

## LEGISLATIVE ASSEMBLY OF ALBERTA

Friday, December 12, 1975

[The House met at 10 a.m.]

## PRAYERS

[Mr. Speaker in the Chair]

## INTRODUCTION OF BILLS

Bill 59  
The Highway Traffic Act, 1975

DR. HORNER: Mr. Speaker, I beg leave to introduce a bill, The Highway Traffic Act, 1975. In essence, this is the separation of The Highway Traffic Act from The Motor Vehicle [Administration] Act that my colleague, the Solicitor General, introduced earlier in this Legislature. The Highway Traffic Act, 1975, is essentially that portion of the old highway traffic act which deals with the responsibilities under the new Alberta Transportation Department.

[Leave granted; Bill 59 introduced and read a first time]

## TABLING RETURNS AND REPORTS

MR. JOHNSTON: Mr. Speaker, I request leave to table the annual report of the Department of Municipal Affairs as at March 31, 1975.

MR. LEITCH: Mr. Speaker, I would like to table the return to Question No. 101.

MR. FOSTER: Mr. Speaker, I would like to table the annual report and audited balance sheet of the Alberta Law Foundation.

## MINISTERIAL STATEMENTS

## Department of Transportation

DR. HORNER: Mr. Speaker, I have a statement to make with regard to the Deerfoot Trail in Calgary, which is of some significance to the people in that city, and to

table with the House copies of the Deerfoot Trail alignment study, carried out by a consultant firm.

The Deerfoot Trail is a major traffic artery through Calgary, forming part of the major Highway No. 2 corridor, one of the most important transportation corridors in the province. Its strategic location provides for continuous through-route traffic and serves as a major distributor of internal traffic for Calgary.

In 1973, provincial initiative was taken to provide and ultimately to develop a major provincial park known as Fish Creek Park. The portion of the park west from the Bow River to the Macleod Trail was at that time severed only by a very minor local road used primarily for gravel hauls.

Early in 1974, a group of interested citizens in Calgary solicited public opinion on the development of the park, the activities desired for the park, and at the same time obtained response to the question of roads intruding into the park. This group indicated to the then Department of Highways and Transport that there would be serious impairment of the park and the concept for its development should the major Deerfoot Trail project through the park.

In consideration of this concern, the Deerfoot Trail Study Committee was formed by a representative group of provincial officials and city of Calgary officials to determine the best alternative to the original Deerfoot Trail alignment. To undertake this work and provide sufficient depth to the evaluation, the committee established a task force consisting of city of Calgary and provincial officials. A study consultant was commissioned in February 1975. To meet the objectives of the study review, the committee identified four major alternatives which were to be evaluated for feasibility, functional suitability, and which could accommodate the current and projected travel demands. A major component of the study involved comparing the social and natural environment impacts and, of course, the cost of each of the alternatives.

This study and analysis has been completed. The committee's recommendation is stated as follows:

The Deerfoot Trail Study Committee respectfully submits that Alternative 4 is a reasonable and acceptable alternative to the original Deerfoot Trail alignment and therefore recommends its adoption.

I might say, Mr. Speaker, that this recommendation was unanimous from all the people, both city and provincial officials, who were on the committee.

Briefly, this alternative follows the originally projected Deerfoot Trail from 17th Avenue S.E. area (south of Memorial Drive) through to Anderson Road, then southeasterly across the Bow River incorporating Anderson Road, then southeasterly incorporating the Anderson Road corridor turning south along the projection on the Barlow Trail to Highway No. 22, or 901 as it is sometimes known, and then west to

Highway No. 2 generally incorporating the new bridge, and joining Highway No. 2 opposite Highway No. 22 which leads to the Priddis area. Considerable scope is available south of the current city limits to align Highway No. 2 and the Deerfoot Trail to fit long-range development plans appropriate for the zone.

This proposal is completely clear of the Fish Creek Park. It is not reasonable, however, to consider this route in isolation to other components of the system, and I would point out a number of related arterial roads which will be required with the adoption of the recommended Deerfoot Trail following Alternative 4 of the report:

1. In the future, we'll have to upgrade by stages the Barlow Trail north of Anderson Road to 43rd Avenue in a manner compatible with the industrial and other land uses in the area. This linkage provides an alternative route for mixed traffic and particularly for truck traffic to the industrial zone.

2. There will have to be an extension of the major collector from the Deerfoot Trail-Anderson Road junction south into the pocket of residential growth that is north of the park.

3. There will have to be, of course, some improvements to the Macleod Trail, and these will be on a priority basis.

The city will obviously wish to have a firm provincial position on support for the development of the Deerfoot Trail and the other eligible components. Discussions in this area will need to proceed without delay so that essential planning and projected programming decisions can be advanced. This particular corridor has very important provincial stature, and we are carefully considering the case for improved support programs for such routes in our major cities.

Mr. Speaker, I'd like to file two copies and to say to members of the House who are interested, they can receive a copy of the report by contacting my office.

DR. BUCK: Mr. Speaker, I would like to ask the permission of the House to revert to Introduction of Visitors.

HON. MEMBERS: Agreed.

#### INTRODUCTION OF VISITORS

DR. BUCK: Mr. Speaker, this morning I'm smiling for two reasons. Number one, the outcome of the election in British Columbia.

Secondly, Mr. Speaker, to you and through you to the members of the Legislature, I would like to introduce approximately 100 Grades 10 and 12 students from the Fort Saskatchewan High School. They are accompanied by their teachers, Mr. Sabharwal and Miss Burger. They are seated in both galleries. I'd ask them to rise and receive the welcome of the Legislature.

#### ORAL QUESTION PERIOD

##### ACCESS Budget

MR. CLARK: Mr. Speaker, I'd like to direct my first question to the Minister of Advanced Education and Manpower. It deals with the present funding arrangement as far as ACCESS is concerned.

Has a freeze, in fact, been announced as far as hiring practices are concerned with ACCESS? Also, has a direction gone out from ACCESS that funds are no longer available to do any more freelance work by private groups?

DR. HOHOL: Mr. Speaker, this is a matter of budget consideration. In the process of examination of it, these matters will be before the legislators.

MR. CLARK: Mr. Speaker, a supplementary question. We're asking the question right now. To rephrase the question to the minister, has word gone out either from ACCESS or the minister's office to advise freelance film producers that no more money is available for any more freelance contracts in the rest of this fiscal year? Is there also a hiring freeze as of now on any more staff as far as ACCESS is concerned?

DR. HOHOL: Mr. Speaker, in the first part of the question, the information would have to be obtained from the president or the chairman of the board of directors of the corporation.

In the second instance, with full intent to give information and help, the fact of the matter is, it is a factor of the budget. There's no way I can predetermine what will be read by the provincial Treasury in the estimates of my department.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. Would he be prepared to go back and check with the president of ACCESS, then report to the Assembly on the question of no more funds being available for freelancers in Alberta as of now, and the question of a hiring freeze placed by ACCESS now -- not starting in April, but right now?

DR. HOHOL: We're prepared to do that, of course.

##### Firearms Regulation

MR. CLARK: Mr. Speaker, I'd like to direct my second question to the Solicitor General. It flows from the questions I raised yesterday about changes in the policy on regulation of guns as it affects small sporting goods operators in the province.

I'd like to ask the minister if he's had an opportunity to review the situation to see if, in fact, there are some businesses which have lost their licence or had their licence withdrawn.

MR. FARRAN: Mr. Speaker, I'm grateful for the opportunity to clarify what I said yesterday. The hon. Leader of the Opposition asked me yesterday whether any licences of gun dealers had been revoked. I answered, not so far as I know. Although that was true, I may have inadvertently misled the honorable gentleman.

During the past few months, the Edmonton city police have revoked or suspended some dealer licences for non-compliance with conditions on their permits, such as failure to keep records of sales or leaving guns lying around in an insecure state. Those revocations are under the provisions of the Criminal Code, Section 96. I understand the permits will be renewed when they have corrected the deficiencies.

I hope the hon. leader does -- and I'm sure he does -- appreciate, Your Honour, that although I'm technically responsible for the police in the province, my efforts are confined to policies and overall strategy, not to day to day tactics. These police forces are autonomous bodies under their own police commissions and chiefs of police. This is the reason I'm not up to date with every particular charge or action that may have been taken.

In the hon. Leader of the Opposition's own riding of Olds-Didsbury, I understand the RCMP NCO did make a mistake in translating instructions from his superior officers in leading two dealers to understand that their licences might be revoked. He's now clarified this. What was actually meant was that persons holding dealer licences were to be inspected. Those who didn't meet the conditions on the permit, which were laid down in Section 96 of the Criminal Code, particularly those pertaining to keeping a record of all transactions, might have their licences revoked. I believe he has now gone to these dealers and explained the true situation.

In Edmonton, four dealers were given suspensions. Two dealers automatically surrendered their licences, since they were no longer in the business. Those four dealers are expected to reapply when they have met the conditions about keeping records of transactions to the satisfaction of the Edmonton city police. Thank you, Mr. Speaker.

#### Petrochemical Development

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Business Development and Tourism. A word of introduction: it relates to a letter of September 19 by the hon. minister to the four companies in the Red Deer area concerning the petrochemical development. One portion of the letter deals with a reasonable and adequate supply of water.

Mr. Speaker, my question to the hon. minister is: is a dam necessary on the Red Deer River in order to accommodate the conditions set out in part (b) of the letter of September 19?

MR. DOWLING: Mr. Speaker, my understanding of the situation is that a dam could be necessary for the city of Red Deer if the city is to expand and grow. However, I think I probably should refer that question to the Minister of Environment, since it's an issue he has had considerable to do with.

MR. RUSSELL: Mr. Speaker, I'd like to supplement the answer of my hon. colleague, because the eight volumes of information made available to the public for the purpose of the public hearings very clearly outline the alternatives and projected needs, the current problems, and a variety of solutions that would be available for dealing with water management problems whether they relate to flow control, water quality, wildlife, or industry. I think the alternative solutions, including a possible dam structure, are well outlined in those reports.

#### Agricultural Ministers' Meeting

MR. MANDEVILLE: Mr. Speaker, my question is to the hon. Minister of Agriculture. As a result of the election, will the minister be making a meeting arrangement regarding the cow-calf program with the premier-elect of B.C. prior to making his trip to Ottawa on December 17 and 18?

MR. MOORE: Mr. Speaker, it would be my judgment that it will be some days before a new government is formed in British Columbia. Unfortunately, it would probably be the case that the Government of British Columbia is not represented next week in Ottawa. I look forward however, Mr. Speaker, to meeting the new Minister of Agriculture in that province.

#### Driver's Licence Suspensions

MR. TAYLOR: Mr. Speaker, my question is to either the hon. Attorney General or the hon. Solicitor General. A very short explanation is required first. The hon. Mr. Basford, the Minister of Justice in Ottawa, has indicated that he's prepared to consider amending the Criminal Code from the three-year maximum for impaired driving under certain conditions to a lifetime suspension of the driver's licence, and has indicated he is seeking the advice of the Attorney General of each province.

Has the Alberta government made any representations in regard to the suspension of drivers' licences for life under certain conditions in the Criminal Code?

MR. FOSTER: Mr. Speaker, I'm sure my colleague will have some comment to make on this as well. This subject was discussed generally by the attorneys general of the provinces with the federal Attorney General in Halifax some time ago, at which time the federal Attorney General and his colleague the federal Solicitor General outlined the

suggested amendments to the code. We had a discussion on the point to which the hon. member has referred, and I understand the intention is to grant to the court the capacity to rule someone off the highway permanently. Frankly, that is a discretion I would be happy to leave with the courts.

I have no firm view on the subject; perhaps my colleague does.

#### Cosmopolitan Report

MR. FOSTER: While I'm on my feet, Mr. Speaker, I would propose responding to the Leader of the Opposition who asked me yesterday whether or not Appendix F of the Cosmopolitan report will be made public. I checked Hansard and in responding to this question on October 24, 1974, my predecessor in office indicated then, and I would concur now, that the government would make that part of the report -- which is Appendix E, not C -- public after the criminal proceedings are disposed of. Since charges are currently pending before the courts, I would agree with that earlier position and not propose making that part of the report public until those charges are disposed of.

