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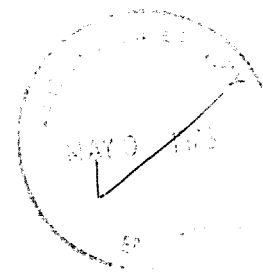
Legislative Assembly

COMMITTEE OF SUPPLY, SUBCOMMITTEE A

Room 312, Legislature Building

April 13, 1978

8 p.m.



Chairman: Mr. Kroeger

Department of Consumer and Corporate Affairs

MR CHAIRMAN: Gentlemen, it's 8 o'clock. With your approval, the procedure will be the same as we used before. We'll have an opening statement from the minister. You, Mr. Minister, will introduce your support staff. We're at your service, sir.

MR HARLE: Thank you, Mr. Chairman. First of all, on my left is of course Jack Lyndon, the deputy minister. Left and just behind Jack is Marc LeMay, who is the director of the Securities Commission. He is here in the absence of the chairman, who is presently in Toronto on some securities industry conference. On my left at the back is Evert Emmelkamp, who is our chief financial officer.

I think the general comments might be that, in looking at the general votes, on the first item I think it is perhaps important to notice that Vote 4 now covers the regulation of the securities market. We have changed the format from the presentation last year and in earlier years, as the Securities Commission reports directly to myself, and we felt it was proper that it should have its own separate vote.

The other item that I think perhaps should be mentioned is that we've taken out of these estimates the work done on the rural gas and electric program, as that's now under Utilities and Telephones. With that, Mr. Chairman, we could probably get into it by votes.

MR CHAIRMAN: Mr. Minister, the way we have operated in the past is that we go by vote. They can work through all parts of each vote. They have also been moving ahead occasionally, which we haven't objected to. We hope that when we have a vote completed we don't have to go back to it. That's about the extent of it. All right?

MR HARLE: Sure.

MR CHAIRMAN: Anyone care to start?

MR GOGO: I'm a little confused, Mr. Chairman. Are we going to talk on Vote 1? Could the minister entertain questions in terms of new policies the department has developed in the last while, and that type of thing? Or do you want it restricted right to the vote?

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MR CHAIRMAN: Not necessarily. This is what I commented on. We've been going through the votes by number, but wandering ahead at times. If this is a particular concern that doesn't appear in any of the votes, carry on.

MR GOGO: Mr. Minister, I had wondered how the success has been with the department in regard to financial counselling. I can only speak from the area that I'm affected in, and that's in Lethbridge. There's a Mr. Kazuba there. I don't know whether you call him a director or manager. He's extremely popular in the community from the point of view that he's been encouraging people who had credit and financial problems. I understand you have quite a counselling staff there. I don't know the numbers. I'd be interested in your or Jack Lyndon's comment as to how that's working out. My assessment is it's been very successful. It's had very favorable press, and the press is always extremely critical of the government. So that's a good sign. I understand you took over the federal OPD business, orderly payment of debts, which seems to me should always have been hand in glove with counselling. If you wouldn't mind commenting on that part, either now or later.

MR HARLE: I can deal with it now. It comes under Vote 2, consumer relations and education. The family financial counselling aspect has an estimate of some \$500,613. I think it's been a very positive part of our program, as far as those consumers who are in debt are concerned. We have computerized it, at least the OPD portion of it. We'll be putting it all on computer -- the voluntary as well as the OPD.

What has happened is that because we have it on computer we're able to get out to creditors the cheques on a regular basis. We've been monitoring the progress of the debtor so we can do some prompting when needed. We've also been able to send out to the creditor and to the debtor a detailed statement, so that the creditor can see that he's receiving a proportional share of the payments. Also, the debtor can see that his efforts are resulting in a reduction of the outstanding liabilities.

I know we had extremely good press on some material that appeared in Readers Digest, because of the work that was done in this area. Generally, it's been positive. We've been doing some advertising to encourage people with financial problems to come in. I think there's been a slight change in the clientele. Really, I think the program is probably doing as good a job as any across Canada, as far as trying to deal with what you might call the people with financial problems. Mr. Lyndon, is there anything you want to add?

MR LYNDON: Just one thing, sir. You've talked about the improvement of the mechanical part of it. The human part of it is really trying to not just respond to some overcommitted individual who has a garnishee. They're trying, as Kazuba has done in your area, John, to get out on a before-the-fact rather than clean-up-the-mess-afterwards basis. I think it's generally our approach that you could run a complaint desk until you're blue in the face, and the work would expand to fit the bodies. The ones in Lethbridge have been particularly successful. One in Dr. Buck's area -- there seems to be an interested group of young marrieds. It used to be, with respect, overcommitted (inaudible) years of age with the fifth time of garnishment that we would get, trying to help them keep a job, whereas today it's families with two kids who can't pay for a Volkswagon. It's part of a thrust to try to do an education thing rather than a complaint

desk operation. We've had some fair success. I wouldn't want to stress it too much. You might think it's going to always work.

MR. GOGO: Could I ask a supplementary? The OPD was 5 per cent. I wonder now that the province is running it, what that interest might be on the outstanding debts? The other thing, and I think it's very interesting, was the Q and R tax refund business, where the province doesn't want to be in or regulate the business, hadn't taken a stand on it, the city council in Lethbridge -- it was an extremely hot issue. I was very proud of the way Kazuba stepped into the breach and said, look, the province of Alberta has regulations, but the please come in and we'll explain, and they to literally hundreds of people about this tax discount group and said, you are free to do as you wish. But now your (inaudible). I thought that was an extremely valuable service on the part of the department in terms of education alone. Really, the only question I had was the interest rate on the credit.

