors, but we made reasonable money. As a single-income teacher we made reasonable money to be able to raise a family, but it was always an issue in my family that I could have a mortgage, or I could have a car payment. I couldn't have both.

I can remember the time my brother was told he had two weeks to live, and in his generosity as he was winding up his affairs, he said: I want to send your family down to Disneyland. We had had many conversations, and I can remember saying to him at the time: you know, Mike, not sending my kids to Disneyland is not child abuse, okay?

Ms McLean: Sending them is.

Mr. Smith: That's abuse for this man here because I can't take the crowds there.

But the reality was that as a family on a single-income teacher's wage we had to make choices, and we had to make decisions. Disneyland was out; camping at the Brazeau was in.

So when we start talking about debt and deficits, I've always believed . . .

The Deputy Speaker: As the next speaker to the bill I'll recognize Edmonton-McClung.

Mr. Dach: Thank you, Madam Speaker. I'm pleased to rise to speak to Bill 12, New Home Buyer Protection Amendment Act, 2017, this morning. It's a topic that has really touched me over my life, starting right at the very beginning. I was raised in a family that was led by a union carpenter who raised six children on that carpentry wage, and his motto was always to measure twice, cut once. He did a lot of home construction earlier in his career. It did eventually morph into more commercial construction as he became a superintendent and built such things as the Bonnie Doon swimming pool, which, to me as an eight-year-old, when I went to visit it on a Saturday while it was under construction and the pool was just a mass of rebar, looked pretty massive, and I was pretty amazed that my dad was the one who was making that pool. He was very proud of what he did and did it right until his retirement and ended up building many schools, which the Minister of Infrastructure is happy to continue doing with investments now.

The evolution of construction is really what I'm trying to get at here in terms of home building. If you look at the history of home construction in this province, starting from the early days of the province, a lot of times people would build their own homes, whether it be the farmhouse or even in town. I know that my great-grandfather built a house close to Commonwealth Stadium in about 1920, which they lived in when he was actually employed building the Alberta grain elevator terminal in 1925, which was located in Athlone, along the railway tracks close to where I grew up. That big grain elevator building, which for a long, long time was one of the biggest if not the biggest building in the city, was built prior to the use of diesel engines. It was built using donkeys and steam jennies to get that massive structure constructed.

The evolution of construction has really changed a lot from where you had barn-raising bees and neighbours would help each other build their own homes. You didn't necessarily have to concern yourself about the quality of construction because it was your neighbour and yourself building each other's homes. The history or the fact is that the construction materials that were used were full-dimension lumber, and everybody helped each other on it. The buildings would stay firm and solid for a long, long time, and warranties weren't something that were necessarily in high demand. But over time, as people moved off the farms and came in to populate the cities in the postwar era, you'll find that the mass construction of homes necessitated that they be built by

construction companies and individuals who would build them on a for-hire basis.

Even in that postwar boom you would find that the philosophies of quality and workmanship that were inherent in the construction of the homes that were built by people building them for each other and for their neighbours was transferred into the building construction trades during that postwar boom era. I know that in my real estate career, where I sold the other side of 800 homes over 30 years, I've seen a lot, and I've seen particular eras where housing construction shifted in terms of the quality and the building materials that were put into the homes.

10:00

If you look at buying a house or if I was looking at listing a house or having a buyer of mine make an offer on a house, if it was built, say, prior to 1975, I had a fair degree of comfort that I knew that house was going to be well constructed. There were not going to be any structural issues, probably not going to be a foundation problem, and I knew that it was going to be pretty square and true because prior to that period of time you ended up with people who were building with dimensional lumber, and there was a self-regulating type of atmosphere. Even though during boom times postwar there were massive numbers of houses built, the guiding principle was, I think, pride of workmanship, and it didn't seem to be an issue as far as quality of construction.

Once we got into sort of our boom-bust cycle during our oil booms here in the '70s, something shifted, and we ended up having diminished dimensional lumber and shortages of trades, lack of oversight on construction sites, and massive numbers of homes being built when quality labour wasn't available. As a result of that, we ended up having problems for the first time on a significant scale. That showed up when you went to sell a property or when I was working with buyers and it was a house that was, you know, built in that era. It was two-by-four construction, and you knew what the windows were.

You really made sure that you had your client get a home inspection that was done by somebody that, prior to the home inspectors being licensed, a home inspector that you knew did good work. That way you protected your buyer from getting into a property that perhaps was going to cause a problem down the road.

The New Home Buyer Protection Amendment Act, 2017, isn't necessarily only to protect the new-home buyer. It's also the secondary buyer that is being protected by this legislation because it's not a problem that necessarily shows up during a home inspection when the buyer is first buying a brand new home. It's two or three years down the road, after that house has been subjected to various weather conditions and spring rains and so forth, that you start seeing problems with leaky windows or leaky balconies or other things that aren't normally apparent until the house has experienced a couple of years aging. The secondary buyer is part of the whole process here in terms of protection for these homes that are initially bought on the market as brand new.

As I said before, measure twice and cut once. Prevention is really the best medicine, and that's what this legislation is doing. It's preventing problems from occurring in the first place by ensuring that the companies that are building brand new homes have qualified people doing that construction, that they are competent to be involved in home construction, and that the product they offer to the market is something that's not going to end up costing either the primary or secondary buyers a whole lot of headaches and a whole lot of money to solve problems that should never have occurred in the first place because the home builder wasn't competent.

It's basically an inherent guarantee of quality if you have a home builder that is fully qualified and there are licensing regulations that

ensure that any home builder knows what they're doing and is competent. That builds in a measure of quality guarantee into the homes that are first built.

Now, I know that back in the era of the earlier days you could really count on quality being put into the home. I talk about dimensional lumber. I remember having to help my grandfather in Thorhild. They built a home in 1947, and it was actually partly leased to the federal government because they operated the post office out of their home. That home, I was surprised to learn, had 10-inch thick basement walls. I learned that because I actually helped my grandfather with hammer and chisel cut a doorway in the basement wall to make a basement suite for the then principal of the Thorhild high school, who was named Mr. Michael Senych. He later became a member of this Legislature for the Social Credit Party in 1964, I believe, and served two terms.

In hammering and chiselling that doorway for the basement suite so that Mr. Senych could rent there, I learned that that basement was 10-inch thick. What they used for the aggregate inside that wall was actually fieldstones. Fieldstones were collected from fields around the village and put into that basement wall. It actually still stands now and was known as the big house in Thorhild. That's the type of solid construction technique that was used back then in terms of foundation, and then, of course, the dimensional lumber was – if you had a two-by-four, you knew it was two inches by four inches. The strength of those properties was guaranteed by the quality of the materials and the individuals helping each other to build their own homes.

My grandparents built that home in 1947 using their own labour and neighbours' manpower, and it still stands straight and true today. That's the type of thing that we want our consumers today to be able to expect from the homes that they have built by contractors today: contractors that are licensed, contractors that are proven to be competent, and contractors that will stand by their product because they have been fully trained and understand the most modern construction techniques and are held to that standard by licensing and regulations.

As I said before, the warranties, which were an earlier component of the New Home Buyer Protection Act, really try to compensate for harm after the damage is done whereas this piece of legislation takes the building trades one step further in consumer protection and tries to prevent the harm from being done in the first place by ensuring that those who are building properties, building houses are competent to do so and therefore protects not only the initial homebuyer but the buyer subsequently down the road by ensuring that the problems that might have been built into a home don't occur and cause harm to subsequent buyers.

So I'm fully in support of this piece of legislation. I know that, of course, home ownership is one of the biggest financial decisions any family will make. I don't recall too many situations where a family actually got burned after I did a home sale to them, but I know that there were situations where discoveries were made during home inspections which caused people to back off, and we were very thankful that they did actually have the home inspection done. In fact, if I had a buyer who perhaps in a hot market would say, "Well, no, this is a multiple-offer situation. I don't want the inspection. Just make it an unconditional offer. Don't do the inspection," I would recuse myself from that buyer and refuse to participate in the offer, knowing that the buyer was putting themselves at risk, and it wasn't something I wanted to condone.