#### Driver's Licence Suspensions (continued)

MR. TAYLOR: Supplementary then, Mr. Speaker. The question indicates that the government would be prepared to support an amendment of the Criminal Code changing the three-year maximum to life, under certain conditions, leaving the decision to the court. Or have you taken a position on that?

MR. FOSTER: Mr. Speaker, I thought I indicated I have taken no firm position on it. There was a discussion about possible amendments to the Code. My colleagues, the provincial attorneys general, are hoping to meet in Alberta in January to discuss a number of subjects, presumably amendments to the Code as well. At this point, I am not personally aware of the state of the proposed amendments. Perhaps my colleague has had some discussion with his counterpart at the federal level on this topic. I have not talked to Mr. Basford in the last several weeks.

MR. FARRAN: Mr. Speaker, so far as negotiations by my department are concerned, we haven't taken a position. Although it sounds like very Draconian and severe punishment to suspend someone for life, what it means in practical terms is that the judge has unlimited discretion up to that maximum point. I suppose the ultimate point is capital punishment. They have stopped short of that.

So far as this province is concerned, we believe it's a question of enforcing the existing penalties, which are quite severe. Too many drivers are continuing to drive while suspended.

#### Rural Electrification Associations

DR. BUCK: Mr. Speaker, my question is to the hon. Minister of Utilities and Telephones. I'd like to ask if he has met, or will be meeting in the near future, with the Union of REAs.

DR. WARRACK: This afternoon, Mr. Speaker.

DR. BUCK: Mr. Speaker, to the hon. minister. Can he indicate if the government is still committed to assuring that the REAs are supplied power by the major power companies at cost?

DR. WARRACK: Well, Mr. Speaker, the subject of power supply at cost has been a very long one, in which the REAs had considerable disagreement with the former government. I suspect this matter will be a part of the discussion we'll be having this afternoon.

DR. BUCK: Mr. Speaker, another supplementary. Can the minister indicate, or is he aware of, the number of REAs that are being bought up by the major power companies?

DR. WARRACK: Yes, I am. As a matter of fact, I was asked that question during the May-June session of this year, and reported at that time on that matter.

DR. BUCK: Mr. Speaker, can the hon. minister indicate to us if the situation has changed since that time? Can he inform the House how many REAs have been taken over by the major power companies?

DR. WARRACK: Mr. Speaker, the situation has not changed significantly. The exact number is a matter of detail. My recollection of the subject is that it's less than a dozen.

#### Recreation Fees, Calgary

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister Without Portfolio responsible for Calgary. It's with regard to the increase of 15 per cent in recreation fees in Calgary.

What action does the minister intend to take with regard to increased fees in light of the federal wage and price guidelines?

MR. McCRAE: Mr. Speaker, I think we responded to that type of question pretty fully last week. It is the responsibility of the locally affected officials to make determinations in those areas. It is not my function or my intention to relieve them of their duties. I think it is quite clear, they were elected, they have responsibilities. Generally, they are performing those responsibilities pretty well, and we'll just leave it at that.

MR. NOTLEY: Just generally well?

#### Anti-inflation Guidelines

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Premier on a matter of clarification of this policy. Where municipalities such as the one I've just mentioned increase fees, does the present wage and price legislation, either provincially or federally, play any kind of role in determining those fees? What effect do they really have?

MR. LOUGHEED: Mr. Speaker, I thought that matter was dealt with pretty adequately by the Minister of Federal and Intergovernmental Affairs when we dealt with the bill in both second reading and committee.

MR. CLARK: Supplementary question to the Premier. I'd like to direct the question this way.

Has the Premier sat down and discussed the federal wage and price guidelines with the officials of the two municipal associations in the province, and in the course of the discussion, were the Premier and the association representatives able to come to some overall conclusion as to what role the municipalities would play? In other words, were they prepared to commit themselves in general principle to the federal and provincial programs?

MR. LOUGHEED: Mr. Speaker, the meeting we held with the representatives of the municipal governments some weeks ago was essentially related to our provincial spending guidelines. That was the nature of the discussion or request for the meeting. Indirectly, of course, the other situation came into the discussion. I think we have made it completely clear that they're elected people, they have a responsibility the same way we do. They recognize the objective of the federal program, and we trust that they will look at their responsibilities as elected officials.

#### Coal Gasification

MR. TAYLOR: Mr. Speaker, my question is to the hon. Minister of Business Development and Tourism. Has any decision been made on the placing of a coal gasification plant in the province as yet?

MR. DOWLING: No, not at this time. As you might know, we have a research project under way with the Alberta Research Council. During the Premier's mission to Europe we had the advantage of seeing or at least being apprized of some of the processes taking place over there. There has been no indication that a plant will be located in Alberta at this time. However, it's something we always have under consideration.

One other interesting point, Mr. Speaker, is that lignite or brown coal,

which is found so extensively in Europe, is the type of coal more easily adaptable to a gasification process. It doesn't exclude other types of coal, but lignite is the more easily used.

We are very conscious of our massive resources in coal; it's a priority with us to determine at what time and in what way we can utilize them to the best advantage.

MR. TAYLOR: A supplementary to the hon. minister. Is there a time frame on the research being conducted by the Alberta Research Council on coal gasification?

MR. DOWLING: Mr. Speaker, not as such. The project is going forward as expeditiously as possible, but there is no time frame on it.

#### Rural School Programs

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Education. It's a follow-up to questions I've raised before about the rural school grants: the lower assessment, declining enrolments, small school grants.

Is the minister in a position to advise the Assembly today when an announcement will be made on these three programs for the forthcoming year?

MR. KOZIAK: No, Mr. Speaker, I'm not in that position today.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. In the light of budget preparations, and in light of the fact that the basic foundation plan was announced several weeks ago at the school trustees' convention, is the minister able to advise the House when, in fact, we can expect an announcement on these three programs?

MR. KOZIAK: Mr. Speaker, I believe the practice has been to make these announcements very close to the time of the actual disclosure of the government's budget in the next fiscal year.

#### University Budget Increases

MR. CLARK: Mr. Speaker, I'd like to direct my question to the Minister of Advanced Education. Will Alberta universities be allowed a budget increase greater than 11 per cent next year to deal with increased enrolments?

DR. HOHOL: Mr. Speaker, in a letter to the presidents and the chairmen of boards of governors, that point was made abundantly clear. The position of government is that all sectors involved with the anti-inflation position of government will be included, and that there would be no exclusions.

MR. CLARK: Mr. Speaker, perhaps I could rephrase the question. The question deals with budget increases next year over 11 per cent with increased enrolments.

DR. HOHOL: Mr. Speaker, with respect, I did understand the question. The answer is no, there will not be additional funding beyond 11 per cent, based on increased enrolments.

MR. CLARK: Mr. Speaker, a supplementary question then to the minister. Will the department take steps to stop universities from raising tuition fees?

DR. HOHOL: Mr. Speaker, that question is purely a matter of the policy and practice of the universities through the boards of governors.

#### University Enrolment Policy

MR. CLARK: Mr. Speaker, a further supplementary question to the minister. Will the government take steps to prevent universities from becoming involved in restricting enrolments in the non-professional areas?

DR. HOHOL: Mr. Speaker, I'm not certain I follow the import of the last part of the question. But, without doubt, there will be discussions amongst and within universities, and between the universities and the government.

MR. CLARK: Mr. Speaker, to rephrase the question to the minister. In light of financial constraints, have there been discussions between the Department of Advanced Education and the universities regarding the question of universities restricting enrolments?

DR. HOHOL: There have been no discussions, in the literal sense of the word, in terms of a planned agenda and a proposal and the response to it. But the matter has been mentioned in discussions with respect to the financing of advanced education institutions.

MR. CLARK: Mr. Speaker, a further supplementary question to the minister. Has he advised the universities that the government would approve a policy of the universities restricting enrolments in the three major universities in the province?

DR. HOHOL: No, we have not advised universities in that way. It had been pointed out to us by some of the leadership of the universities as an initial reaction. But that could be one of the things they would have to examine. It may well have been that I said, indeed, it would.

#### Commonwealth Games Accommodation

MR. TAYLOR: Mr. Speaker, my question is to the hon. Minister of Business Development

and Tourism. Has the Commonwealth [Games] committee made any representations on the need for more hotels and motels, in order to meet the requirements of the Commonwealth Games?

MR. DOWLING: The hon. member is probably asking me if they have made representation to Travel Alberta and organizations such as this. They have not. However, Mr. Speaker, we have always held the view in Travel Alberta -- the tourist portion of our government -- that over a period of time, and I think 1973 for the next 10 years, we needed an increased supply of accommodation in Alberta of some 300 per cent to keep up with demand.

Through the Opportunity Company and other means we have stimulated that growth to a certain degree. There has been a slight turnaround, but we haven't reached the point at which we should be at this time. However, we are relying on the private sector to come forward, bearing in mind the 1976 Olympics and the 1978 Commonwealth Games. We now have as representatives on the Commonwealth Games [committee] three members of our caucus -- two from Edmonton and the hon. Minister of Recreation, Parks and Wildlife.

#### Greenbelt

DR. BUCK: Mr. Speaker, my question is to the hon. Minister of Environment. Can he indicate to the Legislature if any plans are being formulated to establish a greenbelt in the Cooking Lake-Hastings Lake area?

MR. RUSSELL: Mr. Speaker, we've had initial reports as a result of the Cooking Lake marine study. One of the recommendations or suggestions in that report is that a continuous green area through the various bodies of water might be a good idea to adopt. But that would be a matter which would be considered after the public hearings in that area are held.

DR. BUCK: Mr. Speaker, can the hon. minister indicate to the House or will he promise the people in the area that, if this belt is established, there will be more consultation than there was for the one between Devon and Fort Saskatchewan?

MR. SPEAKER: No doubt the hon. minister has heard the representation.

#### Roads in Forest Areas

MR. MANDEVILLE: Mr. Speaker, my question is to the hon. Deputy Premier in charge of transportation. Has the department adopted a policy in regard to construction of forestry and private oil company roads?

DR. HORNER: The question of providing access roads in forest areas has been taken over by the Department of Transportation.

We are working out with the forest industry some of the private roads and the uses thereof, and how they would be treated differently from major highways.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Will it be the policy of the government to be putting load limits on private oil companies' roads or forestry roads?

DR. HORNER: Mr. Speaker, that will depend on the nature of the road, having regard to who built it and who's maintaining it.

MR. TAYLOR: A supplementary to the hon. minister. Are licences of occupation going to be continued under the jurisdiction of your department?

DR. HORNER: It's a joint responsibility, Mr. Speaker, between myself and the Minister of Energy and Natural Resources, in that we're the provider of the service, if you like, and they are the requesters of the service.

#### ORDERS OF THE DAY

#### GOVERNMENT BILLS AND ORDERS (Third Reading)

MR. HYNDMAN: Mr. Speaker, I move that the following bills be not now read a third time, but be referred back to Committee of the Whole for further amendments: Bill No. 61, The Companies Amendment Act, 1975; Bill No. 57, The Trust Companies Amendment Act, 1975; and Bill No. 90, The Credit Union Amendment Act, 1975.

[Motion carried]

MR. HYNDMAN: Mr. Speaker, I move you do now leave the Chair and the Assembly resolve itself into Committee of the Whole to consider certain bills.

MR. SPEAKER: Having heard the further motion by the hon. Government House Leader, do you all agree?

HON. MEMBERS: Agreed.

[Mr. Speaker left the Chair.]

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#### COMMITTEE OF THE WHOLE

[Dr. McCrimmon in the Chair]

DR. MCCRIMMON: The Committee of the Whole Assembly will now come to order.