MR LYNDON: We don't charge a fee. But that's been a change. A new bankruptcy act has been introduced by the federal government. Our whole business in this is as a result of being involved in (inaudible) bankruptcy act on a delegated basis. We will have to wait to see what we can negotiate with the federal government. We're going into it on a very open approach. We want to do the counselling. The counselling is a lot more important than the cleanup. We won't undertake to, in effect, use the freeze mechanism we have unless the person is taking constructive counselling.

MR GOGO: Thanks very much, Mr. Lyndon.

MR KROEGER: I'm going to interrupt the proceedings for a moment. A Delta 88, MNC 105, has the lights on.

DR BUCK: We've just sent the runner out. Thank you, Mr. Chairman.

MR GHITTER: Was that you, Wally?

AN HON. MEMBER: First time you had your light on today, Wally.

DR PAPROSKI: It's on a different topic, Mr. Chairman. Is that all right?

MR CHAIRMAN: Is that on Vote 1?

DR PAPROSKI: I'm not sure. It's regarding the Better Business Bureau and the department. I thought we were on consumer relations and education.

MR KROEGER: Well, we moved ahead of ourselves.

DR BUCK: Mr. Chairman, may I ask a question on the point the minister was speaking on? It's sort of a philosophical question, Mr. Chairman. What is our responsibility, as a Legislature and as a government, in this field of debt counselling? I know it causes some real problems, Mr. Minister and Mr. Deputy Minister. But should we not be looking at possibly swinging this into the educational system?

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MR HARLE: I think it would be fair to say, Mr. Chairman, to the member, that as far as our consumer relations people are concerned the work we do in the debt counselling area, the statistics we gather, and the various problems we see form the basis of our educational package. At least the effort we're making in the education area is based on the practical problems we see in the debt counselling. We certainly are working the two together, from an experience point of view.

DR BUCK: But really what we're doing is we're doing it after the fact, aren't we?

MR HARLE: That's what the deputy was talking about. We also are getting in the educational end of it and because of the information we can gather from the debt counselling side to get profiles and get to understand what's happening, so that on an educational basis we can say, these are the things you've got to watch for, here are the problems you can get into. Because we do get into budgeting and that kind of thing. So obviously what can be learned on the debt counselling side is very useful for developing the educational package.

MR KROEGER: Anything in Vote 1 that anyone wants to bring?

MR TAYLOR: Is the old debtors' assistance board under your jurisdiction?

MR HARLE: Yes. That's the OPD. That's what we're talking about.

MR TAYLOR: Yes. At one time it was doing very active and very worth-while work. When people who got themselves into debt and didn't know how to get out, the board would many times be able to put all their debts together, get them in one place, and then they pay so much a month.

MR HARLE: That's what I'm talking about when I say we've put all that onto computer.

MR TAYLOR: Yes, you put it all onto computer. But how does the poor man in the street get . . . He has to have access. He doesn't know any more about the computer than I do.

MR HARLE: No, but as soon as he comes into the program he's on it. It's all explained to him. The computer printouts are explained to him, and an effort is made to work it out so that he can pay off his debts.

MR TAYLOR: I wonder, Mr. Harle, if there is enough attention being given to advertising this program. I always found that the men in that branch were very well informed and very, very helpful. It seems like very few people today know that service is still available.

MR HARLE: Well, we are advertising as well.

MR LYNDON: I have to be candid, Mr. Taylor. If we advertise any more than we do we'd just get inundated, and we can't handle that. What we try to do is work with social agencies who see people who have problems potentially building up. We run small ads. I think there's some in the yellow pages of the phone directories and in the classified sections,

things like that. But we've charted our workloads and in all honesty we're trying to get the maximum penetration we can, given X resources. I think we do a fairly good job. I don't blame you for your comment: maybe you should make your service a little better known.

The social agencies we work with (inaudible) referrals and to make our services available, I think probably get the most needy people to our doorstep fast. But some of the things I mentioned, both in Lethbridge and Fort Saskatchewan -- particularly good examples of some almost missionary work we've done, where you find people in the community who want to do a young marrieds budgeting course. We provide some resource personnel to run it with them. By getting the local people involved to actually stimulate the program, we have found a much better success follow-up factor. People who had problems but were a little reluctant to, say, use the federal near-bankruptcy approach, can get themselves out without a big stigma. We'll try to keep your comments in mind, but it's pretty easy to open the floodgates. A lot of people in Alberta today are overcommitted, notwithstanding our very full economy. A lot of pressure to overconsume.

MR HARLE: I'd like to just add, Mr. Chairman, to Mr. Taylor that because of the computerized program, we also of course do counselling with the debtors who are on the program.

MR TAYLOR: There's just one other comment I want to make. It seems to me like many of the people who are most anxious to do something about this aren't those on welfare, aren't those in contact with social workers. They're proud and they're afraid to talk to people until the thing gets so bad that they're really in a jam.

But remember the last time we had this in the hungry '30s. This thing kept mounting gradually and gradually so suddenly the whole province suddenly realized there were thousands of people. At that time it got so bad a moratorium had to be declared. Thousands of people had their land saved because of that moratorium. One thing that worries me a little is that it seems to be mounting now. If we don't nip it in the bud and try to get this thing resolved, it may suddenly get up to a place where it's a real catastrophe. I hope we'll be able to avoid that.

MR HARLE: I think we're conscious of the problem. Certainly from my contact with the officials, not only in this program but also in the credit and loan agreements area, there is, shall we say, a watchfulness over it.