It can be very, very harmful for a buyer to get into a situation where there has been a construction flaw in a house that was not caught by inspection during the construction of the property, and it can be devastating financially because you don't get insurance for that kind of thing. Your insurance comes in at the first stage of home

construction, where it's the people who are building those homes who are responsible for making sure that they don't end up being their own worst enemy down the road. If you've ever been in that situation yourself, where either it's water damage or – it can be any number of things. Any system of the house can be flawed in its construction. It costs a lot of money, and it comes right out of the pocket of the homeowner. It can be a long-standing issue. It doesn't matter whether it's shingling that was done wrong or electrical outlets that were installed improperly or stairs too small or too high a height. Anything that was done not according to code or not according to proper professional construction standards can end up costing people a lot of money.

10:10

Now, I had heard from members opposite the question of whether or not this was necessary, that it was going to add undue cost. I really take issue with that. The fact is that builder licensing programs already protect 75 per cent of Canadians, and we need to be in line with the other provinces so we're not a destination for bad builders from elsewhere. Not only that; even if a person is a small home builder – building one, two, five homes a year – the amount that we are asking that the builders pay for a licence fee is hardly a king's ransom. I mean, you could carpet a bedroom for less than what this fee is going to be on an annual basis.

So I don't accept the argument that it's adding an onerous cost to home builders even if they are very small contractors. I think the need and the public interest, the public interest in knowing that there is a measure of protection in terms of licensing of home builders and standards for construction and knowledge and competence being put in place for home builders, far outweigh the argument that small home builders may find the relatively minor fee onerous.

I'm fully in support of the legislation. Thank you.

The Deputy Speaker: Under Standing Order 29(2)(a), Banff-Cochrane.

Mr. Westhead: Thank you, Madam Speaker. You know, the member talked to us about his experience as a real estate agent, and I think that's a really valuable perspective to add to the debate this morning, so I really appreciate him sharing that with us. I just wonder if he can talk to us a little bit more about his experience with buyers, especially first-time homebuyers. You know, we hear about different names of builders in Alberta, and prior to this legislation being introduced, sometimes folks would feel more confident buying a home whether or not it came from one of these builders that you hear on the radio or on TV. I wonder if the member could speak to us about, you know, the confidence level of new buyers and his experience dealing with those as a real estate agent.

Also, I'm just curious. He talked about subsequent buyers. This not only protects initial buyers but buyers down the road. So is there an implication for a resale value of a home down the road, too? You know, homes tend to appreciate in value, but if we know that they are built according to certain standards, they may appreciate even further or not depreciate as much. I just wonder if the member could talk to us about those kinds of concepts in his experience.

The Deputy Speaker: Edmonton-McClung.

Mr. Dach: Thank you, Madam Speaker. As most members of this Assembly know, I could talk real estate forever. I'm certainly glad to have been changing the channel in my conversation on May 5, 2015, to actually being employed doing the job that I've always wanted to do even before I was a real estate agent. It's very pleasing to be here today, though, to speak about some elements of my past

career in terms of buyer protection, that the member opposite had asked me to comment on.

The member asked about well-known builders or builders' names that buyers would shy away from or that within the industry were homes to stay away from. Of course, I won't name any names right now, but there definitely were some home builders who had a reputation for lower quality work, and one would stay away from them. Especially representing a buyer, you made the buyer aware, or buyers knew, by virtue of the publicity that these builders would get, that there were homes that they probably might not want to buy because of the reputation of certain builders, that was poor. That's one of the things one would have to guard against as a representative of a buyer. You know, of course, as a representative of a seller if there is an issue within a property that you're concerned with, disclosure of that type of a problem would be incumbent upon the seller, with some qualifications.

I know there was a period of time when, as part of the Alberta Real Estate Association, members who listed properties were required to have their sellers fill out a property disclosure statement as part of the listing agreement. Also, you would end up having buyers ask for that as a part of a condition of their offer, that the seller fill out this property disclosure statement. That ended up being a discontinued practice, but it certainly was a result or a reaction to the fact that many houses have some issues with them and that over time things occur that weren't readily noticeable to the owner of the house when they bought it and now really present an issue that may cause some financial expenses to the subsequent buyers.

That responsibility to disclose did force some stories to the surface about a particular home, and it also made it incumbent upon sellers to perhaps remedy some of the issues they might have had in their home that otherwise would have simply been kept silent, and the subsequent buyer would end up suffering and perhaps end up even suing the seller that they bought the house from for failing to disclose a problem, problems which in many cases really were systemic to the original construction of the house.

One of the things that we always consider when buying a property and when recommending or talking to our buyers is that you don't look necessarily only at how the house is going to serve you; you look at resale right from the beginning.

Thank you.

The Deputy Speaker: Any other speakers to the bill? The hon. Member for Edmonton-South West.

Mr. Dang: Thank you, Madam Speaker. It's my pleasure today to rise and speak to Bill 12, the New Home Buyer Protection Amendment Act, 2017. I think this is a bill that aligns with the government's qualities, aligns with what this government has committed to this session, and aligns with what this government has committed this budget to be, a bill that will support Alberta families. It's a bill that's going to support Alberta families in probably the single largest financial decision any family will ever have to make. I am so proud we are going to be able to protect these people, these families and that they will have confidence in their homes.

Madam Speaker, my riding, Edmonton-South West, is one of the fastest growing ridings in the entire province. It's definitely the fastest growing riding north of Calgary. What that means is that in my riding there are record numbers of new home starts: people that are going out and starting their families, people that are going out and want to have somewhere with a yard to raise their kids, an apple tree in the back, and they're going to grow too many apples and then have to give them away to all of their friends. That's the type of family that's growing up in my riding.

Now, for those families, I hear a lot about the things they have to go through day to day. The types of stories that I've heard over the last few years include things such as the family who decided: "Now is the time we want to buy a new home. We've got the down payment together. We've been saving for a few years, and we're pretty excited. We have our first child on the way, and we want to have a great opportunity to grow our family as our finances improve." Now, that family . . . [interjection] Not my family, no. Another family. They then went on and they bought a house. They put a down payment with the builder. They put a deposit with the builder, and the builder started going.

The first month came along, and things were going well. The second month came along, and things were going well. This half is getting into the five-, six-month stage. It's almost half built now. Now, the builder that they had decided to go with decided that — well, the investors for that builder decided that this company was no longer viable. The company that they had chosen to build their home was no longer going to be viable, and their investors pulled out. This company had been building, I think, four or five homes on that block, Madam Speaker, and none of those homes were completed ever. In fact, today those homes are still sitting half constructed, empty on those lots, and those families are either involved in court cases or have given up on their deposits and moved on to other locations to try and start building a home again.

Madam Speaker, it's for stories like that, where I hear about families that put almost their entire life-savings into buying their first house, and then, really, because of bad practices, that make the entire industry look bad, practices that put a bad mark on the entire industry — no builder wants to be in that situation. That's where I think this legislation shines. I think that this legislation protects families from having to go through the stress and the burden of not knowing whether their home is going to be completed, not knowing what's going to happen. When you get a half-finished house, no other builder will finish it for you. You can't just go to the next builder and say: "Hey, I've got a half-finished house. Can you put the rest of the walls and the roof in?" Nobody is going to do that for you. They won't guarantee the original builder's work. They won't guarantee that that home qualifies for new-home warranty, which is mandatory in this province. It's not a good situation for anyone involved.

10:20

Now, I understand, Madam Speaker, that this legislation also covers things like condo builds. As somebody who has a number of condo buildings coming up in my riding as well, it's also something I'm very passionate about. We hear time and time again of condo developments, that sometimes get built, where you have tens of residents, hundreds of residents who have put substantial deposits down or have bought one or two units in those buildings. Now, with those buildings you often hear about there being deficiencies after. When there's a deficiency in a condo unit, the owners usually have to pay a special assessment, and that can mean tens of thousands of dollars to repair that. That might be something as simple as the balcony floorings not being done properly, or there might be a leak in one of the walls.