#### Bill 61 The Companies Amendment Act, 1975

DR. MCCRIMMON: Are you all familiar with the amendment to Bill 61?

MR. HARLE: Mr. Chairman, perhaps I might just say a few words on this particular amendment. The amendment arises as a result of meetings I have had, and representations made to me by the business community and members of the legal profession. In particular the last amendment, which moves the date, results from representations made to us that there are companies which will be holding their annual meetings and their election of directors in the period right upon us, January and February. Many notices of those annual meetings will now have gone out. I think it is only reasonable that companies be given the additional time in order to meet the requirements of the bill when it is finally passed by this House.

The other amendment, which is subsection (5), relates to submissions made to us by the legal fraternity in the province. I think hon. members are probably aware that when resolutions are passed by a board of directors, in many cases those resolutions have to be passed on to other companies or to people who deal with those companies, in effect, to certify that those resolutions have been duly passed by the board of directors. The submission of the legal fraternity to us was that, due to the fact that company secretaries and lawyers have to prepare these certificates, the certificate of the passing of the resolution should, on its face, stand. There should be no necessity to have a third party go back to check the actual make-up of the board of directors and its ability to deal with the topic covered by the resolution. For those reasons, I would like members of the committee to support these amendments.

MR. CLARK: Mr. Chairman, might I just say that we welcome the amendments brought forward in this area by the government. I'm sure all hon. members will recall the comments made by my colleague for Little Bow, when, in fact, he asked the Premier about the kinds of consultation there were prior to the legislation coming in. I think what's happened today indicates pretty well that on almost all occasions, there is a decided advantage to going and talking to those people who are going to be affected, before we go along hellbent for election.

[Title and preamble agreed to]

GOVERNMENT BILLS AND ORDERS  
(Second Reading)

MR. HARLE: Mr. Chairman, I move that the bill be reported as amended.

[Motion carried]

Bill 57  
The Trust Companies  
Amendment Act, 1975

MR. ASHTON: Mr. Chairman, the amendment is to clarify the interpretation of Section 28.

[Title and preamble agreed to]

MR. ASHTON: Mr. Chairman, I move the bill be reported as amended.

[Motion carried]

Bill 90  
The Credit Union Amendment Act, 1975

MR. GOGO: Mr. Chairman, the amendment to Bill 90 that's been passed around on the suggestion and advice of the Law Clerk of the Assembly -- it's been suggested that the wording of that particular paragraph be amended to read the way it reads in the circulated amendment.

[Title and preamble agreed to]

MR. GOGO: Mr. Chairman, I move the [bill] be reported as amended.

[Motion carried]

MR. HYNDMAN: Mr. Chairman, I move the committee rise, report progress, and beg leave to sit again.

[Dr. McCrimmon left the Chair.]

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[Mr. Speaker in the Chair]

DR. MCCRIMMON: Mr. Speaker, the Committee of the Whole Assembly has had under consideration the following bills, No. 61, 57, and 90, begs to report same with some amendments, and begs leave to sit again.

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

HON. MEMBERS: Agreed.

Bill 80  
The Temporary Rent  
Regulation Measures Act

MR. HARLE: Mr. Speaker, I'd like to move second reading of Bill 80, The Temporary Rent Regulation Measures Act.

Mr. Speaker, I should first perhaps say there is on notice an amendment to The Landlord and Tenant Act, 1975, which will not be proceeded with. I believe hon. members will note that an amending section contained in Bill 80 amends one of the sections of The Landlord and Tenant Act. For that reason it is felt unnecessary to proceed with the amendment to The Landlord and Tenant Act which is presently on notice.

I should perhaps start by saying that for some time the government has been aware of some need to amend The Landlord and Tenant Act. As a result of instructions from the then Attorney General in March 1974, to the Institute of Law Research and Reform, a residential tenancies project was commenced. The institute has released several reports. I would urge hon. members to become familiar with the problems of landlord and tenant, as it is my intention to proceed eventually with major amendments to landlord and tenant law, by amendments to that act.

I think hon. members should also be aware that in the large cities of Edmonton and Calgary, we're reaching a stage where approximately 50 per cent of people reside in rental accommodation. This government is basically opposed to rent control. However, on October 13, in his statement referring to the anti-inflationary measures which were defined in a white paper, the Prime Minister did request that the provincial governments get into rent control. As a result of the Premier's statement that Alberta would basically support the anti-inflationary attempt of the federal government, we would in turn introduce legislation on rent control.

This bill is to last 18 months and expire on June 30, 1977. Our purpose in making the bill expire at that time is that it is tied, with a slight overlap, to the general anti-inflationary program and the bill introduced in this Assembly by this government.

I think it's fair to say that with the removal of the ability of the landlord to evict and get a higher rent by getting a new tenant -- which is the effect of Bill 80 -- one of the major problems of concern to tenants has been removed. This does not in any way mean that this government is unaware of the difficulties and problems tenants and landlords have. I refer to my earlier remarks: it is our intention to present some major amendments to landlord and tenant legislation, hopefully prior to expiration of this Temporary Rent Regulations Measures Act.



Because we are most reluctant to get into rent control, we are not anxious to influence unduly the mechanism which sets rents in this province. Where controls have been introduced in other parts of the world, they have immediately resulted in depletion, really, of the rental housing stock, either by deterioration or by actual demolition of rental housing in order to create housing which is not controlled.

However, we are anxious to co-operate with the federal government and to bring inflation under some control. Therefore, we have approached rent control on the basis of trying to slow down the rate of increase, and trying to provide that balance between controls which have the effect of harming the rental housing. Mr. Speaker, when that occurs, the ones who suffer most are the poor. The evidence from all jurisdictions and every country of the world indicates that the people who suffer most are the poor, as the person who has the ability to pay can always solve his rental problem.

I am simply unconvinced that rent controls work. This government has determined that there is a need to encourage the creation of all types of housing. We have demonstrated that concern with the creation of a Ministry of Housing and Public Works. There is no better method of stabilizing rents than a reasonable level of vacancy. Therefore, this government will be putting every effort to trying to increase the housing stock of all types, including rental stock, thereby bringing rents into a reasonable balance by providing an opportunity for a renter to move if he is dissatisfied with his present accommodation.

I think also, Mr. Speaker, we must recognize that we have a unique situation in this province. We have the lowest unemployment rate in Canada -- I believe the last figure I saw was 2.9 per cent. We also have a great number of jobs being created. Therefore there is ample opportunity, for those who wish to work, to find work in this province. In fact, many jobs are simply going begging because there just aren't the people to fill them. In this province, we are relatively fortunate also -- particularly right at this time -- in that we have a low number of people unemployed by reason of strikes or lockouts. I think the last figure I saw was that in the whole of the province there were 35 people in that category. So basically, in the vast majority of cases, the people of this province are working and have the ability, by the increases in wage rates and in salaries which have occurred, to meet the rent situation which we presently have.

However, I do not deny that, because of the low vacancy rates which exist not only in Alberta but right across Canada, there have been some very significant increases in rents in the last year. I'd like to refer to some statistics which have come to my attention from Statistics Canada in the Regional Cities Rent Index, which shows the percentage change in the rent index from June 1971 to June 1974. Rents increased in 1971-72 by 1.5 per cent; in '72-73 by .3 per cent; and in '73-74 by 2.1 per cent:

relatively small increases. However, over the period June '74 to October '74, in Edmonton the increase in the rent index was 11.8 per cent and in Calgary 10.6 per cent. So it is quite evident that there were massive increases in rents in the past year.

MR. TAYLOR: Mr. Speaker, could I ask the hon. minister a question on this point? Are those averages or some other type of figures -- the average for Calgary and the average for Edmonton?

MR. HARLE: Mr. Speaker, as I interpret the statistics, they would, in fact, be averages.

I think the hon. member is trying to get at the point that, quite obviously, there are some rents which have remained relatively unchanged. That factor is built into those statistics. I think it has been said very validly that there have been 40 and 45 per cent increases. Those increases are also built into those average figures. I'm sure all hon. members are aware that, in fact, people have received rent increases or notice of rent increases of 45 per cent and maybe better. But the figures I'm talking about, 11.8 and 10.6 for Edmonton and Calgary respectively, are averages and take into account the fact that some people have not had those kinds of rent increases. I might say that, as far as ranking with the rest of Canada is concerned, the rent increases I have just referred to place Edmonton fifth in Canada and Calgary tenth, over the period from '71 to October '75.

I'd also like to mention some other statistics which refer to the absolute rent levels in selected Canadian cities. The source of this material is a Financial Post survey combined with a Statistics Canada survey, the rent index for regional cities. This is for an average two-bedroom apartment, without any luxuries such as a sauna, pool, or dishwasher, and covers the period from 1974 to August 1975. The 1974 survey indicated that the average rent for this type of accommodation was in the range of \$160 to \$190 in Calgary and \$175 in Edmonton. By August 1975, that type of accommodation in Calgary was \$175 to \$210, and in Edmonton \$190 -- an increase of between 9.3 and 9.8 per cent. I might say that the weighted Canadian average for this type of accommodation is \$290 to \$310. So from the point of view of the position of rents across Canada, as far as Alberta is concerned, I don't think we're anywhere near the top of the range for a similar type of accommodation.

The bill contains a number of general principles which have been worked out to try to develop a system of rent regulation. The first is to establish a base rent for the premises. Incidentally, we're tying this regulation of rents to the premises and not to the tenant, again to ensure that rents can only increase because of the rental on the particular premises, not because of the landlord's ability to move out a tenant and establish a new rent. That base rent is the rental rate in effect

on December 31, 1975, or if it was not rented on that date, the last time it was rented prior to December 31, 1975, or at any time during the 1975 calendar year.

We will be creating a rent regulation officer who will hear applications for rent increases above the permitted percentages, and his decision will be appealable to a rent regulation appeal board. Residential premises are defined in the act, and will include sites for mobile homes. I think one problem area in the province has been the mobile home, and particularly the rents for mobile home pads or sites. This legislation will cover that type of accommodation.

The act will apply only to residential premises which are or were rented at any time during 1975. Mr. Speaker, this means, that if an individual or owner has premises which he now wants to rent, which were not rented at all during 1975, he can do so. They will not come under this rent regulation bill. It also means that any newly constructed rental premises which may not have been occupied, for example, on December 31 will, in fact, be free of control. It is quite possible there will be controlled and uncontrolled units in a building for that reason.

The minister will be able to establish regions throughout Alberta in order to administer the act. It will be our purpose to establish regions centred on various communities throughout the province, in order to have rent regulation officers available in these localities, to whom applications can be made for increases above the permitted percentages. These officers have fairly extensive powers to go in and examine the books of landlords and to make inquiries. If they receive complaints from tenants who, for some reason or another, don't wish to take a formal procedure, they will be able to complain. The rent regulation officers will have powers of investigation.

The landlord must follow the procedure currently in The Landlord and Tenant Act, and contained in this act, of giving 90 days' notice of a rent increase. Provided the increase is below the permitted percentage, those notices will be effective. If, in fact, the application for increase is for a greater percentage, it will have to be approved by the rent regulation officer. As I said, that decision is appealable.

During 1976, a landlord will be permitted the increase of 10 per cent. A landlord will be able to serve two notices of increase during the calendar year 1976. During the period January 1, 1977 to June 30, 1977, the increase permitted will be 9 per cent. Only one increase will be permitted during this period.

Where a tenancy has been determined, either by a tenant moving out or tenancy coming to an end and the premises thereby becoming vacant, the landlord will be able to enter into a new agreement with his tenant for an amount up to the permitted increases. If he wants more than that, he will have to serve a notice upon the rent regulation officer of what increase he wants. That will have to be approved.

We are placing some limits on the length of time a rent regulation officer can take in order to give his determination. Unless he makes his decision within 60 days of the landlord's application, the application will be deemed to have been refused. However, the permitted increase, of course, will still stand. If, in fact, the regulation officer does not make a determination on an application for an increase which exceeds the permitted increase of 10 per cent, and does not give his decision, the excess is deemed to have been refused.