MR TAYLOR: If I could just give one instance. In '32 I was teaching in a country school. A farmer had a mortgage with Manufacturers Life. In those days there was no free TB treatment. His wife had TB. But he mortgaged his farm to the hilt to keep his wife alive. Finally she passed away. He had borrowed this money when wheat was \$2 a bushel. Then he was paying it back when it was 16, 18, 19 cents a bushel. So it was just an impossibility. He paid that debt four times. Then they kicked him off the land. They even threatened to prosecute him because he pulled a granary over to another piece of land so he could live near his family of five kids. As a matter of fact, this is one thing that put me into politics. I was so disgusted with this procedure. At that time nobody would listen to him. He owed the money and nobody would listen to the fact that he had paid the thing four times. Later on, when the debt adjustment came in and the moratorium was declared, it was too late for him but it saved hundreds of other people who were in

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that same predicament. Had he had somebody he could have gone to -- because he was a real, genuine farmer; he wanted to pay his debt but it was impossible under those circumstances. I just mention this because it's worrying when I see real, genuine people getting themselves into this predicament. Now if they could talk it over with somebody who is knowledgeable it might very well save their farm or their house.

DR BUCK: Just along the line of the debtors assistance program, where we ask these people and they agree to pay \$2 a month for the next 10 years. Is there any information in the department on what percentage of this gets paid off? Do you have a computer run on it? What makes me wonder is that anytime I have a debt like that I just write it off and cut down on the mix for a couple of days. But some of these people where, say, a person is paying off \$2.10 a month for 10 years, how long do these people pay in and then finally say, oh the heck with it; they skip out or leave the province? Do you have a profile on that?

MR HARLE: There is a certain amount of information available. If you have any specific type of data you want, we could probably get it out of our system. I think it's fair to say, and the rather encouraging part about it is that I know the officials tell me they get some of these debtors with their liabilities down to what you might call a reasonable level, and then these people are coming in and paying it off, and that's it. They're just so thrilled about the idea of being able to get rid of that load, they say it's just an encouraging time to see. For example, this last year -- and I'm just taking it from the annual report of the department -- some \$1.8 million was paid off the credit list. So it's quite impressive.

DR BUCK: It's working. That's good.

MR PLANCHE: I just wanted to ask the minister, have you ever recommended personal bankruptcy?

MR HARLE: You mean me?

MR PLANCHE: Your department.

DR BUCK: One more term and you will.

MR PLANCHE: Has the department ever recommended that through your debtors assistance counselling?

MR LYNDON: Yes, we have. To MLAs? Is that your question?

MR PLANCHE: It might have been a supplementary.

MR HARLE: I would think anybody in debt counselling -- obviously there are places where it comes a time. After all, that's what bankruptcy is for.

MR LYNDON: My personal view, Mr. Planche, is that we don't recommend it enough. But I try to lead the team rather than shove it down their throat. I think some people who get into

a mess early on in a business should take a bath. Unfortunately, we have a bit of a tradition in this program of trying to get people early enough so they can clean it up and move on. It wouldn't trouble me personally if sometimes they recommended a few more bankruptcies, but I wouldn't guess at the percentage this year.

MR TAYLOR: Isn't that the easy way out though? Somebody else suffers, somebody else gets 50 cents on the dollar and he walks away.

MR LYNDON: I appreciate that.

MR TAYLOR: It always seems to me like that is just very unfair to somebody who trusted him.

MR LYNDON: The guy on the other side of the ledger. It's too easy to generalize, Mr. Taylor.

MR PLANCHE: Jack, do you use your office to lean on the creditors in terms of extending their payment terms and foregoing interest and whatever else?

MR LYNDON: I suppose a bit, but I try to stay away from that. You know there are some things you can do under the statute and there are other things you need a little co-operation with. They are two different programs. We are probably accused of being a heavy-handed bureaucratic thing. I think by and large we've talked to creditors that actually have worked with this kind of a payment system. The better ones would say it is probably fair, all things considered.

MR CHAIRMAN: Mr. Doan. Oh, I'm sorry, go ahead.

MR PLANCHE: I'm done. Thank you.

MR DOAN: Thank you, Mr. Chairman. Is there a charge made for this advisory service we are talking about?

MR LYNDON: There is a \$10 registration.

MR HARLE: OPD, there is a \$10 registration fee, that's all.

MR LYNDON: We don't tack on a percentage, Mr. Doan.

MR CHAIRMAN: Apparently, Mr. Minister, we haven't anything in Vote 1. Are we agreed on Vote 1?

HON. MEMBERS: Agreed.

MR CHAIRMAN: Now we move into the area that we've been working in. Anything else under Vote 2?

HON. MEMBERS: Agreed.

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MR CHAIRMAN: Vote 3?

HON. MEMBERS: Agreed.

MR CHAIRMAN: Dr. Paproski.

DR PAPROSKI: Mr. Chairman, I wonder if the Minister would indicate to us as a result of the increased activity in our province over the past few years due to the economy, has the companies branch maintained good service or did they have to increase their staff or is there any change in that particular branch?