One of the stories that I heard was that the plumbing wasn't done properly, to code, in one of these condo buildings, so every single unit in that condo was assessed a \$50,000 special assessment. That's quite substantial, Madam Speaker. It's \$50,000. That's the down payment for a new home in my riding. Now, what went on from there was that the condo board got a very good legal opinion, and they said: "You know what? We could try to chase the builder, but we don't know what will happen. It could go to court. We might lose. We might win." You could flip a coin and decide, basically.

Or you could go to court, and if it's a shell company for a larger builder, that shell company will actually just close off and declare bankruptcy, and you won't have anyone to sue anymore. That's the type of situation that I've heard about in my riding.

I've heard about what's going on in the industry, and none of those builders that are doing those sorts of nefarious practices are making a good impression on the industry. We want to support our industry. We want to support our families. We want a situation where our industry is able to provide a good product and a good service to consumers so they're able to make responsible financial decisions, so they're able to have a home that they can be proud of, somewhere they can raise a family, somewhere they can have their kids grow up, walk to the school down the street, and have those types of situations.

Madam Speaker, that's why I'm so proud of this legislation. I'm so proud of our legislation, that's going to allow consumers to be able to look up the history of their builders and see how reputable their builders are so that our excellent builders that we do have in this province, the people who are doing very good work and creating very excellent homes for families, are going to be able to shine because it's going to be obvious who's doing a good job and who might not be doing quite as well.

Now, builder licensing programs, Madam Speaker, are already existent for 75 per cent of other Canadians, so it's not something new. It's not something exceptionally onerous. I think it's something that all members of this Assembly will agree supports the types of families – it's the type of consumer protection that we're looking for for Alberta. It's something that we've already seen in other provinces like British Columbia, Ontario, and Quebec, and when we look at these, we need to step in and say that we want to be at the forefront. We want to be right there at the front of the path, with the other provinces that provide a safe place to build and a safe place to live. If we ensure that the builders are doing the right type of work with this type of licensing program, we're going to be right there, because our families deserve that, and my families deserve that.

Madam Speaker, if you drive out to the airport here in Edmonton, for example, and you just look right, you just look into my riding, that whole stretch, new growth. That growth wasn't there five years ago, that growth wasn't there 10 years ago, and 15 years ago it was farmland. You're looking at it now, and there are entire subdivisions that have grown out. If you look at the electoral map of my riding and my district, you'll see entire neighbourhoods that don't exist yet on those maps, and those maps are only from 2012. It's not that long ago.

Madam Speaker, we have so many homes starting in my riding. We have so many people that are moving into my riding and are excited about the prospects that they're going to have, excited that they're going to be able to landscape their yard however they want. They're excited that they can start doing all these things. But all of that comes back to and starts with having a home that works, having a home that is up to code, having a home that is built right and isn't going to have significant deficiencies moving forward, a home that isn't going to cause you any troubles. You're not going to be worried about replacing the roof, let's say, significantly before the expected lifespan of that because of shoddy work. You don't want to be worried about: if I plug in my vacuum cleaner and my toaster at the same time, is my circuit box going to explode or something? Those are the things you don't want to be worried about. Now, I might be using a little bit of hyperbole. I don't think a circuit box would explode. It might cause an electrical fire, but I don't think that's preferable either.

Madam Speaker, I think that this is the type of legislation that this House not only can and should do, but I think we're obligated

to do this type of legislation. I think it's something that we can go out there and say to every single person in our ridings – every single person in my community that I know bought a new home will say: I wish you had this when I bought my house. I have so many friends of mine and people who live in my riding who are right now involved in some sort of either a lawsuit or trying to arrange a settlement with their builder. It's not a unique situation. It's something that families that build new homes sort of begrudgingly accept. I think that this legislation puts us in step, where we don't have to accept that. We can say that we deserve a good house from day one.

I'm so proud to be able to support this legislation. Madam Speaker, I really do implore all members to vote in favour of this, and I look forward to moving forward. Thank you.

The Deputy Speaker: Any questions or comments under Standing Order 29(2)(a)?

Seeing none, are there any other speakers to the bill? The hon. Member for Calgary-Shaw.

Mr. Sucha: Thank you, Madam Speaker. I'm happy and excited to stand here in support of Bill 12, New Home Buyer Protection Amendment Act, 2017. As the Member for Edmonton-McClung alluded to, he was a realtor. He had to be certified under RECA. If you're going to a dealership to buy a car, it has to be certified under AMVIC. If you go to a bar to buy beer, it's certified under the AGLC. The paramedic who picks you up is certified by the college. The bus driver has to have proper licensing through Alberta Transportation to be certified to drive a bus. Even the guy selling hot dogs from the cart, which is amazing, out on the street outside the Federal Building has to be certified with AHS to sell us that hot dog. But right now we have a system in place where if you're building someone a home, the most expensive purchase that they're ever going to make, you don't have to be certified.

You know, at the end of the day, this is not a system in which we're trying to create more bureaucracy or more red tape or anything like this. This is where we're trying to protect consumers because it's their safety that's in jeopardy. The Member for Edmonton-South East . . .

Dr. Turner: South West.

Mr. Sucha: South West. Thank you.

. . . alluded to plugging in a vacuum and the circuit box exploding. While it was an extreme measure, you know, it's to think about how important electrical is and how important it is to make sure that your electrical is properly certified when it's in a house because, you know, a house is the place you keep to protect your stuff, yourself, your family, and your kids. We put a lot of trust in the builders of our homes. To be frank, we have some phenomenal builders in this province who do great work and who I would trust with my life, which we do every single day when we make a new purchase and we move into a home. But if we have a few bad apples out there, we're taking a risk.

It's very similar to many of the other items that I outlined, which was to make sure that we have proper certifications to protect individuals. That's why there is a lot of faith in our food service industry and why people can go and not think twice when they go to a restaurant and order a meal, knowing that if that meal is not cooked or not handled properly, you're putting your life at risk.

At the end of the day, it's important that we're making sure that we move forward with licensing builders in an appropriate fashion, that isn't cumbersome and doesn't create a huge burden on them but makes sure that we help protect the reputation of these builders.

That is one of the things that I think is important for us to really do to create some strong confidence in this market.

Being a born-and-raised Calgarian, I remember that growing up I was always a very engaged young individual. I'd watch the news a lot. There was a weird trend that started happening as we got to the late '90s, early 2000s. It was the odd news story that would come up every three weeks, every month, about some shoddy home that was built. While I acknowledge that is was a very, very minute number of homes, a very small minority, it still was a very big concern to hear about this and to hear about some of this shoddy workmanship.

10:30

When I went to Ottawa to study in university, I noticed something when I watched the news every day. Because I was doing television broadcasting and poli-sci, I had to kind of stay tuned to the current affairs and news to stay up to date. These were stories that we weren't hearing about in Ontario. We weren't hearing about foundation issues or electrical issues or condo boards that had to do huge, huge, huge, expensive works, and a lot of that is because in Ontario they have a certification process that holds these businesses accountable, and there are these protection systems in place.

You know, it's unfortunate. I was speaking, actually, with my real estate agent. Nearby to where he lives is a big condo complex, and he says it breaks his heart every time he drives by there because they have literally had to pull all the siding off the side of the walls. They have had to start tearing out a lot of the insulation in this condo. It's going to cost the residents of that condo a vast amount of money. Either (a) the condo fees are going to go up really heavily and it's going to be hard for them to sell their units or (b) they're all going to have to pay out of pocket, but they're going to have to make a hard choice here. The reason why is because when they did the weather stripping at the top of the roof, they cut corners and missed just a small piece. We're talking about maybe a few hundred dollars of savings that is going to cost, you know, all the members combined potentially a million dollars. It's devastating to see that that is occurring.

You know, one of the things that has started to become a cliché in Calgary – and this has actually turned a lot of the houses that are in my constituency. The bulk of it is well established. There are some that were built after the early '90s, but not a lot. There was a huge appeal to a lot of these properties because for people who have lived in Calgary and have heard these stories in the news for the last 20 years about the odd shoddy build, you realize that, you know, you're taking a little bit of a gamble. It's a small gamble – don't get me wrong – because the majority of our houses were built by outstanding contractors who did a great job, but you're still taking a little bit of a gamble.