One problem which tenants face in any controlled system is that if you make the controls too severe, the only thing a landlord can do is to reduce or change services. The situation in New York, for example, has been that where rent controls have been extremely severe and simply unrealistic, the landlords eventually abandon the building. No more heat is provided, and it very quickly becomes dilapidated. If the weather is inclement, of course, the tenants simply can't function and they eventually move out.

However, it is believed that notwithstanding the increases permitted under the act, there may be attempts by landlords to vary the level of service given. There are sections in this bill which will permit the rent regulation officer to investigate complaints of reduction or change of service and make a report to the rent regulation appeal board, which will then make an order. However, the rent regulation officer will have the power to try to adjudicate the matter, and to try to get the parties to agree.

We have defined rent extremely broadly. For example, if parking fees were at a certain level and an attempt is made to increase those fees, they are part of the rent and still have to fit within the 10 per cent guidelines. On the other hand, if parking has been free to a tenant and the landlord now wishes to charge for that service, the provision is here for that to be investigated by a rent regulation officer.

Another problem which has shown up when you get into rent controls is that if the rent a tenant is paying becomes less than what might be called the economic rent of the premises, there is a great temptation for the tenant either to hang on to the premises for a longer period of time than he might ordinarily because of a change in family size and ability to move to another suite, or to charge a fee or consideration to a new tenant which, while it is usually illegal, nevertheless becomes an advantage to a tenant who has premises which are renting at a lower rate than what might be called the economic rent of a particular premises. For that reason, a tenant who either sublets or assigns may be required, upon investigation by a rent control officer, to repay to the new sub-tenant or the assignee any money he has received.

The rent regulation appeal board has been set up with a fair amount of flexibility so we can use people on a part-time basis, probably with a permanent chairman.

I believe the people should be spotted throughout Alberta. The board will be able to sit in a number of divisions. It will be possible for a member of the board to make an investigation and report his results to the board, then the board with its quorum will be able to give its decision. It's fairly flexible. We feel that there should be an appeal mechanism. This appeal mechanism will be there in order to correct decisions which have been made by the rent regulation officers, should a mistake have been made.

The orders of the rent regulation officer and the board are to become judgments, so they can be registered with the clerk of the Supreme Court or the district court, and so they can be enforced. There is provision, of course, for the technical matter of service of documents.

There is provision by regulation to exempt either classes or types of residential premises. I would say in this regard that at this time it is not the government's intention to make any other exemptions than are already contained in the bill. However, I would be interested in hearing from the members of the Assembly what types of exemptions perhaps should be considered. At some later date there may be exemptions, but certainly not at this time, and none are contemplated.

In the bill we have provided for offences, and this is specifically to ensure, as best we can, that there are no abuses. It's quite evident from an examination of rent control in all the countries of the world, and in other jurisdictions, that there is no area which creates abuses [more] than rent control. While we believe we have as simple a system as it was possible to design in the period since October, nevertheless it is a possibility that there will be abuses, and for that reason we have included offences and penalties.

I think the most serious, of course, is when a person refuses or fails to comply with an order of a rent regulation officer, or an order of the board. If a person obstructs or hinders a rent regulation officer in the performance of his duties, or gives false or misleading information, an offence is provided for that type of thing. Another area of abuse which we want to try to stop is the landlord who for some reason or other wishes to charge, demand, require, or collect any type of consideration in excess of the rent. We believe that in order to prevent this type of abuse, the key money, the preparation fees, all this kind of thing -- they're very difficult to define; however, we do hope that the section is broad enough to prevent any abuses that landlords may contrive in order to get extra money from tenants.

We're also preventing the conversion of residential premises to any other use, so as to maintain the present rental stock. We have also provided for a moratorium, really, on the conversion of residential premises to condominiums. I think, and hope, that I will have very shortly the report of the Condominium Study Group and, no doubt, in due course legislation will be

presented as a result of that study of The Condominium Property Act. But it is evident from requests we have received from the various municipalities that they would like to be able to stop conversions at this time. I think that while we are in the control period, and the obvious aim of some landlords will be to try to get out of the controls and therefore shift the premises to condominiums, that should be something we stop during this period until June 30, 1977.

I think one of the most difficult areas we had to try to find a solution for was the notices of rent increases which were given in the period prior to January 1, 1976. Therefore, in a transitional part there is a provision whereby any notice given in that period which is for less than the permitted increases will be a good notice. But where the increase given is larger than the permitted increase, if it comes into effect at any time after January 1, 1976, the notice is deemed to read that the increase that can be obtained is the permitted increase. So in effect, there is a rollback, if you like, of notices of rent increase given prior to January 1, 1976. This does not prevent a landlord who feels that his costs have been increased, and can be justified, from going before a rent control officer, with his usual application under the act. But, of course, he will have to give the three months' notice.

The last principle contained in the bill is one whereby an amendment is made to The Landlord and Tenant Act in order to provide some relief to those tenants who are given a notice of eviction, and who feel that the primary reason for the notice was to get a tenant out because, under this act, he applied for relief to a rent control officer. If the judge hearing the application for the order for possession is satisfied that the tenancy has been terminated for other reasons, of course the judge will be able to give the order for possession. But if, in fact, he feels that the eviction notice was given because the tenant took steps to protect his rights under this act, the judge can refuse to grant the order for possession.

Mr. Speaker, I would ask hon. members to support this second reading of The Temporary Rent Regulation Measures Act. I will be very interested to hear the debate on this subject. I believe that we have designed an act which meets the basic requirements of the request of the federal government. We have, I believe, provided methods of safeguard so that tenants are protected. At the same time, we have not been unaware of the fact that we must keep our rental stock viable, we must maintain it, and we must ensure that those who provide and build this type of accommodation are confident that we will get out of rent control at the end of June, 1977.

Mr. Speaker, I'd like to thank members for allowing me to go a little bit over the time allowed by the rules.

MR. MANDEVILLE: Mr. Speaker, in making a few comments on Bill 80, I would like to say that I do welcome the legislation. I

want to be quick to say that I'm not in favor of this type of legislation; however, with federal price and wage control, I think this is something we have to go along with. I would have to say I think the horse is out of the barn. I think the door is shut, and he's out on green pastures. Possibly we're opening the door, letting him get back in to get a feed of oats. But I do want to commend the government for co-operating with Ottawa and getting into a situation such as this, because I think we need a joint effort by all governments if we're going to control inflation.

Mr. Speaker, I never thought I'd see the day I'd have to stand here and support this type of legislation. Maybe it's going to be a warning for all of us to see what happened in B.C. People just don't want government interference in the free enterprise system. However, as I said before, I think we are compelled to get into something of this nature. If we're going to control wages, we have to control prices to coincide with the control of wages. As I say, on a temporary basis, I've got to go along with this type of legislation under these conditions.

I also want to commend the government for putting a moratorium on condominiums, because I have talked to many people who are in condominiums who have been very concerned with our vacancy rate and the situation it is in. It makes it very uncomfortable for these people until we can get a supply of housing in line with the demand.

Mr. Speaker, when we're dealing with this type of legislation, I think we should make it really meaningful. We have to come down hard, if we're going to have this type of legislation, then get it off the books as soon as possible. I realize the legislation is to prevent gouging by landlords; it is also to curb the spiral of inflation. To a degree I think it does. As far as the gouging is concerned, I think it takes steps in this area. But I really don't think it's coming to grips with the problems of inflation, which leads me to areas of weakness in the bill.

Number one, I think the 10 per cent increase allowed is too high. I don't think there is another province in Canada that has an increase this high. To me it looks like a higher average than we have in Canada when we are putting these controls on. The 10 per cent is going to be effective for 1976. The 9 per cent increase we're going to have for 6 months starting on January 1, 1977, is really much too high for 6 months. It's 1.5 per cent per month in 1977, which I certainly think is a little bit out of line; but if you take it over an 18-month period, which the controls are for, that's an average of 13.27 per cent per year.

This is higher than the Canadian average has been, from the figures that we've heard here today. I really think that some consideration should be given to this area, because I don't think it's controlling the inflation we're trying to fight. Statistics Canada [says] from October '74 to October '75, the cost of

shelter in Canada increased by 10 per cent. In Edmonton, from August '74 to August '75, the increase for shelter was 9.7 per cent. This is in the last year, before restrictions were put on. So again, I have to emphasize, how can we really justify 13.27 per cent if we really mean to combat inflation; if that's our real intent, to stop inflation. I think the rate should have been lower, an effective rate definitely less than what we've come up with in the bill.

Another area that gives me some concern in the bill is the rollback measure. I realize that under Section 21 of The Landlord and Tenant Act the landlord has to give the tenant 90 days. However, I think there have been problems of exorbitant increases before these dates. I've heard of increases just recently -- large increases -- now they're going to get added increases. So I would like to have seen something more effective in this area. When the Ontario Conservative government put in their rent control legislation, they made it retroactive to June 1975. I thought possibly we could look at something in this area for our legislation in Alberta.

These same landlords who have been increasing rents very drastically in the past are going to be able to take advantage of these increases in the future. The landlords who have increased their rents a terrific amount are still going to be able to have a really sharp increase in the future.

I really don't think that the tenants' rights protection in the act is a real protection. As the minister indicated, there are some restrictions here on eviction. A tenant can go and make a statement to the regulation officer. However, there are many other reasons for evicting tenants from their rental accommodation. I just heard of one tenant complaining that they were evicted for having smelly cooking. A gentleman went all through the apartment and checked. He's had no complaints at all. The only complaint came from the landlord.

Under the tenants act there is protection for our tenants, but many tenants aren't aware of the procedures they can take under the tenants act. They can even take it to the courts; however, there are very few tenants who agree to this course. I had an example in my own constituency. When the announcement that there could be rent controls came out on October 13, a landlord gave eviction notices to everyone in the apartment, because he didn't think he had time for the 90-day notice to evict his tenants. However, this was not permitted and he didn't get away with it. But some of the tenants weren't aware that they had means of combatting something such as this.

What's going to happen as a result of putting on the 10 per cent and the 9 per cent is that now we're going to be setting our minimum rates for increases. I think we're just going to be establishing a rate which is going to be held onto and kept by the landlords for increases in the future

-- which I don't think will really be curbing inflation.

Under the regulations, I see there are many powers. They can exempt anything. I hope the minister will be taking into consideration what type of exemptions are going to be looked at in these areas. It gives excessive powers to the cabinet by government regulations. I have got to concede controls must be flexible. For example, there's luxurious living. I think possibly this is an area we've got to take a good look at. Also, there's extensive repair. As for some landlords who have got to have extensive repairs to their apartments, I think this also has to be given some consideration which, I agree, can be done as far as regulations are concerned.

Another area as far as regulations are concerned: I don't think they're going to give enough security to either the landlord or the tenant, because they're never going to know for certain which apartment buildings are going to be exempt and which aren't.

In conclusion, Mr. Speaker, I would just like to give an example of what has happened. Our supply has not kept up to the demand. I'll again use Fort McMurray for an example. We start a lot of industrial development there, but we don't make arrangements to house our people. In New York, as the minister was mentioning, rent controls really caused chaos. The simple reason is, people went out of apartment accommodations into commercial development. That's what they're faced with now. They've got all this commercial development and no use for it, and they don't have the accommodations for people in the city of New York.

So we've got to come up with more programs to bring the supply up. We've got to get the supply up in line with the demand. Hopefully, this can be accomplished before the 18 months are up.

Just to go back to the increases, Mr. Speaker, I would like to say: why do we need drastic increases, like 10 per cent? It's not going to affect our new construction. It's only going to affect existing construction. If one has an apartment building, there's no capital cost there -- it's completely constructed -- if he gets a 10 per cent increase, the 10 per cent is possibly for maintenance, taxes, and utilities. But it really doesn't relate to the capital construction of that building. I really can't see why we should be coming up with such excessive increases as are outlined in the act.