MR HARLE: I would say there is a considerable amount of pressure on the companies branch. We have had simply an ever growing volume of incorporations. The latest figures I have, for example, in February of this year we incorporated some 1,386 Alberta companies and also registered under the extra-provincial part of the companies act, 101 companies. One of the problems has been that usually there is a rash of incorporations in December and then it falls off in January and February. That hasn't occurred. This is the largest number of companies we have ever incorporated. The result is that many of the staff in the companies branch that are presently working on a shift work so that we can get the work done and are working nights and are working overtime. Because of the zero base budgeting approach, we thought that when we prepared this budget that we would be all right because of the expected slack in January or February, but that hasn't occurred. As a matter of fact, we are just right now having to take a look at and see if we can provide some more help some way or other in order to provide this service. We have had to back off on the hours that it's open to the public in order for us to be able to clean up the accumulated filings that have to be done. We've had to try to provide the telephone access and telex access to the system as best we can. We're let's say behind on our target dates on the number days it takes to incorporate. The number of days it takes to get a name check -- one of our biggest problems is in the checking of company names. We've solved the problem to some extent if people are prepared to incorporate by number and then they can apply to change the name of the company to whatever name they eventually settle upon, because quite often they want to incorporate in order to get going in business. They can do that under a number system and then settle upon a name later. I am hoping I can persuade my colleagues to provide some help in this area in the future.

DR PAPROSKI: Mr. Chairman, just one quick supplementary. Certainly the minister has explained the problem, but I have heard so many times and I am sure many of us had, does the minister find any difficulty or does he expect any difficulty increasing his staff in capacity in view of this real tremendous need?

MR HARLE: Well, we've already increased it. Of the six people increase in the permanent full-time positions, of those six two are in the companies branch. Now it may well be that I'm going to have to do more than that.

MR LYNDON: We did these on the basis of historical models and February is always one of the lowest months of the year. It set an all-time record this year. It's my fault, not the minister's. We've been pretty skinny in this budget and I may have to go back to him with a bleeding heart. We're squeezing things around a little bit.

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DR PAPROSKI: We encourage you to do so.

MR CHAIRMAN: Mr. Purdy.

MR PURDY: Thank you, Mr. Chairman. A couple of questions to the minister regarding the credit unions in the province. Has the minister any information this evening regarding the growth of the credit union movement in the province of Alberta, and can you give us an indication of the number of new credit unions that we've had in the last year and what you foresee for 1978/79?

MR HARLE: Well, the growth has been, to say the least, I think utterly fantastic. I haven't got, I don't think, any figures other than what appears in the annual report of the department, but it seems to me that even this is somewhat out of date and we're now .

MR LYNDON: New statistics are out since that was brought out.

MR HARLE: Yes. We can get the figures. But it is just a fantastic growth.

MR LYNDON: Very buoyant. In terms of deposits too, as you know as an alternative credit.

MR PURDY: The last question I had may seem like an unfair question, but being a director of credit union I find that we have more mortgages before us than we had money to lend out at times. Has any consideration been given and any discussion held with the Provincial Treasurer and the Treasury people to try to put some short-term money from heritage trust fund into the credit union on a short-term?

MR HARLE: Yes, it has been raised but because of limits and The Financial Administration Act and the requirements of the fund, there is some doubt that the credit union movement at the moment would meet the necessary tests. However, the credit union movement itself is improving rapidly and the day could come when it would be improved place. They can apply under some of the provisions of the fund, I understand, but not on just the short-term investment basis.

MR PURDY: That led to a quick supplementary, Mr. Chairman, regarding The Financial Administration Act. Would that mean an amendment to the act or just a procedural thing you have to go through to make money available?

MR HARLE: I'd have to go back and look at my file on that. It sticks in my mind that there are two possibilities. It is either by an amendment or it meets the requirements if the financial tests are satisfied.

MR CHAIRMAN: Mr. Ghitter did you have a question?

MR GHITTER: No, Mr. Chairman.

MR CHAIRMAN: Mr. Gogo.

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MR GOGO: Thank you, Mr. Chairman. Mr. Minister, when I look at the purpose of the department, I guess essentially it's for protection of the public. When I think of some examples, I think of a Fuller Brush man who lived in the community probably for 40 years. He has got to buy no end of licences to function, in the interest of the safety of the public. The security salesman in Alberta has to give out his life history to your department, sign affidavits, buy a series of four or five licences. That's on the one hand, and he could have been born in this province. On the other hand, we see an organization come into Lethbridge, Alberta, run up a \$5,000 bill with local creditors, declare bankruptcy, a month later be incorporated in the city of Calgary, repeat the process, and now he's in Edmonton. That's one example. We then had last year a U.S. film company come in and without so much as asking permission in the province of Alberta, they proceeded to film in southern Alberta. They built a house and ran up bills of \$120,000 and they left. They went to America from whence they came, with impunity. The only recourse is if they had registered offices in Canada they can be got at. They can't get any co-operation from the government, maybe they shouldn't. But they will be back next year and they will pull the same thing again. It seems to me that if we're that concerned with protecting the consumer, surely that protection should be extended to Alberta corporations who are registered in Alberta. Yet, it appears to me, we've got overkill on one hand about regulation, and on the other they can go on ad infinitum incorporating and going broke. Now is that true?

MR HARLE: Well, let me start off by saying basically our emphasis is on the consumer. I think that the type of situation that you describe is really availability of credit in the business world, and surely in the business world there must be some notion of looking after your accounts receivable. If you want to extend credit and do extend credit, surely those are business risks that any business really has to look at. Now when you get into licensing, the philosophy again is it's orientated towards the consumer by and large, except where you get into wholesale and retail type of split of functions. Really, there again, the licensing is to ensure that certain basic requirements have been met. For example, if you are going to operate certain types of businesses you must have business premises. It's a source of information so that you can know who's carrying on a business. If there's a bond required, then obviously the licence is an acknowledgment that the bond has been given. I have looked at the licensing portion of the program and have suggested and we've started on a review of all the categories of licensing, and have contacted somewhere between eight and half-a-dozen categories that for starters we feel probably should be examined and looked at and rethought with the possibility that why should they be continued. We will be going through -- once we've got those out of the way we will work on some others. But I recognize the problem of overregulation, if you like, as one of the problem areas for businesses, and I think there are some good reasons to look at it. One of the problems is that when you do ask somebody to take a look at these things, they say well that is a very protective thing for us, don't do anything about it. Don't change it. We are well satisfied with it. However, I think it should be looked at.