So what ends up happening is that houses that are actually appealing to a lot of people are anything that was built in a recession, so your early '80s houses, anything that was built in the '60s, '70s, and it came to the extent that people were trusting a 50-year-old home over something that was built five years ago because they have more faith and more trust, just as the Member for Edmonton-McClung kind of alluded to here in Edmonton. You know, it's not that different down in Calgary. Even when I purchased my first home – I bought an '83 – I got really excited because I went: oh, this is great; it's a recession home. I know that they took their time on this build, that at that time we weren't hearing a lot of challenges in relation to shoddy builds in the area and that this home will be safe and sound.

One of the things that we hear a lot of, too, is with some of the new areas that we started seeing development in. Some of the old industrial buildings in the Midnapore community: they tore them

down, and they built condo complexes. Sometimes it was a shame because some of them were actually historical buildings, part of the actual old townsite in the area there, too. So it's something that we've been working on in that community, trying to preserve the last remaining old buildings in that community because it shows a little bit of the history of that area and because there's not a lot there that we really preserved. The old grain elevator is gone. The train station has been moved to Heritage Park, so fortunately it's safe.

Nonetheless, I digress. A lot of these new condo builds: they're only about five, 10, 15 years old, and it's funny when you see some of the condo fees and the structures that are there. A lot of condo owners have come to me. We've actually reached out to a lot of them just to get some feedback. What's happened is that the newer builds, some of them: their fees are significantly higher than the condos that were built in the '70s and '80s, when Shane Homes was developing the Midnapore community following the annex to Calgary. A lot of it is because within about a 10-year timeline they've run into some issues. There was one particular condo complex – this was before the election, but I remember because it was a pretty big deal when it happened. It had some issues with its HVAC. Its HVAC wasn't working properly, and actually they had a huge carbon monoxide leak in the condo complex, and a lot of people got sick.

I was looking at the condo fees for that complex now, and it looks like, because of some of the work they've had to do, they're paying almost a hundred bucks more a month than a lot of the other individuals who live in surrounding condos in the area. With that being said, if we had protections in place to make sure that people were being certified appropriately, there would be a bit more faith, and there could be a bit more trust in these complexes as well.

There's also been a lot of fear in relation to some, you know, negative contracting companies. I have contractors who come to me who've asked us to really look into matters like this because they want to rebuild their reputation. They build homes, they do everything properly, and they're getting really frustrated because there are some bad seeds out there who will come in the market for five years, do unethical, improper, shoddy jobs, and then go insolvent. So if we have a system in place that allows consumers to see that these businesses are in good financial standing, it'll put them in good protection.

I've also heard concerns in relation to some of these companies not being in good financial standing, not paying their invoices or not paying their staff appropriately. In a recession like this what ends up happening is that if you have companies that are not paying their contractors in appropriate times, that could be the one catalyst that causes a contractor or a business, especially a small business, to go under.

You know, there have been situations where I hear allegations from some contractors that there are some shoddy builders out there that will actually push the invoices to the brink in hopes that these small companies will go insolvent. They'll file for bankruptcy. Then when the creditors come for the unpaid invoices, they will sell them for pennies on the dollar, and they'll actually be able to pay less for those invoices. I've heard allegations and concerns in relation to that. So I think that if we really make sure that these builders are in good financial standing, that they're reputable, it's going to help a lot of the subcontractors that they're hiring and create a bit more faith in the contracting community.

The other things that I've heard a lot of are concerns in relation to – and you know, credit to the Member for Edmonton-McClung, who has a lot of expertise in this from whether it's his family background or his background as a real estate agent – natural disasters and how we can have our homes be able to stand whenever

we deal with very heavy challenges in relation to weather and how weather implications can play a major factor in a home build.

We've had a lot of studies that have been coming out. Actually, in the last PNWER conference we had an individual who spoke to us about this, about how we have to start cracking down on our regulations in relation to home builds, making sure that our contractors are doing good jobs and are reputable. What's going to start happening is that it's going to cost us as a society, us as a government, who has to help with remediation, not to mention that if we're having buildings collapse in natural disasters, overall it's going to cost governments a lot more money and cost individuals a lot more money when we start seeing things like heavy winds that come in.

We have significant windstorms that hit the city of Calgary, sometimes actually causing us to declare a state of emergency. There was one about four or five years ago that was very scary because on some of the newer homes it was actually tearing the siding off the walls. The older homes were unscathed, to be completely honest, and it was remarkable to see the workmanship in comparison to those homes.

I think that having a really strong system in place will also help us protect consumers, protect ordinary Albertans when we face potential natural disasters, whether it be flooding, heavy saturation with rain, especially if you want to have a proper foundation. If you have heavy rainfalls, the water table is going to rise, but if you have a proper foundation in there, if your sump pump was installed properly in that home, you're not going to have any issues, you're not going to have any significant damage, and ultimately it's not going to lead to us having to pay out heavy insurance costs, which are going to raise premiums for all Albertans here. It's going to ensure that, at the end of the day, you're still going to be able to live in your home during these times. Even in '05 in Calgary when we had the heavy rainfalls that caused a lot of flooding, you could kind of see the homes that had the good workmanship in comparison to the ones that didn't. You'd be on a street block: all the houses are graded the same, but not all of them have flooded. It was a matter of how well the foundations were built on those houses in comparison to others and how well those sump pumps were installed in comparison to other homes.

10:40

You know, I think it's important that we make sure we move forward, especially as we move forward with the rebuild of Fort McMurray, making sure that we can give faith to the consumers that their homes will be safe when they move back in. That can give them that sense of peace of mind and give all consumers a sense of peace of mind. At the end of the day, if this is going to accomplish anything for the consumer, the new-home buyer, the people who are buying in the new south communities in Calgary and new south communities in Edmonton, it is that they can go home easy knowing that we put a strong system in place in this Legislature to make sure that they will be protected and that their home will be safe and sound.

Thank you, Madam Speaker.

The Deputy Speaker: Under Standing Order 29(2)(a), questions or comments?

Seeing none, are there any other members wishing to speak to the bill in second reading?

Seeing none, are you ready for the question?

[Motion carried; Bill 12 read a second time]

Government Bills and Orders Committee of the Whole

[Ms Jabbour in the chair]

The Chair: I'd like to call the committee to order.

Bill 12 New Home Buyer Protection Amendment Act, 2017

The Chair: Are there any questions, comments, or amendments with respect to this bill? The hon. Member for Calgary-South East.

Mr. Fraser: Thank you, Madam Chair. I have an amendment.

The Chair: This is amendment A1.

Go ahead, hon. member.

Mr. Fraser: Thank you, Madam Chair. I move that Bill 12, New Home Buyer Protection Amendment Act, 2017, be amended in section 20(a)(ii) in the proposed section 28(1)(h.1) by adding the following after subclause (viii):

- (viii.1) respecting exemptions from fees and fee refunds for licences issued for any of the categories of residential builders established under subclause (viii).

Madam Chair, this amendment seeks to remove new barriers to entry for small builders as well as gives the government the ability to waive any fees charged to purely charitable organizations such as Habitat for Humanity. The small builder would not be disadvantaged compared to incumbents when they acquire training and certification. This amendment does not exempt those builders from obtaining and maintaining the requisite qualifications, and it also does not exempt them from obtaining a builder's licence. This amendment simply provides the government the ability to exempt and/or refund fees associated with the builder licence itself as well as any training required by the registrar as set out by the legislation.

While the licence fee itself is relatively minor, the potential training and certification costs associated with meeting the requirements for the licence itself could run into the thousands of dollars. A large home builder can afford these costs quite easily. However, those same costs have the potential to be overly burdensome for some small builders, which could prevent them from growing despite their skill in home building. The last thing we want to do is prevent individuals from expanding their business because they were treated the same as a company that was much larger than they were.