Mr. Speaker, the title reads, it's a temporary act. I sure hope we're able to adhere to this, and I would like to see us come down harder as far as the act, the legislation and this type of bill are concerned, so we don't keep it on the books too long.

I also have to commend the hon. minister for indicating that he's going to make some amendments to The Landlord and Tenant Act. I think more amendments to The Landlord and Tenant Act, so that it will be able to be understood by our landlords and

tenants, are long overdue.

Thank you, Mr. Speaker.

MR. TAYLOR: Mr. Speaker, there are a few comments I'd like to make on The Temporary Rent Regulation Measures Act. The first comments I want to make are going to be general in nature.

Both speakers who have dealt with this bill so far have said they're supporting the bill reluctantly and seemed to think the bill had to be supported for some reason or other. One of the difficulties in connection with the government getting into the matter of controlling other people's money and other people's lives is to know where to stop. Once you start, where do you actually finish?

If we had an economy where there was freedom in the market place for people to invest their money and to have a choice of accommodation, or, in other words, where there is competition both in the investment field and in the occupancy field, dealing with this particular item, there would be no need for government control. But when you get to a place where there isn't sufficient accommodation and then start to control the amount of rent which a person can pay, to be fair I think you have to place yourself in the position of the landlord and that of the tenant. There's much to be said on both sides. I think that is something we shouldn't forget.

I want to make some definite comments about the bill, but first I wanted to deal with the matter generally. When a person today invests his capital in rental accommodation, in rooming houses or apartments, then he's expecting to get a return on that money. He expects the return on that money to be greater than what he could get from investing it in sure items such as Canada bonds, or with some mortgage company, or with the banks. If the return is not going to be greater than he can get without taking a risk at all, who is going to invest his money in apartment places? I say only a fool would do it, if he's thinking about his own self and his family. This isn't a charitable thing, this is a business proposition.

In order to be fair in this whole matter, I think one of the things we have to look at is: is what we are doing going to persuade people not to invest in apartment buildings? I think that's a very, very pertinent and relevant question. If that is the decision of many people who have capital to invest, then the situation might be bad now, but it'll be far worse a few years down the road, because people are going to invest their money where they can get the best return -- what they consider at least a reasonable return, and certainly a bigger return than they can get from sure investments such as Canada bonds or long-term investments with mortgage companies and banks.

If that is the situation, if through government control we persuade people not to invest in apartment buildings, then the situation is going to get worse, and there's going to be a demand for public money to build apartment buildings. That's

the logical conclusion. I think we should face that at this time. If what we are doing is going to be tantamount to saying that people cannot get a return on their money equal to what they can get on sure investments, the ultimate is going to be that the government is going to have to get into apartment house building -- because we have to have apartments. In this climate, we can't have people living in tents or sleeping in the parks in the summertime. So I think there's a real danger when we start tinkering with the economics of the free market place.

On the other hand, we have to place ourselves in the position of a tenant who wants a place to live. His wages are now frozen at an increase of 11 per cent at the most. Many will not get anything like an 11 per cent increase over the next 18 months. Some may not get any increase at all. These people are faced with the problem of finding a place to live within their means. Everything is going up. Unless there's some corresponding increase in his take-home pay, he's going to be in a pretty bad position. So that's another point the government has to take a pretty careful look at, and I think that is being done now in regard to the matter of rental accommodation.

You know, when you consider the increases in utilities, freight rates, insurance, food, clothes, books, and the increased costs of education, the poor wage earner today is getting frantic. He just doesn't know how he's going to make both ends meet. I believe every hon. member could go into numerous homes in his own constituency and find fear of the future in the hearts, the minds, and the eyes of the people there, particularly the father and mother. They don't know where they're going to finish up. That situation is worse when they have to rent accommodation. When they own their home, there is increase in taxation, but not nearly to the extent as when they have to pay rent. So really, the government's between the devil and the deep blue sea in regard to this matter. It doesn't matter what it does, it's going to get some pretty serious blame, and perhaps some fair praise.

I'm going to try to deal with this bill in a fair way both from the landlord's and the tenant's points of view, because both are citizens of this country. One has invested his money, and one is paying rent from which that man hopes he will eventually get the capital of that apartment building returned, and a profit. It may be his only livelihood, all he has to live on. So I don't think you can take a definite stand that we just do this without any consideration.

When the hon. minister is closing the debate, I would like him to outline the reasons 10 per cent and 9 per cent were chosen, because to look at it in a cursory way, one wonders how renters can pay this type of increase when their wages are being held to an 11 per cent increase over the same period, and maybe less than 11 per cent. If everything, including rent, is going to go higher than what he is going to

be permitted to get in his wages, there's going to be a deadlock someplace. Somebody's going to be in trouble, because people will only go so far into debt, then there's a blowup and there's all hell to pay, as there was back in the '30s.

I use this as an illustration: for a number of years, particularly at the end of the First World War, when wheat was at a pretty fair price, people were borrowing money on the understanding they would repay it with a bushel of wheat for a bushel of wheat plus a little bit of profit. But when the big break came in 1929, and we entered into perhaps the world's worst depression, they found they were not repaying one bushel of wheat with one bushel of wheat plus some interest; they were repaying the debt with four or five bushels of wheat and still owing more than they borrowed in the first place.

So it was necessary to declare a moratorium in this province to give the farmers, particularly, a chance to recover, when they could figure this thing out and get a firm hold on themselves once again. It was a fair thing. I supported the moratorium. I saw farmers shoved off their land after they had repaid a debt five times and still owed as much as they borrowed in the first place. This was unfair. So we have to recognize that these things are going to happen.

Now that brings me to the point I want to make. What happens when the lid comes off after we get to the end of the 18 months? Is there then going to be the same blowup where the rent's going to increase to an exorbitantly high amount, so it will actually cause a complete breakdown in the resources of the people depending on those accommodations for rent? Well, I think we have to take a look at that. I would hope the hon. minister would deal with that aspect, too, when he closes the debate on second reading. Is there going to be a phasing out, or phasing in, before landlords are going to be able simply to charge all the market will bear, as they have been able to do during 1975?

Some landlords have been charging all the market will bear. They say, we're living in affluent times, so here's our chance to have a harvest, and we'll make the harvest. Some of them have had a real harvest at the expense of the lives of humans from whom they're taking the money. Their return has been far beyond what was required to give them the repayment of the capital and a good return on their money, more than what they could get from any non-risk investment.

That's why I asked the hon. minister -- I didn't like to interrupt, but I wanted to know whether the figures he was quoting, the increases in Edmonton between June '74 and October 14, were averages. Because if there's an average of 11.8 per cent during that period, in my view, in '75 the average would be far greater, because the increases were far greater. That means some landlords have been very fair, have not increased their rents at all. Some have increased them a very small percentage, and a handful -- I don't want to put them all

in a basket, because I think there's only a handful of gougers among the landlords, the same as there's a handful of gougers among almost every profession in the world, including the preachers. Those gougers shouldn't be able to get away with something that's unfair to the country. They're entitled to a return on their money that will repay their capital and give them a good return, but they're not entitled to take advantage of an inflationary period to gouge the people.

Mr. Speaker, that's why the one point I don't like about this bill, which I like about the Ontario bill, is that Ontario moves back into '75 so that those who were gouging can now be dealt with by the rental control officers. That's an important feature. I would like to hear the hon. minister, in closing the debate, tell us why we haven't had something like that. I thought the Ontario act was very fair. For those who increased their rents in Ontario in a reasonable way, without gouging, from the middle till the end of '75, there would be no difficulty. They will get their regular return and continue to get any increase permitted in '76. But those who gouged will have to roll it back and give it back either in rent, or by returning the money. I think that's proper, because if we don't punish those who sin, what incentive is there for a saint? He might just as well sin too and have the fun of doing it if there's going to be no punishment. But most of us try not to sin any more than we have to, because there is a fear of punishment later on, maybe right now.

Since they're going into this, I would like to see the minister and the government consider that section of the Ontario act that gives the government authority to go back and punish the sinner, the gouger. Again, in Ontario as here, I think it's probably a very small percentage of the actual landlords.

Well, that is a point that bothers me in this act, starting January 1, 1976 as the base rent. If the base rent is going to commence on January 1, 1976, we're playing right into the hands of those who took full advantage during the last six or seven months when rental control has been talked about, and said we'd better get it now, we'd better not lose any time, we'll get our harvest now in case there is a control. The landlord who said, I'll be fair, I won't take advantage of the situation, even though there may be controls later; I think the government will be fair, and I'm going to be fair -- he's going to lose out. His tenants, of course, will be the benefactors. There are some tenants who have every right to complain about the gouging by some landlords. Again, it comes back to that original question, and the hon. minister dealt with it: if there was some place to which these people could move, some place comparable, it would be a different matter. But in most of our major cities today, there isn't other comparable accommodation, or in many cases, accommodation that is acceptable at all. We're just behind in apartment buildings and this type of thing.

That brings me to the next point. I think the government is using a very excellent procedure in trying to increase the amount of accommodation that is going to be rented. If we can solve that problem, if we can persuade people they are going to get a fair return on their investment and get them to build, invest their money in apartment buildings, then the problem is going to be short-lived. It's going to be solved when we have sufficient accommodation where people can have a choice. Then, of course, the market price, the competition, looks after the amount of rent without government interfering at all. When there is a monopoly of any kind or a shortage of anything, then there needs to be some government entry in order to be fair. That's exactly what's being done now.

During the war years in England, my heart bled many times when I saw the amount of food that many families had. I was attached to the RAF for a number of months, and went to the homes of many comrades in the same squadron. I found that some homes would give you one egg, and you knew that was the only egg they had had in the house for two weeks. You felt bad, but there was rationing. There was a shortage of eggs so they were rationed. Even those who owned the hens had to control themselves in regard to the number of eggs they had, and properly so. There was a serious situation in hand. When there is a shortage of accommodation, there is no competition and this type of thing is necessary.

To come back to the point that I'm trying to make: I believe the base rent established as of December 31, 1975 is going to work hardship, is going to play right into the hands of the gougers. I'd certainly like to see that moved back at least to Thanksgiving Day, the day this was announced in Ottawa. I think there could be sound procedure.

I like the procedure set up in connection with the rental control officers, the appeal, the final appeals, and so on. That's fair to both landlord and tenant. Frankly, I can't see why that wouldn't work if we establish the base rent as Thanksgiving Day. There will be a few more cases to deal with; but in my view, it will be dealing with the gougers, those who should be dealt with, rather than with the mass of landlords across this province.

There is another point I like, and that is the services section of this act. I believe this does exactly what I was hoping it would do. The landlord is not going to do indirectly what he can't do directly. He can't say, well sure, we'll keep our rent low but we'll charge extra for the parking, we'll charge extra for the furniture, we'll charge extra for the hallway, we'll charge extra for keys, et cetera, et cetera. All these services are pretty well nailed right there. Without referring to sections, the wording is very, very clear, no doubt about it. They're not going to be permitted to do that; the services provided free before will have to continue to be provided free. If parking was provided free then it [will be] provided free during



the 18 months. If furniture was provided free, or at a minimal charge, the same thing is going to apply during the 18 months. I think that's right. We shouldn't be permitting people to do indirectly what the law says they can't do directly. So that part is good.

I just want to deal with the averages, then I'm going to close. Averages are, of course, always misleading because they depend on the number that was taken before you divided by that number in order to get the average. Generally, when you have an average of 11.8 then probably, as the hon. minister said, some of the rents went up 45 or 50 per cent, some didn't go up at all, and some went up only a very, very small amount. The ones I'm really concerned about are those who have been gouging the tenants, making far more than they are legally entitled to, and who are playing right into the hands of inflationary tendencies in this country.

Mr. Speaker, I'm going to support the bill. But I hope the minister will look at the two or three points I mentioned, particularly that date of the base rent.