MR CHAIRMAN: Mr. Taylor.

MR TAYLOR: Yes, first of all I have a supplementary on Mr. Purdy's question. If what Mr. Purdy suggested -- that you take money from the Alberta heritage trust fund and put it into credit unions -- wouldn't that destroy the basic principle of the credit union

movement? I always understood this is a movement where people put their money in and made use of their own money. Now if they go out and borrow it and pay interest, isn't that getting into another field entirely?

MR HARLE: Well, it's certainly one of the, shall we say philosophical things that I think the credit union movement should look at themselves. But nevertheless, they have made the request, let's put it that way. They must have reconciled that in their own minds.

MR TAYLOR: Are they borrowing from other banking institutions at the present time, to lend to their customers?

MR LYNDON: Yes, they are, sir. The credit union movement is organized in a series of provincial centrals now and it's big business. They have a national credit society that runs an operation, a money desk, just like a large investment banker or one of the main banks. And they borrow. They're like any money market dealer, they borrow and lend in various markets. They still have the basic community interest at the local level, but it's quite a bit different than the small credit union we all once knew.

MR TAYLOR: They pay higher interest rates, and they charge less for their money.

MR LYNDON: A fair bit of community effort goes in too. I suppose Frank Purdy spends the occasional evening doing books, I don't know.

MR TAYLOR: The point I really wanted to ask about credit union is what is the loss ratio? Do we keep tab on that? Have they had severe losses? It seems like their loans are handled in many cases by people who are inexperienced. I am just wondering if there is a loss ratio.

MR LYNDON: Surprisingly small. I can give you some figures. I don't have them at my fingertips but they're dramatically small. I have a suspicion there must be some vigilante movements that get those losses back. They're just too small to be almost credible. Yet they are audited there.

MR PURDY: If I could make a comment on that, we had a high delinquency rate in a couple of our branches within our credit union system in the Stony Plain area. We hired a collection person as part of the credit union staff, and he got that delinquency rate from about a 9 per cent figure to about 3.3 or something like that.

MR LYNDON: If I can just add one thing, one of the best examples of an industry self-regulation that keeps government out of a regulatory role is the stabilization fund in the credit union movement. For those of you who don't know anything about it, if you want it please call the minister or me and we will get it to you. We (inaudible) to be terribly supportive of a group that you are supposed to regulate. They now have a contingency fund that's completely self-operated. It's around \$4 million and it's a group therapy thing. If one of Purdy's small ones loses or wins, it's offset by something from a big one, Edmonton Central or something.

MR PURDY: May I just cut in here to say we're out of stabilization now.

MR LYNDON: I wasn't going to mention that. I was being very hypothetical. You never tease anybody about being under stabilization, but it's an excellent program.

MR HARLE: Yes, and they've got into really supervising the loans, where the large losses can occur particularly and by amendments. I put some through recently to the credit union legislation so that they can set up committees to handle the business loans where the larger losses could occur.

MR TAYLOR: What is the machinery for starting up a credit union? I was down at the official opening of the Chinese credit union on 97 Street and I was very impressed by the people, like Victor Mah and so on. Do they have to get government approval and do they have to put some money in themselves?

MR HARLE: Yes.

MR TAYLOR: There are quite a few regulations are there?

MR HARLE: Yes.

MR TAYLOR: I thought there would have to be some protection. But I was certainly impressed with that one. It seems like the ordinary Canadian of Chinese origin, many who don't even speak the language, are now going in there and investing small amounts, but it's going to amount to a lot eventually. That's all I have.

MR CHAIRMAN: Dr. Buck.

DR BUCK: Still on the credit unions?

MR CHAIRMAN: Yes.

DR BUCK: I have a question that I'm sure the minister, at least the deputy minister, remembers and that's to do with the mobile mechanical thing -- I don't know if we've ever dreamt up the licensing for it. To the members who don't know what a mobile mechanic is, it's sort of like your neighborhood snap-on toolman, except what he does is he throws his mechanic's wrenches and electronic equipment in the back of his truck. He's got a sign on the side of the thing. He doesn't have a place of business per se. At present, as far as I know, there's no way we can licence this man. The fellow serves a real need. If your car flames out and you're 10 miles out of town on a farm or anything else, the guy comes out there and repairs your machine and away you go. Now have you looked at that? Is there any mechanism of licensing a man like that?

MR LYNDON: Is he the fellow that's putting forward the flying dentist bill?

MR HARLE: Yes we are. As I said when we were going through and mentioning the licensing program, one of the requirements that has been built into the licensing orders that we now have is a requirement for business premises. I think there was a fair amount of logic for that after all. It meant that there was a business premise, a business tax payable, a place that a consumer could see on the street that he could go to if he wanted to, either

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for satisfaction after a transaction or whatever. There was a premise there that you could see.

We've had, particularly in the mobile mechanical area and the mobile hairdressing area, innovative ideas put forward. I think we have to look at them and maybe we're going to have to change these regulations. But obviously if we do, then we're going to get a lot of howls from the business community who, in the past, has had to have a business premise. They're going to say, well, why can't we do without the premises? So we do have some problems with it.