Further, this amendment, if passed, will give the government the ability to exempt or refund organizations such as Habitat for Humanity for the costs and fees associated with obtaining the builder's licence. Habitat for Humanity along with many other organizations in this province do great work in building great products for those that would not otherwise be able to obtain a home, and it is not fair to lay all these costs on these organizations.

In closing, this amendment simply prevents small builders from being disadvantaged and gives the government the ability to avoid laying undue costs onto charitable organizations in the housing industry. I encourage all members to support this amendment.

Thank you.

The Chair: Any other members wishing to speak to amendment A1? The hon. Member for Calgary-Mackay-Nose Hill.

Ms McPherson: Thank you, Madam Chair, and thank you to the Member for Calgary-South East for this proposed amendment. We have taken a closer look and understand that it would add a

regulation-making power to exempt fees and fee refunds for licences for different categories of residential builders that may be established. This amendment would provide the option to create different categories of residential builders, that could be addressed differently if needed, and therefore adds an element of flexibility under the builder licensing program.

One of the organizations that was mentioned during the introduction of the amendment was Habitat for Humanity. I have some direct experience with Habitat for Humanity, having served on the board of the Family Selection Committee as well for Habitat for Humanity in Norton, Massachusetts, so that's Old Colony Habitat for Humanity. It was one of the most rewarding and gratifying experiences of my life. Going through the process, which is so efficient and so easy to navigate – you would think that it would be really, really difficult for a group of people to choose a family to qualify to have a Habitat for Humanity home, but because the organization has been at this for so long and they've developed such a great program, it was actually really easy to narrow down which families would qualify and which just weren't ready at that time.

Incidentally, as a matter of interest, it was through my participation with Old Colony Habitat for Humanity that I got to try on a Super Bowl ring. We did a lot of fund raising with the Patriots organization, and, yeah, I had the chance to try on a Super Bowl ring, which is, weirdly, related to this amendment.

There are other organizations in Calgary and across Alberta that do good work, nonprofits that help people get into moderately priced homes, that otherwise might be unattainable for them, especially while we're seeing the gap in affordability widen. One of those organizations is Attainable Homes in Calgary, which I know has done a lot of work in helping families that have been priced out of the market to access a home for their family.

I also have seen Habitat for Humanity in Calgary. Recently they completed a build of accessible housing. These are families that have a family member that isn't able to use a regular home. They need certain modifications in order to provide accessibility for them: ramps, bathrooms that you can get a wheelchair in, showers that are accessible for people in wheelchairs.

I know first-hand how important it is to be able to continue to encourage these kinds of organizations to build homes for people that may not otherwise be able to afford to buy a home, and I would like to thank the member for proposing this amendment and for sharing it with us in advance. I am prepared to support this amendment, and I would encourage my colleagues to do the same.

Thank you.

The Chair: Any other members wishing to speak to the amendment?

Seeing none, are you ready for the question?

[Motion on amendment A1 carried]

The Chair: We're back on the main bill. Are there any further questions, comments, or amendments with respect to this bill? Calgary-South East.

10:50

Mr. Fraser: I have another amendment, Madam Chair.

The Chair: It will be called amendment A2.

Please go ahead, hon. member.

Mr. Fraser: Thank you, Madam Chair. I move that Bill 12, the New Home Buyer Protection Amendment Act, 2017, be amended in section 8 in the proposed section 4.1(2) by striking out "and" at

the end of clause (a), by adding "and" at the end of clause (b), and by adding the following after clause (b):

- (c) designate one or more service providers to administer courses and examinations for the purpose of clause (a).

Again, thank you, Madam Chair. The intent of this motion is to ensure that builders located outside of Edmonton and Calgary are not unduly burdened by having to travel in order to take courses or examinations that are required by the registrar in order to obtain a builder licence. Most ministries are largely based in Edmonton, some having smaller offices in Calgary. However, homes need to be built in all corners of this province. The companies which build in rural areas or far away from the two largest cities should be able to access, where possible, the required courses and examinations in a location that is more convenient for them.

Organizations such as the Professional Home Builders Institute already offer a wide range of courses and certificates, which are available online. If the government were to utilize these pre-existing institutes to offer the training and allow builders to access training which would be geographically convenient for them, it would help reduce the burden placed on these builders as they seek to comply with this new piece of legislation. It would also allow the government to utilize pre-existing corporate testing providers, who have been doing great work across Alberta for many years.

In closing, this amendment simply asks the government to be cognizant of the fact that travelling to Edmonton and Calgary is not always easy for out-of-town builders, especially small companies from more remote areas. By allowing outside organizations the ability to offer some or all of the training these builders require, this amendment would create more equitable programs for builders based outside the two major cities. I hope all members will support this amendment.

Thank you.

The Chair: Any other members wishing to speak to amendment A2? Calgary-Mackay-Nose Hill.

Ms McPherson: Thank you, Madam Chair. I want to again thank the Member for Calgary-South East for his second amendment to the bill. I understand that this would see a clause added to designate service providers to administer any courses and/or examinations.

We've reviewed how this would affect the proposed program and have identified that this could result in procedural issues. For example, a service provider is currently undefined, and it's not clear what the designations would be for. Then there's a practical issue of de-accreditation. What happens when licence holders take courses that cease to be recognized? Without some forward thinking put into this, this could cause administrative issues down the road, and we really want to avoid those. I think the opportunity to be able to introduce a licensing program, especially having it integrated with the home warranty program, is a huge benefit for home buyers, and we want to make sure that we take some time to really understand what all of the implications are.

I know this amendment has good intentions, but it could possibly introduce some issues down the road in terms of what is considered appropriate education and qualifies and what doesn't qualify. It would create a whole structure where you have to make sure that there is a migration path, essentially, for courses that exist and courses that may exist in the future. I could envision that that would include a lot of people making those decisions. It sounds like quite an administrative burden.

Additionally, this is unnecessary. Nothing in this bill would preclude service providers from administering courses, and this is actually something that we are discussing with the Canadian Home Builders' Association.

A service provider is currently undefined, so in terms of deciding who or what would be an appropriate service provider, I think, again, we would be at risk of introducing a lot of administrative burden that isn't necessary in order to get to the end result. The purpose of the program is to make sure that consumers are protected when buying a new home. They have the home warranty already, and in licensing builders, we want to ensure that we're not getting fly-by-night operations, people who want to undercut very good builders in order to turn a profit but aren't necessarily that concerned with the integrity of the structure that they're building.

I'm not able to support the amendment. I certainly appreciate the work that has been put into it, but again I cannot recommend that we go forward with it at this time.

Thank you.

The Chair: The hon. Member for Livingstone-Macleod.

Mr. Stier: Thank you, Madam Chair, and good morning, everyone. I would like to thank the Member for Calgary-South East for bringing this amendment forward. I think it's a good amendment.

I think that it is extremely important to take a little bit of notice that in this bill, from what I've seen and read, there's not a lot of detail as to how this thing is really going to roll out: where people can go, where they can register, where they can be examined, et cetera, et cetera. I don't think it's come forward as to where people actually go to make the application, and it doesn't appear to me – and I'm happy to be corrected on this – how it's really going to be processed, how applications are going to be conducted, et cetera, et cetera. Is it the municipalities that are going to be doing this? Is it a new office that's going to open? Where are these offices going to be? What is the time frame between making an application and when the application is actually approved or, perhaps, refused, et cetera, et cetera?

This amendment that my colleague here today has brought forward is at least trying to get to the situation where service providers could be in local areas, where it wouldn't be necessary for all of these various contractors and home builders to drive for hours and hours just to put in a little bit of paperwork and meet with someone to discuss their application.

I would encourage people to support this amendment. The amendment itself, aside from the detail I'm looking for, would at least encourage local branch offices or some type of service provider to be able to do this and prevent some of that unfortunate lag in making this happen. Red tape is a problem that everybody deals with from time to time in government situations, and without this kind of improvement to this bill I'm worried that it would be just more red tape and a hard thing to manage.

Perhaps the Member for Calgary-Mackay-Nose Hill can give some clarity as to how this will be done or how existing contractors that have been in business for 35, 40, 50 years, some of them, can go to a local office someplace. Maybe it is a municipality. I don't know. But without that information this type of amendment makes sense.