MR. NOTLEY: Mr. Speaker, when the hon. minister introduced Bill 80, he sounded very much like the classic case of the reluctant bridegroom in introducing the legislation, but indicated he was reluctantly going to support it. I also am going to support the bill reluctantly in second reading, not because I feel it's a good bill, but because if we don't have some form of rent control in the present housing shortage -- albeit in my view, this legislation is not adequate rent control -- we're going to have an absolutely awful situation. Therefore, I find myself in the position of having to support this bill on second reading.

Mr. Speaker, a number of arguments have already been raised with respect to Bill No. 80. In general summary, the reasons I feel that the bill is not adequate are: (1) the base rate, the 10 per cent and 9 per cent is too high; (2) it seems to me we are not providing adequate tenant security; (3) while landlords can apply for a higher increase than the 10 and 9 per cent respectively, tenants are not able to get that increase lowered; (4) as the hon. Member for Bow Valley pointed out, the 10 per cent and the 9 per cent, because they do not have to be justified, will in fact represent a minimum increase which will go to every landlord; (5) this bill does not contain flexibility, so that the landlords who have been gouging and have been unreasonably increasing their rent are going to be able to get a 10 per cent and a 9 per cent increase on that perhaps 30 or 40 per cent they managed to extract during the very critically short supply situation we've had for the last year. Mr. Speaker, in summary, those are my concerns about the defects in the bill. I'm going to elaborate on them in a moment.

I would very strongly support one section in the bill, Mr. Speaker. That is the section which, in effect, brings in a moratorium on conversion to condominiums

for the next year and a half. There is no real doubt, Mr. Speaker, that this moratorium is overdue. Nothing is more heart-rending than seeing older apartment dwellers especially, who have been living in an apartment house for some time, who suddenly find their building is being converted into a condominium. They just aren't in a position to pay the prices for condominiums, and have to look around for alternative accommodation in a critically short rental market. So, Mr. Speaker, while I have some troubles with certain aspects of this bill, I do applaud the government -- for the next 18 months anyway -- for dealing with this question of condominiums.

Mr. Speaker, when the hon. Premier spoke in the House November 12, he made it very clear that the government's principal argument for rent control was that because we have wage controls in effect, we have to have control over rents. That's a fair argument. I'm sure people who opposed the principle of rent controls will accept that argument.

But if that is the argument of the Premier, Mr. Speaker, it's a little strange that we have a figure here in the bill of 10 per cent for 1976 and 9 per cent for the first six months of 1977. Over the 18-month period, we will have a minimum increase of 19 per cent. If you compound it, it will be an increase of 20 per cent. But let's just take the figures of 10 per cent and 9 per cent. That's a minimum increase of 19 per cent over that period of time.

Mr. Speaker, when we look at the wage guidelines this provincial government is following, the best that workers can obtain is a 10 per cent increase in 1976 and an 8 per cent increase during the entire year of 1977, or an 18 per cent increase over the next 2 years. So, Mr. Speaker, we aren't even applying the same figures to landlords that we are saying will be applied to wage earners in this province.

Mr. Speaker, I think one of the points the hon. Member for Drumheller made is very pertinent. The 10 per cent and 8 per cent guidelines include the productivity bonus. There will be many settlements that don't include the productivity bonus. Many settlements will be significantly under the base rate increase. As a matter of fact, the suggestion was made by the Premier, when he addressed us on November 12, that if school boards are able to get lower increases as a result of settlements -- I believe 6 or 8 per cent were the figures he used, if my memory serves me right -- they will have some money available for additional programming.

We already have the situation of the Edmonton Public School Board, where, in my understanding anyway, they have 1 per cent available at this stage for salary increases for teachers. Well, even if they settle at 5 or 6 per cent, Mr. Speaker, we're still going to find that those people who settle at under the guidelines -- and there will be many, many thousands of Albertans who are forced into that position -- will have to face the grim reality that the landlords will be able to increase by



10 per cent in 1976, and by another 9 per cent in the first 6 months of 1977.

Mr. Speaker, this is the kind of double standard which will get any wage and price control scheme into trouble. You can begin a program of this nature with a lot of public support, but once people begin to say, aha, we're not applying the guidelines in a completely impartial, fair manner, that initial support begins to wane, and people oppose it. Mr. Speaker, I believe it's pretty fundamental that if we're going to bring in any kind of rent controls, those rent controls have to be related to the wage controls which are set out by the federal legislation and backed up by The Temporary Anti-Inflation Measures Act, which this Legislature has already given second reading to and is now in the committee stage of discussion.

Mr. Speaker, I just want to say a word or two about the whole concept of rent control discouraging investment. I'm sure all of us agree -- those of us who are proponents of rent controls and those of us who are opposed -- that the best route over the long haul is to make sure that enough accommodation is provided. But, Mr. Speaker, the fact of the matter is that enough rental accommodation has not been built in this city, or any other city.

Mr. Speaker, one can say, well, the reason there have been problems in Vancouver, Victoria, Montreal, and Quebec is because they have rent controls. But by the same token, if that argument is valid, the wide-open situation we've had in Alberta should have stimulated such an increase in the construction of rental facilities that we wouldn't have to worry about additional government programs to stimulate the market, that we would have sufficient capital coming forward, because we haven't had rent controls. But [when] I look at the apartment housing starts, Mr. Speaker, I see that Vancouver is admittedly down very sharply, 50.2 per cent in the first 7 months of this year, but Calgary is down even more, 76 per cent; Victoria down by 8 per cent, but Edmonton down 27.6 per cent.

The vacancy rate, too, Mr. Speaker. On December 1, 1975, The Globe and Mail carried some interesting statistics. The vacancy rate, November 1975, in Vancouver was very low, 1.2 per cent. Montreal [was] also very low, 0.9 per cent; Quebec City, 1.8 per cent. But in Calgary and Edmonton, we had a vacancy rate of 0.4 per cent and 0.5 per cent respectively, in other words, a substantially lower vacancy rate than the 4 other cities I cited that had rent controls.

Mr. Speaker, the point I want to make is simply that when one reviews the evidence, it seems to me rather difficult to find in present construction developments in the apartment field across Canada any solid backing for the argument that rent control is going to destroy investment in this field.

The example of New York City is raised over and over again, and the minister cited it when he introduced the bill. Well, Mr. Speaker, there are so many arguments for the present plight of New York City that we

could spend the five weeks of the Legislature itself just talking about why New York City is in a mess. But, in my view, one of the major reasons New York City has problems, and one of the reasons rental accommodation is being abandoned, relates to the tax base of that city. That is something which may very well be foremost, or should be foremost, in the minds of our municipal planners when we look at industrial development and urban development in the Province of Alberta.

The lesson to be learned from New York City is that here you have a city that has to provide services for people, but doesn't have an adequate tax base. Here you have a city that has to provide services it was sucked in to providing by federal and state governments, but has to come back on the property tax [payer] to pay for. So let's not just assume that the rent control features in New York State, and especially in New York City, are the principal reason they have a problem there. Mr. Speaker, the real concern of this Legislature is not to get into a discussion of the city of New York, but rather to talk about rent control in Alberta in December 1975.

Mr. Speaker, the defects of the bill, as I see it -- and I want to just take a moment or two to expand -- are that, first of all, the bill does not really kick in soon enough. The hon. Member for Drumheller quite properly pointed out that there is no effective roll-back provision. When one looks at the legislation in Ontario, for example, the Ontario scheme provides a permissible increase of 8 per cent from July 29, 1975, to January 1, 1976. So what they're doing in Ontario is saying, all right, we're going to go back to the end of July, and any unjustifiable increases, any gouging, that have taken place will be rolled back to 8 per cent. In my view, Mr. Speaker, the Ontario legislation is rather attractive because of that.

Now I don't want to stand here and say to the members of this House that all or a large number or a majority or anything like a majority of landlords have been irresponsible. The vast majority of landlords, in my view, are fair-minded people. But we do have some examples of gouging. We do have some examples of landlords taking advantage of the tight housing situation to increase rental rates by unreasonable amounts.

Mr. Speaker, the Ontario legislation would have provided an opportunity to go back in time, at least to July 29, and say to those people who've increased their rents by 30 per cent or 40 per cent: hold on, the maximum amount that you can increase the rental rates in your accommodation is by 8 per cent for that period of time.

Mr. Speaker, I've already mentioned that in my judgment the rental increase itself is too high -- 10 per cent in 1976 and 9 per cent for the first 6 months of 1977 -- and we must keep in mind, Mr. Speaker, that this applies to existing housing stock. We're not looking at new housing, which is going to be exempt from any kind of controls. We're looking at

existing housing stock, and I thought that the Member for Bow Valley quite correctly pointed out that in the case of buildings that were constructed 5, 10, 15, or 20 years ago -- we're not looking now at the kind of situation which occurs when you build a new apartment in 1975.

People who built an apartment in 1965 didn't have to pay the same amount for land. They didn't have to pay the same building costs. The interest on the mortgage of an apartment building constructed in 1965 was a far cry from the interest rates on a mortgage in 1975. The landlord who built in 1965 has the capital gain as a result of the increased value of that stock, just because of the general inflation rate which has occurred in housing right across this country. So, Mr. Speaker, it seems to me the rate of 10 per cent and 9 per cent, which compounded really works out to 19.9 per cent or 13.2 per cent a year, is unreasonably large, especially for those landlords who already have their accommodation paid for, or are financing it at very much lower interest rates.

Mr. Speaker, we are not arguing the point about some of the costs which may go up. We are not arguing the point about what will happen if utility rates go up by 25 or 30 per cent in 1976 or if taxes go up at the municipal level or supplementary requisitions have to be increased because the Minister of Education isn't providing enough money, for example, from the foundation plan. We're not talking about those things, because under this legislation the landlord has the right to make a case; has a right to appeal for an increase of more than 10 per cent and more than 9 per cent. Those kinds of increases are covered over and above the base rate. So, Mr. Speaker, it seems to me the figures the government has chosen are unreasonably high.

The third concern I would cite is that there seems to be some injustice in the appeal procedure. Landlords can appeal for an increase of more than 10 per cent if, on the basis of the evidence, they can justify that their costs have gone up -- I assume, on such things as utilities. Although this isn't spelled out in the legislation, it's one of the things which is going to be delegated to the cabinet to bring in as a result of cabinet decision-making rather than discussion in the Legislature. But I assume it wouldn't cover such things as interest rates going up, taxes going up, the things I cited a moment ago. On the other hand, tenants don't have the right to apply for a lower than the 10 and 9 per cent increase.

Mr. Speaker, again I refer to the Ontario legislation which, surprisingly enough, was also brought in by a Conservative government. I notice under that legislation that in the period from January 1, 1976, to August 1, 1976, the tenant can appeal to have the increase reduced below the amount set out in the act. So if a tenant doesn't like the increase -- the landlord comes along and says, I want to increase the rent by 8 per cent -- the tenant can go to the authorities and say, no, I don't think an 8 per cent increase is

reasonable. It should only be 3 per cent, or 6 per cent, or 7 per cent. That is provided for in the Ontario legislation. What the Ontario legislation does, Mr. Minister, is balance more fairly the rights of the landlord on one hand and the tenant's on the other. If you are going to give the landlord the right to ask for more than the prescribed increase, surely you have to give the tenant the same right to ask for less.

Mr. Speaker, examples of other provinces have been cited. The Province of Saskatchewan, for example, rolled back the scheme to the beginning of 1975. A 10 per cent increase will be permitted during the year 1975, and in 1976 the increase will be 8 per cent. The reason for doing that, Mr. Speaker, was first of all to get at the gouging which took place when the housing market became tight, and secondly, to ensure that during the year 1976 the increase be in and about the neighborhood of the likely average increase which will go to wage earners as a result of the new wage and price guidelines set up by the federal government.

Mr. Speaker, other members have already mentioned -- I believe it was the hon. Member for Bow Valley -- that tenant security within the bill is not really adequate. There are a thousand and one ways in which a landlord who doesn't like a tenant -- perhaps a tenant is organizing a tenants' rights group -- isn't able to evict the tenant on the basis that the tenant has complained about an increase in the rent. But there are all sorts of other ways around that. A landlord dishonest enough to try to evict somebody because he doesn't like complaints over the rent going up is probably also dishonest enough to find the various loopholes which exist in this act.