DR BUCK: How does this man differ from my illustration of the friendly snap-on toolman? I mean, he's got all the stuff. Is he a peddler?

MR LYNDON: No, let's take those two: the snap-on toolman, Dr. Buck, and the mobile mechanic. The mobile mechanic has some other things that cause problems in the community, like where does he dump his oil? The snap-on toolman doesn't do a thing.

DR BUCK: No, he doesn't dump oil, Mr. Deputy Minister. He just fixes your car.

MR LYNDON: Well I'm just saying that the analogy isn't completely sound. The world's changing.

DR BUCK: He's selling services though, sir.

MR LYNDON: He also sells parts.

DR BUCK: He's fixing the car.

MR LYNDON: He also sells parts. One of the great things that a mobile mechanic can do is to go out and, on site, work with farm machinery so the machinery doesn't have to be physically moved. There are a lot of other things that he does, other than just fix. He's in the parts business. The one thing that municipalities are concerned about is the dumping of oil. A mobile mechanic would tend to dump oil all over the various ditches.

DR BUCK: Oh, come on!

MR LYNDON: There are just a lot of little things.

DR BUCK: You're stretching it.

MR TAYLOR: If they could dump it on a gravel road, it would be kind of helpful.

AN HON. MEMBER: Cut down the weeds.

DR BUCK: We've got thousands of contractors that just spill thousands of gallons. One little guy running around fixing my car's not going to be . . . You're really stretching it, Mr. Deputy Minister.

MR LYNDON: We're trying to come up with some sort of a new category that will satisfy the existing retail community.

DR BUCK: Yes, I can appreciate that.

MR LYNDON: Some professions, like dentistry, a long time ago were associated with barbering. That's a long change.

MR GOGO: Not really.

MR LYNDON: We're trying to keep pace with the times.

DR BUCK: No, it hasn't really moved that much. But at least you're working on it. That's good.

MR PLANCHE: Supplementary to that. Isn't that more of a municipal thing than a provincial thing? Why are we dabbling in that?

MR LYNDON: Yes, it is. That's one of the parts . . .

MR PLANCHE: Why don't we just let them look after their own stuff?

MR HARLE: Well it's not so bad when we talk about the mobile mechanic in a rural area and the oil. That's not where the problem lies. The problem lies with the washing of vehicles and the cleaning of oil and dumping of oil in urban centres because these people have no place to put it, unless you have some regulations that regulate that type of control.

MR TAYLOR: But the mobile mechanic can be a real service, particularly to farmers. As the deputy said, you can come out, you don't have to move your equipment.

MR HARLE: There's nothing to prevent them as long as they have a place of business. But of course a lot of these people don't want a place of business.

MR TAYLOR: Some of them work right from their home, you see.

MR HARLE: Yes. That's where the problem lies. So they don't pay a business tax. So the municipalities say, well we don't want any part of that.

MR CHAIRMAN: Mr. Gogo.

MR GOGO: Thanks, Mr. Chairman. I wanted to follow up on that earlier question I asked. I think the department's primary role is to protect the consumer. When I indicated about these people going bankrupt and not paying debts -- and you say that's the normal cost of doing business. Well, maybe it is. But who pays the tab?
I think of statistics recently about shoplifting, at Woodward's and Sears and Eatons. In America, statistics indicate that shoplifting runs to 2 to 2.5 per cent. Your managers in Alberta will tell you it's 3 to 5 per cent, 50 to 100 per cent higher. I don't accept

the premise that lipstick costs 10 cents a tube and we put it out at \$5 a tube because 60 per cent of it is stolen and that we should allow that, let them write it off and charge the next consumer with the price of shoplifting. I don't think that's reasonable. I think they should be limited as to what they can write off because the consumer pays. So I don't think it's a normal risk.

Where department stores operate with no service, or self service, surely, Mr. Minister, they should come under some type of regulation to encourage them to police their own premises so the public doesn't have to pay the price. I'd be interested in your observation, whether you think the department has a role to play in regulating certain standards of enforcement against shoplifting.

MR HARLE: I have a little problem with that submission. I find it a little difficult to get the general drift of it.

SOME HON. MEMBERS: Agreed.

MR HARLE: After all there is a criminal law system. The RCMP are working with the business community as far as shoplifting is concerned. They have all kinds of program efforts within the Solicitor General's department and working through the RCMP. I recognize the problem, but I really don't think we should be, somehow or other, regulating business from the aspects that you have raised.

SOME HON. MEMBERS: Agreed.

MR CHAIRMAN: Dr. Paproski.

DR PAPROSKI: I raised the question earlier, Mr. Chairman. The present relationship between the Better Business Bureau and the department: is there a close tie? Is information flowing back and forth? Do we control them or do they control us?

MR HARLE: Well the Better Business Bureau is offering a service and we provide them with grants under our consumer and educational program of some \$10,000 this year each, to the Calgary BBB and to the Edmonton and northern Alberta BBB. We've also supplied them with a couple thousand dollars in grants to establish an office in Red Deer and Grande Prairie.

There's a very useful service, of course, supplied by the Better Business Bureau to people who phone for their information, information which obviously we in government cannot supply to the citizen who wants that type of information. There is an informal amount of contact between our officials in the department and the Better Business Bureau. I think we've got to be cautious that information that comes to our possession is, of course, subject to the rules that apply to public servants; that is, they can't be broadcasting information that comes into their possession unless it is public information. But there is a fair amount of contact on an informal basis. Certainly we hear about businesses that are causing problems to them. We're very supportive of that program because their program does get information out to consumers.