Thank you.

The Chair: The hon. Member for Calgary-Mackay-Nose Hill.

Ms McPherson: Thank you, Madam Chair, and thank you to the Member for Livingstone . . .

Mr. Stier: Macleod.

Ms McPherson: Macleod. I was going to say St. Cloud, but I knew that wasn't it.

Those are really good questions, and I have some information that I want to share with you to hopefully alleviate some of your concerns, which are legitimate. Details of the application process will be worked out over the summer. We want to ensure that we're working with builders to develop a system that doesn't result in unnecessary red tape. The process will be similar to what's currently in place for Fort McMurray. We will use a lot of the information that's already collected in the registry system, so registries will be an appropriate place to go through the process.

11:00

Municipal Affairs staff are currently developing the application process and will incorporate feedback from stakeholders on what things should be considered, also taking into account what has worked and what has not worked in terms of the process that's in place for Fort McMurray right now. So we have some lessons there that we can take information from.

The application process will be online although some paper documentation may be required. So if there are certificates, certifications, existing licences that need to be submitted – I'm not sure; this process is going to be worked out – it could be a matter of scanning them or getting a certified copy and submitting those to the registry in order to complete the application.

The application process will require builders to submit information about their history, their track record, their financial standing, and corporate structure to allow the registrar to access all licence applications and determine whether an applicant presents a risk to the consumer. I imagine that will include a matrix where scoring will be applied to each area, and then an overall algorithm will be applied to understand, on a scale, how much of a risk a particular builder would or would not pose to new-home buyers.

Once an application is reviewed and approved, a builder will be notified that they can register new homes in the new-home buyer protection system, the online registry. This is part of the integration process with the new-home buyer warranty program, so that gives an extra level of security to buyers of new construction homes. So we'll have the warranty and the licensing.

If an application is rejected, the registrar will notify the builder with the reasons why and with contact information should they wish to appeal the decision. There may be some contextual information. With small builders, they don't have a lot of volume. I understand that the average number of new homes built per builder in Alberta is seven. So one unfortunate circumstance out of seven is actually a pretty high percentage, but there may be contextual information that would help the registrar understand those circumstances and thereby form the basis of an appeal.

Builders will be required to submit an application, pay the required fee, and hold an active licence in order to build. Now licences will be issued for a one-year period and will allow the builder to apply for multiple building permits during that time, after which the builder will have to apply for a renewal. Just like we have to renew the registration on our vehicles every year or every two years and just like we have to renew our licence for driving, that gives us the privilege of being able to drive in Alberta, there's a similar sort of process. It's not a one-shot deal: you get a licence, and you're licensed forever. That has to be verified and validated, reviewed on a regular basis, and what's been chosen is annually because of the turnover in companies that build homes.

The registrar will assess all licence applications to determine if the applicant meets the licence criteria and whether any conditions should be placed on a licence. Just like I need to have corrective lenses in order to drive my vehicle legally – and you wouldn't want me on the road without them – builders will also have similar sorts

of conditions applied to them, depending on what their circumstances are.

The application process will incorporate many of the existing requirements for a builder under the New Home Buyer Protection Act. So it's not going to be a matter of having to come up with a lot of information that they haven't had to come up with previously or having to qualify for some sort of special skill or service that would be a surprise. It's based on existing criteria, existing principles, existing practices.

In terms of red tape and the concern about red tape, we're using the information that has already been collected wherever possible. So it's not a matter of duplicating the effort. It's not a matter of pushing a lot of paper or JPEGs around. It's taking advantage of what we already have, which is a smart way to approach any task that you want to accomplish.

Financial vetting currently done by banks and warranty providers will consider liquidity and other financial indicators, so that will help inform the decision as to the reliability of a particular builder. Government will meet with warranty providers to see if their financial review processes could support builder licensing rather than government duplicating that process. They're already very good at vetting companies for financial liquidity and stability, so why not leverage that?

I hope that helps to answer some of the concerns that were raised, and I'm happy to answer any other questions. Thank you, Madam Chair.

The Chair: Any other speakers to amendment A2? The hon. Member for Bonnyville-Cold Lake.

Mr. Cyr: Thank you, Madam Chair. I'm not sure that a lot of what the Member for Calgary-Mackay-Nose Hill brought up really applied to what was going on with this amendment as we were talking about courses and examinations. But she did bring up some things that I did find interesting and I'd like clarification on, specifically about restrictions on licences like corrective lenses, if I remember her words. I don't have the Blues, unfortunately, in front of me.

Now, from what I understand – and, again, the member can correct me if I'm wrong – this is a revenue-neutral program that's being put forward, so it's supposed to be covered through the fees that are charged to the contractors to maintain this program. I guess my concern here is that it seems like as soon as we start to restrict our contractors, does that mean that suddenly we're going to need a new department set up within the government to maintain this new licensing feature?

It appears that this is going far beyond what I had thought this bill was, which was to bring forward licensing. Again, you can correct me if I'm wrong. My understanding was that you would apply for a licence, you would be granted a licence, and that is as far as I understood this process would go. There may have been an education component to that licensing part. But now we're hearing that there could potentially be restrictions when it comes to the licence itself, sort of like your vehicle licence. Will we be grading from class 7 all the way to class 1, where you can build certain types of units based on the education requirements? Will the Ministry of Municipal Affairs now get into education components with some of our local colleges and universities, or is this going to be a simplified thing, where you'd go online and do a 20-question survey?

I guess my thoughts here are that this could be onerous. The fact that this education component – going back to what this amendment is, I don't know if the Member for Calgary-Mackay-Nose Hill had actually brought up the facts that we were trying to be concerned with. Specifically, when it comes to my riding, I can tell you that

we're three and a half hours away from Edmonton. Should we need to do any exams or if we need to do any training that is done at the major centres, this could put a real cost to being able to maintain a licence and build houses. So it goes far beyond what the \$600 fee, going down to \$500, I believe – I don't have the talking points in front of me.

11:10

I guess at this point now it appears that we've gone from licensing to enforcement. Is that the goal of the government, to bring enforcement forward? Who's going to pay for that enforcement if it's not being paid for through the funds that are collected? What are you going to do about the fact that this training sounds like it's going to be more extensive because of the levels that you're going to be putting through on this licensing? Who's going to be doing this?

One other thing that occurred to me during my thoughts on this was that it sounds like you're rolling this out during the summer. Going through this, I'm concerned that if this is implemented poorly, it could affect the rebuilding of Fort McMurray because of a lack of training, if you will. So will there be some kind of grandfather clause to allow that to move forward? Like, I would hate to see a building season lost in Fort McMurray because of a government licensing program that is being brought forward and the people in Fort McMurray being unable to get into their homes as soon as they need to be. Will that be thought of when they're rolling this licensing out? I am concerned that Fort McMurray could get caught up in the backlash on this, and I don't think that's okay when we're looking at the devastation that they've witnessed and what the people of Fort McMurray have gone through.

If the member could answer some of those questions, I'd very much appreciate it. Thank you.

The Chair: Calgary-Mackay-Nose Hill.

Ms McPherson: Thank you, Madam Chair, and thank you to the Member for Bonnyville-Cold Lake for the questions, a multitude of questions. I'll try to answer some of them if I can.

First, I want to address the issue regarding your concerns about rebuilding in Fort McMurray. What's in place right now is what the licensing program is actually going to be modelled on. This has been introduced for people that are rebuilding in Fort McMurray. It's already in place, and it's providing the model for licensing across the province. I would emphasize that this introduction of licensing should in no way impede the rebuilding process that's going on in Fort McMurray. There is certainly no desire to keep people out of their homes any longer than necessary. So I hope that allays any concerns that you have about that.

As far as establishing a new department, the program is leveraging off a number of things that already exist: the registration program that is already in place for Fort McMurray; talking with financial providers, warranty providers in terms of the financial information for potential licensees. We're going to be leveraging off that information, so hopefully there would be no need to create any new department in order to address that.