Mr. Speaker, the Enough is Enough group, I see, has just issued a release. I'm just going to read into the record their concerns about the security of tenure provisions. I would ask the minister, when he closes debate, to respond specifically to the concerns of the Enough is Enough group. I quote:

We also asked for effective security of tenure because rent controls or reviews will be useless without it. The bill states, to avoid eviction, the tenant must prove the landlord served the eviction notice because the tenant tried to enforce his legal rights. This will be very difficult, if not impossible. If a landlord is dishonest enough to raise the rent over the limits, he is dishonest enough to give a false reason for eviction. Only tenants with adequate protection can police . . . such legislation.

I realize, Mr. Speaker, that the minister . . .

MR. KOZIAK: Mr. Speaker, on a point of order. I wonder if the hon. member,

inasmuch as he has indicated he is reading from a release by the Enough is Enough group, would indicate who, in fact, that group is, what form their organization takes -- is it a society. Who are the leaders of that organization, so that we know from what source that statement is coming?

MR. FARRAN: Mr. Speaker, can I ask a supplementary to that? The "enough is enough" slogan is an anti-alcoholism slogan used in Ontario. I wondered if the group actually came from Ontario.

DR. WARRACK: At least it's not drunk with power.

MR. NOTLEY: Mr. Speaker, as a result of these sorts of forays on the extreme right over there, I'd be glad to chat a bit about the Enough is Enough group. As a matter of fact, I should point out to the hon. minister who asked the question that "enough is enough" was a successful slogan in the Province of B.C. in 1972.

AN HON. MEMBER: Nineteen seventy-five.

MR. NOTLEY: They might well have considered . . . That's where the "enough is enough" has come from.

[interjections]

In relation to the question about the group itself, it's sponsored by a group of individuals in the city of Edmonton ranging, I believe, all the way from the local labor council, the federation of labor, a number of the city aldermen -- so I'm surprised, as a matter of fact, the hon. Minister of Education would be asking about the nature of the group. As a representative from one of the Edmonton city ridings, he should know that. I wouldn't expect the hon. Solicitor General to know that, Mr. Speaker, or too much else for that matter -- although that would still put him one step ahead of the hon. Minister of Utilities and Telephones.

DR. WARRACK: What kind of reply was that?

MR. NOTLEY: Mr. Speaker, continuing to debate the issue at hand, as opposed to the interjections which have been rather ineffectively raised, the question about security of tenure is a very relevant one when we examine rent control. The Enough is Enough group has made the point, and I would seriously ask the minister to respond when he concludes debate, because clearly the whole concept of rent control isn't going to operate very effectively unless we have security of tenure.

Mr. Speaker, I could deal with a number of other concerns, but these are largely of a detailed nature which can be discussed during the committee stage of the bill.

In general summary, as I read Bill No. 80, I see a bill which, rather than balancing the rights of the landlord and the tenant, certainly is more than favorable to the position of the landlord. As a consequence, in my judgment, it is not going to

be accepted with any great enthusiasm by tenants in this province. I would say to the government that, during the next year and a half, it will not only be their responsibility to make sure there is an increase in the number of housing and apartment starts, it will also be our responsibility on the opposition side to make sure this question is continually monitored. Because, Mr. Speaker, if we don't find a very significant change in construction patterns, and at the end of a year and a half when this program expires we still have a 0.5 and 0.4 vacancy rate, the concern which the hon. Member for Drumheller raised is a very valid one.

If we still have a virtual no-vacancy rate at the expiry of this program, all we will have is a situation where the rents will spiral, uncontrolled. Mr. Speaker, that's why it's going to be important to keep an eye on what happens. In my judgment, the Minister of Housing is going to bear the principal responsibility for ensuring there is an adequate supply, not only of single dwelling starts, but of apartment units as well.

Therefore, Mr. Speaker, in general conclusion, while I don't believe the bill goes far enough, while I think that it is a toothless tiger in many respects, that the allowed increase is unreasonable, that it doesn't get at the gougers, and that it doesn't provide the kind of flexibility, nevertheless in the next period of 18 months, with the existing virtual no-vacancy rates, I see no alternative but to support it in principle in second reading. During committee stage I'll have some amendments to raise which we can debate at that time.

Thank you.

DR. PAPROSKI: Mr. Speaker, I had intended to go into wide-ranging discussion on this bill. As a representative from a constituency that has some 30 to 40 per cent tenants, I think it's very vital that I indeed make some comments regarding this item.

Mr. Speaker, I'm pleased for the tenants in my constituency because many are, in fact, on a lower and fixed income. This Temporary Rent Regulation Measures Act will truly benefit them for a portion of their tenure. I recognize at the same time they are truly having difficulty, because many are on the lower and fixed income. Of course they recognize, Mr. Speaker, that in Alberta they have, for example, a rental rebate, lowest personal income tax, no sales tax, the lowest unemployment rate, and the various senior citizens' benefits. Of course, Mr. Speaker, they also have the lowest average gasoline price in Canada, as we all know. But realizing all this, this bill will at least give them some assurance from a rise in rent over the next 18 months. It will give them an opportunity to adjust psychologically and review their position. Mr. Speaker and members of the House, this applies not only to the tenants. I suggest it also applies to the landlords.

Mr. Speaker, I think a breather is

vital at this time, so the tenants, the private sector, and government can review over the next 18 months this very important item which is such a vital area to the total health of the individuals and families in our society. As I indicated in the House before on other occasions, food, clothing, shelter, and a multitude of other things -- shelter being very vital to the individual and family.

So I recognize and accept that this is a temporary measure. But I also indicate that I hope the landlords will exemplify the necessary responsibility to be fair and not raise their rents as they already have done one, two, three, or four times in the past year or two. In other words, they need not increase their rent in line with this bill because it gives them a latitude, simply to take advantage of this bill. Mr. Speaker, I hope there are still landlords in our province, in our cities, who have this responsibility and will review the matter very carefully before they go ahead and raise them over 10 or 9 per cent.

Mr. Speaker, I feel if we do not take responsible action then governments of today, whether they be federal or provincial, may have to act again in 18 months and make those rental increases responsible in line with reasonable profit, as has been indicated. I believe governments should only interfere when the private sector has in fact failed to meet the needs of the time. This certainly must be a caution to the landlords in our society.

Mr. Speaker, the bill is a temporary anti-inflationary bill, as is the other bill we discussed earlier in the session. These are actions of the federal and provincial governments. It's an obvious response to general irresponsibility regarding prices, wages, and inflation. I have heard so much regarding inflation over the past week or two in this House, and yet there is no clear definition regarding this item, and what are the causes and the remedies. Mr. Speaker, obviously in medical circles we know this: when there are many therapies for a given illness and we don't know the cause, we know that either it is multifactorial or the causes are not known. But, Mr. Speaker, in either case we are responding, and I hope the response will be a benefit to the many tenants across this province.

Mr. Speaker, I hope it will not be needed for over 18 months, for if it is, that means our society and our governments have failed again in dealing with this matter.

These are my brief remarks, Mr. Speaker, and I would like to conclude by making a number of observations. Controls by governments are a very sad thing in society, for they take away the individual's rights and responsibilities. Number two, if an individual or society fails to provide the need, governments must interfere as they are doing here today. Mr. Speaker, the only pleasure I have out of this type of bill, and the previous bill dealing with temporary anti-inflation, is that they are temporary. I hope that in fact the private sector will meet the demands for

accommodation by more appropriate means of building more and obtain a reasonable profit. Mr. Speaker, I am confident that in 18 months, possibly with some government assistance, something in this direction will happen. For if it doesn't, the caution again applies. It will be unfortunate that governments again will have to interfere to fill that gap.

Finally, Mr. Speaker, the discussion of wage and price controls, and other controls, by the hon. Member for Spirit River-Fairview and others indicates again and again and again the complexities and the difficulties, because when we bring about controls, the quick question that comes up is, how much, to what rate, who will suffer, how quickly should they be brought about? Mr. Speaker, the results in that election in British Columbia yesterday, and what happened to the hon. member's counterpart, the NDP, illustrate what happens when too much is brought in too fast regarding wage and price control and other controls. Mr. Speaker, the people reject such controls.

So, Mr. Speaker, temporary controls for extraordinary inflationary times. Hopefully, Mr. Speaker and members of the Assembly, all of us will meet these extraordinary times responsibly and get back to the free responsible market place as soon as possible. I am confident this will happen.

Thank you.

MR. R. SPEAKER: Mr. Speaker, in speaking to the bill, The Temporary Rent Regulation Measures Act, I would like to state clearly that I feel the rent control legislation and the price and wage control legislation are certainly actions dealing with the symptoms of the real problem we've talked about in this House, and that is galloping inflation, which has been at 10 per cent and is forecast for 13 per cent for the upcoming fiscal year. Mr. Speaker, in a speech I made in this Assembly on December 9, I indicated that as a Legislature we must address ourselves to and attack the real causes of inflation.

Inflation's primary and dominant causes are two things, as I observe them. First, excessive government spending, where legislatures, parliaments, and local governments through this land constantly promise public expenditures in program after program after program. Well-meaning elected officials, ourselves included, have been on a spending binge.

Secondly, the overextended administrations of governments find that when the costs of government rise beyond the point where it is no longer politically expedient to secure the funds by direct tax levies, the central government is then forced to resort to an expansion of the currency in the land as a means of making up the difference. This expanding currency, this inflation to the tune of over 18 per cent in 1973 alone, dilutes and depreciates the value of the Canadian dollar.

Mr. Speaker, the cry for rent controls is intimately connected with this reckless spending by an overextended government at

the present time, a government which is expanding currency and causing inflation throughout our Canadian land. Upon examining this legislation we have before us today, I find there are some very specific areas of concern that I would like to address myself to.

First, I sense that some might interpret this legislation as a cure for a bad situation. To me this is unholy and certainly unquestionably false; in other words, untrue. Mr. Speaker, rent controls can only be regarded as a means of buying time. It is a temporal action to give us the latitude to make the tough legislative decisions required to attack the problem of inflation during that interim period.

Mr. Speaker, I petition this Legislature to recognize that the attack on inflation will only begin when we recognize that it is government spending, running chronic deficits, expanding credit, and the expanding currency that must be faced and must be fought by us as legislators.

Secondly, I sense that some see rent control as a help to the poor in our province. I sense that some believe that rent control legislation will meet the need for suitable housing at a very, very fair price. Mr. Speaker, in the short run there may indeed be some relief for the poor and those people on fixed incomes. But in my mind, in the longer run the results are certainly going to be the exact opposite.

Mr. Speaker, I would like to explain that point of view. Rent control is imposed initially with the argument that the supply of housing is not elastic. Rent control legislation is imposed with the naive hope that any shortfall in accommodation investment by the private sector will be minimal, and that the shortfall can be made up by public investment. The Swedish government house-building programs are often touted as examples of success in this particular area, and models that we should copy. However, serious housing shortages still exist at the present time in the land of Sweden.

For example, in the capital, Stockholm, and in many of the major cities, there are people without accommodation. There are people who have to wait for years before they can obtain houses and apartments for their shelter. Although under government control, we find Stockholm's rents are one of the highest in all Europe at the present time. I think that's significant. We also recognize and read from various papers written in Sweden that housing accommodation for the retired and the disabled is very scarce at the present time. I think, Mr. Speaker, that is significant relative to this rent control legislation.

In the long run, prospects for rent control legislation are disastrous. It will be those in whose names this legislation is presented -- the poor, and those on fixed incomes -- who will suffer the most.

Thirdly, I sense some belief that controls should only be applied to less expensive, older accommodation, and should not be applied to new and more expensive accommodation. It is basic to this argument

that rich tenants can afford to pay higher rents, but the poor cannot. The minister has indicated to us today that people in Alberta are practically fully employed and have been able to meet the rent increases. Maybe that's true.