DR PAPROSKI: Well, Mr. Chairman, on that point -- and this is the final question on that -- if the consumer complains to the Better Business Bureau and they have information that

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is valid that this business is underhanded or whatever problem they have, does that information get to you automatically, or do you have search and select it?

MR HARLE: It's available to us, I suppose, by a phone call to them.

DR PAPROSKI: But you won't get it automatically?

MR HARLE: Not automatically, no.

MR LYNDON: We don't duplicate.

DR PAPROSKI: Well how in the hell can you act on it -- pardon the expression? How would you act on it then?

MR HARLE: Well they're not supplying that kind of information.

DR PAPROSKI: What I'm saying is that you were . . .

MR HARLE: They're supplying information to, for example, if you phone them up my understanding is -- and somebody can help me on this -- but they have certain amount of information. For example, they will tell an inquirer we have had three unsatisfied complaints . . .

DR PAPROSKI: Okay.

MR HARLE: . . . that we know of. Well, the consumer has some information right off the bat that tips them off that he should be cautious, I guess. But they're subject to the laws too about information, defamation, and all the rest of it. So I'm sure they get sued every once in a while about supplying this information.

DR PAPROSKI: The real and simple question -- I think we're getting really fine here, but it's vital because I've heard so many complaints about inaction in this regard, Mr. Chairman. That is, to the minister: complaint comes in and, as you say, the Better Business Bureau says to the consumer, this is a bad egg and there are six complaints. Why isn't there something done about all those other complaints? How long are you going to wait until somebody acts and says, hey, your licence is revoked, or, we're going to challenge you? That's really the question I'm asking. I don't know how long it goes on. It seems to go on too long.

MR HARLE: Well I think we have to very, very cautious here. Certainly where it becomes a problem as far as the licence is concerned, I would say very often it's gone far further than the information that's coming out of the Better Business Bureau.

MR CHAIRMAN: For the information of the committee, we had a promise from Dr. Paproski he wouldn't ask any questions. He's now had six. You can vote him out any time you like.

AN HON. MEMBER: Hear, hear.

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DR PAPROSKI: That's it.

MR HORSMAN: Is he on this committee?

AN HON. MEMBER: Your lips are sealed.

AN HON. MEMBER: Is he an interloper?

MR TAYLOR: I was wondering, Mr. Minister, if you're still continuing the monitoring of prices of goods in our grocery stores?

MR HARLE: Yes, we are doing some.

MR TAYLOR: Is there any result from these, or is it just a case of checking every -- what do you monitor, every week?

MR HARLE: Yes, we are monitoring right now on a weekly basis to get certain information so that we can do some comparison. One of the problems that we have is that so often the results come out of Statistics Canada on the consumer price index. I suppose like all statistics and the CPI index, you have to understand what it is they're surveying and some of the background theory of that particular index. It doesn't always indicate, you know -- for example, they say the consumer price index is changed so much for this city and that city and across the country. The thing is it doesn't necessarily mean that the prices have changed, as might be implied from the statistics. So we are obviously running some monitoring to -- not all the time, but when we have periods when there are some changes going on. For example, some fruit and vegetable wholesales may change and you get a price increase because of that in one city, but not in the other. So you get these aberrations going on. We're trying to keep on top of those sort of things and to try to .

MR TAYLOR: Yes. But after you do it, Mr. Minister, do you have any authority to go and say, you're charging too much? Or is it just simply a case of writing it down?

MR HARLE: No, we're not going on that.

MR TAYLOR: The point I'm asking . . .

MR HARLE: There's all kinds of reports that are published by various radio stations on pricing surveys and a fair amount of information is available that way. I think our program is perhaps so that we can understand what is happening in the market place. I think there's a great deal more to be learned before we can come up with any definite conclusions. Anytime you have a basket of food items, somebody will say, well that's not very accurate because it's not weighted, whereas Statistics Canada figures are weighted.

MR TAYLOR: Does CBC get their figures from your department?

MR HARLE: No. They do their own.

MR TAYLOR: You see they have rather a valuable program. They indirectly do affect the price because they take the comparable items in several stores and show how vastly different. I know many people do shop according to those prices.

MR. HARLE: There's all kinds of people, though, who'll shop at the store with the highest prices too, because of some other reasons which you can't explain.

MR TAYLOR: This may be so, particularly if they have lots of money. But those who have to make every cent count, they can find they can save 5 cents a pound on beef at Safeway, they'll go to Safeway. Or if they can get 5 cents cheaper off their apples at Woodwards, they'll go to Woodwards. I can see some value in that in the radio program. I really haven't come to a conclusion, but I've wondered about the value because this must cost a considerable amount of money, having people do all this checking. Then it's just simply written down and filed away some place. I wonder if it's ever looked at afterwards. I wonder what we're accomplishing really in doing this.

MR HARLE: Well, I know I have found it most useful to have it. As I say, we're not doing it all the time, but we are doing it at various times depending on what is happening in the market place, and what information we're getting that suggests that it's now time to run some checks.

MR LYNDON: We circulate it.

MR HARLE: And they're circulated, you know. The Department of Agriculture are doing some surveys too, so we have officials in both departments looking at it. It's certainly circulated within government.

MR CHAIRMAN: Vote 4?

HON. MEMBERS: Agreed.

MR CHAIRMAN: Mr. Ghitter.

MR GHITTER: Mr. Chairman, I would like to know the minister's timetable with respect to the moving of the Securities Commission office to the city of Calgary, where it rightfully belongs considering all of the major transactions in the financial community in this province of Alberta exist in the city of Calgary. I'm sure it should be there and should be there soon.

MR HARLE: Well I have no timetable at the moment.