There was something else, too, that escapes me at the moment. I'm going to come back to that in a minute if I can recall it.

In terms of licensing, I am licensed to drive – I think it's a class 5. I'm licensed to drive most vehicles. I've driven a pickup. I've driven a Beetle, which was a lot of fun. I have an SUV now. But I can't drive a motorcycle because I've never been trained or taken any education regarding that, so it would be a bad idea to let me loose on the streets on anything more than a scooter. I can't drive a

never had any training, and it wouldn't be legal. And, goodness knows, without training, we don't want people behind the wheel of a large eighteen-wheeler going down the highway with a load of cattle or grain or cars because that would pose a danger.

Similarly, we could have a builder who is really excellent at building cottages. They've built a number of cottages across the province, and then they undertake a project, a development of multifamily dwellings. Let's say that it is an 18-storey high-rise. It has to be concrete construction. It can't be wood, which is what they're used to working with. We don't want to just have someone pay \$600 for the privilege of building whatever they want to build. There has to be something that backs that up. That is why there is some examination of people's ability to meet the requirements of the licence. It's not simply a matter of paying some cash so that you have your name on a list. It is actually providing information, providing credentials that prove to the registrar that you are competent, that you have experience being able to build a multifamily dwelling as opposed to a cottage at the lake with no insulation.

Let me just refer to my notes and see if I can grab any more of your questions. No. I think that's about it.

In terms of the amendment itself, which we're speaking to – like, I really am confident that the amendments introduced in Bill 12 will do a good job of ensuring that education is up to date and accessible for builders. This amendment that was introduced is redundant, and that's why I'm not supporting it.

Thank you.

The Chair: Any other comments on amendment A2? Edmonton-Meadowlark.

Mr. Carson: Yes. Thank you very much, Madam Chair. I just want to reiterate some of the things that my colleague from Calgary-Mackay-Nose Hill has said and just repeat that there is a provisional period for this fall and winter while construction season is slower. This bill would not obstruct any of the work that's already being undertaken to rebuild Fort McMurray. The program is in place there already, for the most part, in terms of being able to see the quality of builders out there. Finally, the licensing program, if passed, would be fully implemented before the next building season, which is, hopefully, by next spring.

I'll just repeat the timelines here that we have. Specific program details will be outlined in regulations, which will be developed in the summer of this year, taking into account stakeholder feedback from initial consultations and any future engagements.

Ministerial orders respecting licensing fees, powers of compliance officers, and other administrative matters will come into force on November 1, 2017, with phased implementation over six months. Of course, full implementation will be expected to be in effect by May 2018.

Just on the other matter that the member raised, about extra costs to the department, I have had discussions with the ministry, and they assure me that there is room to have this program implemented without any extra costs to the department.

On the piece about enforcement – I also asked about that – as far as I know, there won't be any extra enforcement needed to undertake this program.

That's all I have. Thank you, Madam Chair.

The Chair: Bonnyville-Cold Lake.

Mr. Cyr: Thank you, Madam Chair. I guess one of my questions is on the fees that we're paying for the licensing part of this. If it becomes a registry's responsibility to go through this process, have we decided how much of those fees will be moved to that specific

registry, into that process, for their time? Or is this going to be something that is going to be downloaded and put onto the shoulders of all of our registries within Alberta? I don't know if that is quite fair if that is the intent the government has, but I would like to know exactly how it is that you're going to move that fee through to pay for this.

Thank you.

The Chair: Edmonton-Meadowlark.

Mr. Carson: Thank you, Madam Chair, and thank you for the question. I would just say that I know that some of the fees will, I can imagine, go towards the registry costs.

In terms of continuing consultations, that is a discussion that will be ongoing and is to be worked out with further consultations with stakeholders.

Thank you.

11:20

The Chair: Bonnyville-Cold Lake.

Mr. Cyr: Thank you, Madam Chair. Have you consulted with the registries association within Alberta regarding this plan and rolling this out on exactly how you're going to be licensing? I would love to hear some of their thoughts if you have consulted with them and whether or not they feel this is something that can be moved forward quickly through their offices.

Thank you very much.

The Chair: Any other members wishing to speak to amendment A2?

Seeing none, are you ready for the question?

[The voice vote indicated that the motion on amendment A2 lost]

[Several members rose calling for a division. The division bell was rung at 11:21 a.m.]

[Fifteen minutes having elapsed, the committee divided]

[Ms Jabbour in the chair]

For the motion:

Cooper	Fraser	Smith
Cyr	Pitt	Stier
Drysdale	Schneider	Yao
Fildebrandt		

Against the motion:

Anderson, S.	Jansen	Payne
Babcock	Kazim	Phillips
Carson	Kleinsteuber	Piquette
Connolly	Littlewood	Renaud
Cortes-Vargas	Luff	Rosendahl
Dach	Mason	Schreiner
Dang	McCuaig-Boyd	Sigurdson
Fitzpatrick	McKitrick	Sucha
Goehring	McLean	Turner
Hinkley	McPherson	Westhead
Hoffman	Miller	Woollard
Horne	Nielsen	

Totals:	For – 10	Against – 35
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[Motion on amendment A2 lost]

The Chair: Back on Bill 12, are there any questions, comments, or amendments with respect to this bill? Any other speakers to the bill? Banff-Cochrane.

Mr. Westhead: Thank you very much, Madam Chair. I'm pleased to stand up to talk about Bill 12 this morning. I'd really like to thank the Minister of Municipal Affairs for his work and his department's work on this very important bill. We've heard that this kind of thing, when people are buying their first home or a brand new home, for that matter, is the biggest investment that they can make. We want to reassure folks that the investment they are making is a sound one and that the people that are building their homes are up to the best standards that we have.

I think the Minister of Municipal Affairs has done a tremendous job on striking the right balance, working with the industry, and getting this right. This is a really good example of the consultation that he's done. When we're getting support from the opposition on these kinds of matters, we know that there is a general consensus, and we can all agree that this is an extremely important piece of legislation that's going to protect Albertans and make sure that their investments are sound into the future.

I'd like to start out just talking about a little bit of my personal experience with construction in my home. I had a window company install some windows – and I know that this doesn't necessarily apply directly to the bill, but I think it speaks to the importance of having people that you can trust when you're having work done on your home. We were doing some renovations to our own home, and in the course of doing those renovations, we had some brand new windows installed. They weren't just replacement windows, but we actually had to increase the size of the opening for the windows quite substantially. I consider myself a handy person, but I also know my limits in terms of what I can do safely and comfortably. I know enough to be potentially dangerous, so I want to keep myself in check when I'm doing things. I know enough to say: okay; I can't handle that particular job.

11:40

In creating these large window openings, the openings started out as just about 16 inches wide, the size of a stud bay, and they were going to be opening to I think about maybe five or six feet wide, so it was a pretty substantial opening. It was two windows side by side, and the type of construction that's required in this instance – I can't recall the technical term, but there are headers and jack studs and king studs and this kind of thing.

You know, it was great. The salesman for the window company showed me the architectural drawings of what the opening should look like and how they should be constructed. I was quite impressed because this person showing me the architectural drawings really reassured me that this company knew what they were talking about. I felt confident in their abilities when the contractors came over to do the work, and we were really looking forward to this.

I live in Bragg Creek, and we have a beautiful backyard. The windows that we had there previously, like I say, were only about a foot wide. We had this great big wall that looked out over our nicely forested backyard, but you could only see it through these one-foot-wide windows. I think it was like that in the past because there was a fireplace in between those two windows, so they're quite spread apart. They let a little bit of light in, but that part of the house was quite dark, so trying to open that up and open up the view and be able to see our nice backyard was something that was pretty important to us.

Now, there are two halves to the house. One half was built in the '70s, and there was an addition put onto it in the late '80s, so the construction between the old side of the house and the new side of the house was a bit different. The Member for Edmonton-McClung earlier talked about two-by-four construction and two-by-six construction, and this was the case here. Like, we actually had two parts of the wall with different-sized studs and different kinds of

insulation, so that's why we had undertaken the renovations in the first place. Like I said, as part of that renovation we wanted to open up the windows and increase the light and have a better view.