Mr. Speaker, I feel that in the long run the results are the exact opposite, and will surely work against the interests of the poor. What clearly happens is that builders of better apartments are encouraged and rewarded, but builders and owners of less expensive apartments and buildings are going to be discouraged and will be penalized. Newer, more expensive housing has profits available to the builders. The incentive, Mr. Speaker, is in the market place: the capital is available, whereas for older housing no profits are available, no incentive is available, and capital will not be available to build.

What occurs, Mr. Speaker, is that there will be a boom to the builders of luxury apartments, a bust to the builders of lower rent accommodation, and an encouragement to the repair and remodelling of the new and the better apartments in our province. The effect is not only to provide better accommodation for comparatively wealthy tenants, but eventually to bring down the rents they pay by increasing the supply of better housing made available to them.

This third fallacy of exempting new construction from rent controls, while leaving the controls on existing accommodation, again in the interest of the poor and those on fixed incomes, to me is also very false, Mr. Speaker. The motivation for this action is usually predicated upon a response to political pressures, or as a result and testimony to confused economic ideas. This third fallacy, attendant to the implementation of Bill 80, in the long run will hurt the very poor for whom this bill is presented in this Legislature.

However, Mr. Speaker, even recognizing those shortfalls in the legislation, I can and I certainly intend to support passage of the legislation, with the following reservations and concerns. First, I repeat, the House must recognize that this legislation simply buys time. Let us not be so naive as to think that this legislation will solve the problem. The legislation specifically says that it is temporary. I feel this Alberta Legislature will have misled the people of Alberta if it extends the rent control program beyond the 18-month period. The House will have acted irresponsibly if it does not utilize those 18 months to address itself to the real causes of inflation that we have at the present time.

Secondly, we must recognize that another irony of rent control is that the more unrealistic and unjust it is, the more fervid the political arguments will be for its continuation. I'd like to explain that statement. If legally fixed rents, for example, are on the average 95 per cent of what the free market rent would be at that time, only a minor injustice is being done to the landlords. There is no strong political objection to taking off rent

controls under those circumstances, because tenants will only have to pay increases of near 5 per cent.

But what if the situation is different? What if legally fixed rents average 50 per cent of what the free market rents would be? Then a huge outcry would be raised about the dreadful evils of removing controls. The course of de-control at that time would be taken cautiously, slowly, gradually, and by prolonged steps. Then, under these circumstances, few opponents of rent control will have the political courage and the economic insight to even ask for gradual control. Mr. Speaker, that places a great responsibility on us as members of this Legislature.

Thirdly, we cannot predict how significantly the housing and rental markets will be dislocated, or to what degree the cut-back in private investment in the coming 18 months will be. However, we do know some things. We know that there will indeed be some increased supply problems. When these occur, we all hope that they will not be very significant. It is conceivable, however, that the wait for accommodation for the poor and those on fixed incomes will begin to repeat the Swedish experience I referred to a few moments ago. At that point in time, we have a very significant concern and problem before us.

Mr. Speaker, let us recognize that if those regrettable results occur, this is not the fruit of the operation of the free market. It will clearly be a result of government spending policies, excessive regulation, high tax levies, and poor management of the supply of our currency in the land available to the provinces, to the people of Alberta and Canada. Of course, at that time there will be no admission by the present advocates of rent controls that this coming shortage of housing is the result of government action. When it gets worse, they will denounce the market place, the right of private property. They will contend that private enterprise, the free market system, has failed again in Alberta and in Canada. That is just what is happening at the present time. They will demand the obvious thing -- more government spending, more public housing, more government building programs, more government controls [as] the answer to the crisis at that particular time, just as as we are seeing at present.

Mr. Speaker, I think we have to recognize that these attacks on the free market are really just a red herring, an attempt to divert our attention from the real culprit. They have foolishly erected a straw man which they call the free market, and have proceeded to slam blows and denunciations against that straw man. I feel, Mr. Speaker, that if we observe and try to predict the future, this will most likely be the case in 18 months. They will clearly reveal a profound ignorance of the problem. In a nutshell, Mr. Speaker, the problem we have is believing that government can solve the problem by more money, bureaucrats, and spending. I think that is the problem we have to examine.

Mr. Speaker, let us recognize that

inflation can be stopped, but only if we, as legislators, are prepared to take some risks, some political risks, and expect from ourselves and our fellow elected officials in Ottawa the leadership that is necessary.

AN HON. MEMBER: And some cuts in salary.

MR. R. SPEAKER: You're right.

In my remarks to this House on December 9, I urged this government to do three specific things. The 18-month interim period this rent control legislation gives us will only be worth it if we do the following to meet the main problem of an inflationary economy.

First, implement a program of fiscal and budgetary responsibility immediately. We can recognize that holding government spending to 10 or 11 per cent doubles the government budget in a mere seven years. Mr. Speaker, I don't think that's what Albertans want. I think they expect restraint by this government. They expect restraint by us as legislators. I think the Premier should be challenged in the coming budget -- in the spring session, even in this session if possible -- to spell out priorities to his ministers, as our leader indicated earlier, and indicate where different departments can be cut, maybe by 10 or 20 per cent, or where budgets can be held where they are, or where other expenditures may be placed in priority items. Mr. Speaker, that's the type of leadership we need at this point in our history. We must see that courageous and necessary leadership to bring us out of the difficulty we are in at the present time.

Secondly, let this government be the first to charge the federal government with fiscal irresponsibility. Let us have definite representations to let the federal government know that we in Alberta see the prospect of a \$5 billion deficit as totally and unreservedly not appropriate for a nation that has pledged itself to fight inflation.

Thirdly, let us recognize that we have all been behaving in this House as though we completely believe that big government is good government, and that big government with more spending, more laws, more participation in the lives of the Canadian and Albertan people is good. Let us speak firmly against this attitude, which I believe does not reflect the views of all Albertans. Let us primarily understand why the open, free market is best, efficient, and most just for all, and I'd like to say, Mr. Speaker, especially for the poor. This system of economic organization is the best to meet the problems of today.

Mr. Speaker, rent control is just another example of government legislation that is a natural and causal reaction to previous decisions of government. Just as excessive spending by all levels of government led to an overextended central administration, this in turn led to expansion of the currency supply and then to the discussion of wage and price controls and the discussion today of rent controls.

Mr. Speaker, I'm convinced that this Legislature and all other legislatures in Canada may be forced, if appropriate action is not taken immediately, into other undesirable pieces of legislation. I'd like to list some possibilities: first, more and more housing projects sponsored, subsidized, and financed by government; more prospects of government upkeep and government improvement grants to depreciated existing housing; thirdly, more prospects for political graft and corruption as planners begin to allocate steadily decreasing supply; fourthly, more indirect and direct personal and corporate income tax levies; fifthly, greater and greater concentration of political and economic power in fewer and fewer hands.

In conclusion, Mr. Speaker, Albertans are beginning to sense that their best interests are met through the government realizing its limits. At the present time, Albertans are expecting us, the elected legislators of this province, to stand by our promise that rent regulation is temporary, and to stand by a commitment to harness the fuel of inflation, that is, overextended and overspending governments.

Mr. Speaker, I feel that the Canadian experience and the free world experience is rife with clear evidence that these actions which promote a free-market, private-property, limited-government system of economic organization will bestow and reap the best results. That's the challenge that stands before us as legislators not only in the rent control legislation, but certainly in other responsibilities we have as elected people.

MR. YOUNG: Mr. Speaker, one thing is obvious from the discussion today, and that is, that there are more tenants than landlords. In my opinion, many of the speeches this morning have tried to appeal to the most numerous voters and, at the same time, to square with a minimal amount of government interference. The success of that attempt, in my mind, is very greatly in question. Mr. Speaker, I'd like to express my own position, which is that I would have had to oppose this legislation had it not been accompanied by additional legislation dealing with price and wage controls.

Having said that, Mr. Speaker, I'd like to refer to a comment or two made by the hon. Member for Bow Valley, whose prowess in dealing with this matter, I trust, was exceeded by his prowess in bull-riding. Mr. Speaker, the hon. member started out by reference to the problems of inflation and by expressing his concern about too much government interference, too much big government. He concluded his statements by saying we must have more government programs. He suggested at one point, and I think I can roughly quote him, that we started an industry -- he referred to Fort McMurray -- and that we don't make arrangements then for the people to find living accommodation there. It's always the government that did this and the government that did that and the government that didn't do that. How can that approach be squared with a general

premise, which I believe he expressed, for a minimum of government interference?

Mr. Speaker, the hon. Member for Drumheller expressed an interpretation of the legislation which is different from mine, and which is a matter of great concern to me inasmuch as I have received telephone calls on it. That is, the commencement effect of this legislation means that any notice served prior to January 1 would have effect. In fact, this legislation catches all rental notices served on or after October 1. Landlords who were motivated by any announcements around Thanksgiving Day -- and Thanksgiving Day was mentioned several times -- are caught in this legislation. Their increases will have to be controlled and may be rolled back if they exceed the amount provided for in the legislation. I think that's very important, because one person on an open-line radio show in Edmonton has sufficiently confused a large number of the populace that that should be emphasized quite clearly.

Now, Mr. Speaker, on the same point, the hon. Member for Spirit River-Fairview seemed to think we should go back. He didn't express a precise date, to the best of my knowledge, but he did suggest that rents have been increasing at a very rapid rate for something in the order of a year. The hon. Member for Drumheller suggested we should have a starting point to June. The hon. Member for Bow Valley expressed another date. Mr. Speaker, the problem is obvious. Somebody somewhere is going to be on one side of that starting date, and somebody else on the other side. It doesn't matter what it is, there is going to be criticism of it. Mr. Speaker, with respect to the starting date, I'm satisfied that it catches all those persons who acted in full knowledge, or would have tried to act in full knowledge, that controls were coming.

Mr. Speaker, in the couple of minutes left I would like to deal with one other point which was raised, and that had to do with why the 10 per cent or why the 9 per cent. In that connection it is my hope that we will have a minimum number of exemptions for attempts by landlords to go over it. At the same time, it's important to realize, contrary to the assumptions expressed this morning, that mortgages in this day are frequently renegotiated after five years; the terms of the mortgage may change and the interest rate may change.

Now let's take an apartment the average cost of which is, say, \$25,000. Let's say that it's even half paid for, and the mortgage rate goes up 3 per cent. Three per cent on \$12,000 is an interest rate change of \$360 per year, on one unit of that apartment. Mr. Speaker, that's a very substantial increase. In this piece of legislation it's my hope that, by virtue of allowing a sufficient movement in rent rates, we will not have to make exemptions for those kinds of adjustments. But they exist, they will occur, and we should not be hoodwinked into thinking there are no increases just because the apartment has been built. In fact, many mortgages pro-

vide for five-year reopenings or adjustment of interest rate, and I don't think it would at all surprise anyone in this Assembly to find mortgages at one time at 8 per cent, which may go up to 11 per cent.

Mr. Speaker, I'm requested to move to adjourn the debate, but one more comment, if I may, before I do. That has to do with the criticism of the 9 per cent. Silly arguments have been advanced this morning about the 9 per cent in the second year. I suggest, Mr. Speaker, that persons who take that line of argument ought to consider the kind of collective agreement usually written and the kind of wage increase usually calculated. When we talk about 9 per cent, we mean 9 per cent from day one. We don't mean 4.5 per cent for 6 months and

then 4.5 per cent for another 6 months.

So, Mr. Speaker, I'd like to conclude my comments next day, and move to adjourn the debate.

MR. SPEAKER: May the hon. member adjourn the debate?

HON. MEMBERS: Agreed.

MR. HYNDMAN: Mr. Speaker, the Assembly will sit on Monday night and Tuesday night, if necessary, next week.

MR. SPEAKER: The Assembly stands adjourned until Monday afternoon at half past two.

[The House rose at 1 p.m.]