MR LYNDON: May I suggest 8-ounce gloves?

MR GHITTER: The question was to the minister, Mr. Chairman, not the deputy. I have one for him in a moment.

MR HARLE: No, I have no timetable. I have got under way a project to look at the services that the Securities Commission is offering. At the moment it is under review.

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MR GHITTER: That's the best we can get from you tonight?

MR HARLE: Yes.

MR GHITTER: Maybe I should ask the question of the deputy minister. Deputy Minister, do you have any . . .

SOME HON. MEMBERS: Agreed.

DR BUCK: Not before the next election.

MR CHAIRMAN: Vote 5. Any questions? Mr. Gogo.

MR GOGO: Yes, I've got eight of them, Mr. Chairman.

AN HON. MEMBER: Eight?

MR GOGO: And those that want to see the hockey game . . .

AN HON. MEMBER: Four minutes, John.

MR GOGO: About rent decontrol, a couple of things, Mr. Minister. As you're well aware, many people, responsible landlords, got caught in The Temporary Rent Regulation Measures Act. Responsible landlords, not high-priced lawyers or high-priced doctors or corporate landlords, but those average landlords. We use the term rough justice. Now it appears that we're in the decontrol and for many it's rougher justice. Those that managed to stay above that 375 are fine, but there's that group in there who rented to their mother-in-law and daughter-in-law and so on. So really there's two questions: one, is there something afoot whereby we can make exemptions of people who were caught in those, let's say, family situations, or those who rented to the dear little old lady who's now passed on. But there's two \$30,000-a-year school teachers occupying that house. That's one question. Are you doing something in that area?

MR TAYLOR: Did you say \$30,000 school teachers?

MR GOGO: Yes. We've got 292 in Alberta, Gordon, with over \$30,000 a year, in the annual report, so presumably this couple in this house I'm talking about. Are we doing something about that?

The other point is in terms of staff. Are we winding down the number of staff under the rent decontrol?

MR HARLE: Well, as I alluded to this afternoon in the question period we did pass some, what we call base rent regulations, and did set out some categories that would permit some adjustment of the base rents. Basically those three categories are: where there is a residential premises rented to a tenant who has paid off for all or part of the rent of those premises by providing caretaking, labor, or other services to the landlord. That's one type of situation.

The second is a residential premise that has been rented to a tenant who, because of his income status relationship with the landlord or other unusual circumstance, or because the residential premises have been subject to a lease with a term in excess of three years and that lease has come to an end, has been paying a rental rate that is below the rent that is paid for similar accommodation in the building in which the residential premises are situated or in the immediate vicinity of the residential premises.

The third category is a residential premises are owned by a landlord who has increased the rental rate for the residential premises by an amount that is in total less than the maximum permitted increase under the act or the former act.

So in other words, in those three types of situations, and where there has been no willful contravention of the act and there is no other remedy available under the act to increase the rent -- in other words, he can't demonstrate by increased costs that he can exceed 8 per cent or \$20 -- then there is provision for the chairman to make some adjustment if he feels the case is proper to do so.

MR GOGO: Is number two the family member? I'm sorry I tried to copy those down.

MR TAYLOR: Before you leave that, what were you reading from there, Mr. Minister?

MR HARLE: The regulations. Regulation No. 10878.

MR TAYLOR: Are these fairly new?

MR HARLE: Yes. March 14.

MR TAYLOR: Oh. Is it possible to have copies of those?

MR HARLE: Yes.

DR PAPROSKI: Mr. Chairman, how would an old lady and man find this out that had a little apartment?

MR HARLE: We're doing a lot of talk about it. All the regulation officers have it. We've been going through our mail and picking out those where there may be some help. We've been accumulating these files because we have known for, well ever since I put the legislation in that we had this capacity under The Rent Decontrol Act to do something with the base rents. So we've been kind of watching these and gathering them up. Now we're dealing with them.

DR PAPROSKI: Very good.

MR HARLE: Now as far as the staffing is concerned, when The Temporary Rent Regulation Measures Act was at its highest level of operation in the spring of 1976, we had 59 full-time staff people in the program. We've now reduced that to 38, strictly because of lack of work basically. Where there's been attrition, that is, somebody has left us, we've just not filled the post. In some, for example, like Grande Prairie, will be shut down entirely on April 30. The area is still under controls, but there's just no work. The same thing is happening in Medicine Hat and Lethbridge. We're looking at trying to wind

that down too. And Red Deer as well is an area where we will shortly be reducing. We've got three people there and we'll be reducing staff very shortly there.

MR COOKSON: Could I ask, is there a total phase out eventually?

MR HARLE: It will be phased out under the legislation in 1980.

MR TAYLOR: You don't have very many people then left on your staff there, have you?

MR HARLE: No. The statistics are quite impressive. For example, of the landlord applications that we've received under the new act, we've received 590 and there's only 34 that are left outstanding of those landlord applications. We've received 2,001 tenant complaints and requests, and of those there's only 212 outstanding. In the appeals, we've had 89 appeals, and of those only 25 are outstanding. So, basically the volume of calls by landlords and tenants are going down and I think properly reflect the fact that vacancy rates are in fact creeping upward in most areas.

HON. MEMBERS: Agreed.

MR CHAIRMAN: Does that cover the total, Mr. Minister? There's nothing in the supplementaries that you . . .

MR HARLE: We have none.

MR CHAIRMAN: Would someone make a motion that we report? Mr. Ghitter. Motion to adjourn? Mr. Taylor.

MR HARLE: Thank you very much.

(The meeting adjourned at 9:08 p.m.)