The contractors came over. I was really intrigued to watch them because I'm an amateur renovator myself.

Mr. S. Anderson: Do you have a licence?

Mr. Westhead: I don't have a licence, but thankfully in the bill owner-builders don't require a licence, so that's okay.

I was quite eager to watch the carpenters do their work because I wanted to see how these experts did it, you know. I was watching them throughout the course of the day, and I kind of told them that I was interested and asked them to walk me through some of the things that they were doing so that I could learn from them. They seemed quite eager to do that, so again my confidence level in this process was quite high.

I think, if I remember correctly, they kind of showed me and walked me through on one window, how they installed the header and the jack studs and the king studs and all this kind of thing. Then, after learning the first window, for the second window I kind of went about my day and was doing some other things while they carried on with their work. Then the day went on. The windows had been installed successfully, and the builders asked: take a look, and see what you think. You know, I was kind of mesmerized by these brand new windows. It was fantastic. It really opened up our view of the backyard, and it really increased the light in our house, too. Anyway, I signed off on the contract and sent them on their way.

Then a little bit later on – I think it was either later that day or the next day – I took a closer look at the work that they had done. It turned out that on the first window, that they had walked me through and showed me what they had done, everything was fine, but then I looked at the second window. You know, over top of a window opening there are supposed to be, I think, two two-by-10 headers over top of each other. It looked like they must have run out of wood. They still had two headers, but one header was a solid piece of wood, and for the other piece of wood they had just put two pieces of wood side by side, so there's no strength in that. Even if you try to laminate them to one another, if you don't have a continuous piece of wood as the second header, there's a significant reduction in strength there.

I could tell that they – my impression was that they were trying to hide this on me and that they were trying to skimp on the wood. You know, Bragg Creek is a little bit isolated from Calgary. My impression was that they picked up the wood in the morning, what they thought they needed, and I suppose they underestimated that and didn't want to make the trip back to Calgary to pick up another piece of two-by-10, so they kind of fudged it a little bit.

Not only that, Madam Chair, but I saw another inconsistency when I looked back at the architectural drawing that the installer had showed me. Because the two windows were adjacent to one another – and I can't remember the correct terms – there are supposed to be two king studs side by side and then a jack stud on either side of those to hold up the header, but in this instance maybe they measured wrong because there was only one king stud in the middle.

Mr. S. Anderson: Measure twice, cut once.

Mr. Westhead: Yeah. Measure twice, cut once. I think they cut once and maybe didn't even measure in the first place.

Not only was the header insufficient, but the studs that they put beside the openings were insufficient. The type of construction in our home with the two-by-fours: you know, you're asking a lot of those kinds of framing members in your house when you have the

weight of the roof and all that kind of stuff on top of it, especially with snow like we get in Bragg Creek. Fortunately, the windows were made – we had them installed in the summer so we didn't have to contend with the weight at the time.

But, thinking ahead, we knew that – well, first of all, it didn't match the architectural drawings that the salesman had shown me. You know, I called them up right away and said: I think you might have a situation here that needs to be corrected. To the window manufacturer's credit, they made it right immediately. They apologized for the situation and told me that these installers had made a significant mistake and that they would come over and correct it. They did that. I think they came later that week and fixed the problem.

The attention often goes to the negative stories. You don't hear the stories of: I bought my brand new house, and I never had a problem with it for 20 years. That's what we expect. I think it's human nature to bring up our instances that we have difficulties with or that we might have a complaint about. We hear about these negative stories from time to time, and it's easy to get an impression that these problems are persistent elsewhere, but I don't think that's the case. As has been said previously, we have a lot of excellent builders here in Alberta, and we should be proud of that. These people make their living building our homes and providing shelter.

That kind of brings me to the concept of Maslow's hierarchy of needs in terms of: what are our most basic requirements? This bill ensures that we are looking after the most basic of human needs. People want to feel safe in their house. They want to know that when it rains, it's not going to leak. They want to know that when it gets cold outside, the insulation is going to protect them. I think the minister has done a fantastic job in helping people have reassurance that the shelter they are counting on is going to be there when they need it.

I think it also goes to the concept of being professionally licensed. I myself as a registered nurse – we're a self-regulating profession. We hold ourselves to a certain account and standards, and there are consequences if we don't live up to our professional standards. This bill gives us not quite the same type of certainty. It's not a regulated profession per se, but it is a standard where folks will be able to say to the public whether or not they are a licensed builder. That's a very particular term that would be reserved for folks with a licence. Just to draw a parallel, a protected title for health professions is registered nurse. Only someone with a registered nurse licence can call themselves a registered nurse, and that's what's known as a protected title.

11:50

This bill doesn't contemplate quite the same thing. On the other hand, it has a parallel in terms of only a licensed builder being able to go out to the public and say: I'm a licensed builder. That gives the public certainty that when they hear those words, they know that the builder is adhering to the terms and conditions of the New Home Buyer Protection Amendment Act, 2017.

I think that's really important because, you know, when you're contemplating buying a new house, one of the last things you want to worry about is how much faith you have in the builder. You want to know that you've got some recourse. You want to know that that person has met the requirements of having a licence. You know, it's also nice to be able to look them up in a registry to see what their history is, how long they've been licensed, and this kind of thing. So I think that this goes a long way. When you're making that big investment, you've got to meet with your lawyers, you have to meet with the real estate agent, and you have to talk to your mortgage broker. There are so many different things that people are thinking

about when they're buying their first home. Knowing whether your builder is a good one or not is an important part of that, and this helps to take some of that anxiety away. It helps people to know that they've got certainty and that their builder is good.

You know, Madam Chair, I grew up watching TV and people like Bob Vila. Does everybody remember *This Old House*? Yeah. That was a great show, that kind of spurred some other similar types of renovation shows and home building shows, people like *Holmes on Homes*' Mike Holmes. There were a couple of other ones that were on the Discovery channel. It was quite interesting, as a young person watching these videos, because the craftsmen took such great pride in the work that they did. They knew that they were building something that folks were going to rely on for quite some time and knew that their investment was predicated on the work that they did. The skill and detail that these craftspeople would adhere to was quite remarkable.

You know, I learned a lot through watching these kinds of things, how to use tools safely and appropriately. This is part of the licensing requirement for builders, too. They have to demonstrate through their actions and through the licensing procedure that they're competent in the types of things that we're going to be trusting them to do.

It also makes me think of – you know, why I support this bill is that in Canmore during the building boom, which would have occurred most recently, I suppose, in sort of the early 2000s, when after the Olympics the town of Canmore was really in the world spotlight, people were clamouring to buy land and buy condos and houses in this little mountain paradise because at the time the land prices were quite low. Investors saw this as a great opportunity to invest in a town that was growing. It's in the mountains, it's a beautiful area, so they looked at this as an investment.

But the problem, Madam Chair, is that, unfortunately, some of these contractors that were building the condos and homes – not all of them, mind you – a minority of them were kind of fly-by-night contractors. They would build things under numbered companies, build these things, make their money, and get out as fast as possible. They'd declare bankruptcy so that they'd protect themselves from any future liability, and in the housing boom . . .

The Chair: I hesitate to interrupt, hon. member, but pursuant to Standing Order 4(3) the committee shall now rise and report progress.

[The Deputy Speaker in the chair]

The Deputy Speaker: The hon. Member for Wetaskiwin-Camrose.

Mr. Hinkley: Thank you, Madam Speaker. The Committee of the Whole has had under consideration certain bills. The committee reports progress on the following bill: Bill 12. I wish to table copies of the amendments considered by Committee of the Whole on this date for the official records of the Assembly.

The Deputy Speaker: Does the Assembly concur in the report?

Hon. Members: Aye.

The Deputy Speaker: Opposed? So ordered.

The hon. Government House Leader.

Mr. Mason: Thank you very much, Madam Speaker. As we are very shortly approaching the 12 o'clock hour, I will move that we call it 12 o'clock and adjourn until 1:30 this afternoon.

[Motion carried; the Assembly adjourned at 11:56 a.m.]

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