

Legislative Assembly of Alberta

Title: **Thursday, March 29, 1990 8:00 p.m.**

Date: **1990/03/29**

[The Committee of Supply met at 8 p.m.]

head: **Committee of Supply**

[Mr. Schumacher in the Chair]

head: **Main Estimates 1990-91**

Consumer and Corporate Affairs

MR. CHAIRMAN: Order please. I'd draw hon. members' attention to the clock. It now appears to the Chair to be at least 8 o'clock, and I would ask the committee to come to order so that we can begin the evening's work with regard to the estimates of the Department of Consumer and Corporate Affairs, which begin at page 75 of the main estimates book. The elements are at page 27 of the supplementary information book. I would ask and recognize the Minister of Consumer and Corporate Affairs to introduce the estimates.

MR. ANDERSON: Thank you very much, Mr. Chairman.

MR. FOX: Speech, speech.

MR. ANDERSON: Thank you. I'll try and live up to the expectation of the hon. Member for Vegreville and give one of my stirring addresses this evening.

In all seriousness, Mr. Chairman, I'm pleased to be here to introduce the estimates and request support from this committee for the Department of Consumer and Corporate Affairs' financial requests for the year 1990-91. This is the second year in which I've had an opportunity as minister to deal with these estimates.

Before getting into the content of those estimates and comments related to them, I would just draw members' attention to officials from my department in the gallery: Mr. Robin Ford, the deputy minister; assistant deputy minister, Mr. Dave Hudson; Don Woytowich, who keeps us on track in these financial matters as executive director of finance and administration. I would like to say how much Albertans thank these and other members of our department for the dedication and the work they do year round and for the particularly tough job of keeping the minister on track. In addition, two members of my personal staff are there: Di Genereux, who's been with me for many years; and Don Doherty, who's joined my office this year as executive assistant. My personal thanks to them for their assistance and their dedication and support.

Mr. Chairman, last year when I introduced my estimates, I did so in the context of the rapid change that we anticipated for the coming year. Since that budget discussion a year ago we have seen the Berlin Wall fall; we've seen Poland freed; we've seen the Soviet Union at least shuffle to the edge of democracy; we've seen the embryo of change in China; the fall of Daniel Ortega; and other such world events, which, I think, went far beyond any of our expectations in terms of change.

MR. WRIGHT: So your estimates are justified.

MR. ANDERSON: Mr. Chairman, I can see that the Member for Edmonton-Strathcona is wondering why I would mention such far-flung events in the specific budget estimates related to Consumer and Corporate Affairs. I do so because I do want to underline that while dramatic events in Alberta have not taken on those kinds of headlines – we don't have walls to fall; we don't have archaic regimes to replace – we do in fact have the same kind of impact in terms of change and the need to keep out front of it, the need to try and predict it, and to have a system that's flexible and open in dealing with that.

These estimates tonight are requested so that, in fact, we as a department and as part of this government can work together with responsible businesses, with consumer advocates to ensure that our citizens are able to meet those constant decisions and changes and myriad of possibilities in the marketplace. If there's a theme to this year's estimates of the Department of Consumer and Corporate Affairs, it really would be partnership – partnership of those three elements of our society: ourselves as the representatives of the people, the consumers who work diligently to try and ensure that there is a fair marketplace, and the responsible business organizations and individuals in business that we require to keep in touch with that fast moving, rapidly changing marketplace.

Mr. Chairman, this set of estimates includes sums which would help us to modernize our system to meet that change. For example, we are going to try an 800 number so that people requesting information can get it quicker and more expeditiously than in the past. We are piloting the interactive telephone system for consumer requests so that we can serve more Albertans faster and more efficiently and allow our staff the quality time with individual cases that is required. We are adding an individual to the corporate registry within these budget estimates and opening a new office location – in fact, tomorrow – in Calgary to try and serve that business community better: to provide more sensitivity, to deal with what is an exciting and evolving market with more questions and more requests for information to our office there.

There is no request for an increase in the budget of the Securities Commission this year, but that should be taken in the context of previous years' budget requests. Since 1987 the fact is that we've requested and received from this Assembly somewhere in the neighbourhood of a 90 percent increase in the funds for the Securities Commission. There's a good reason for that. We've reorganized that commission; we've taken a look at how we can make tighter regulations regarding our securities market; and we've expanded the staff to ensure that Albertans can see a fair and honest marketplace there as they try and deal with this complex myriad of possibilities in the financial area.

One main goal of our department this coming year is to try and formulate ways in which the industry groups can license, educate, and, in some cases, police their industry with consumer input and with us holding the final hammer to ensure that all is done in the best interests of our citizens. The hon. Member for Calgary-McCall is sponsoring a Bill to change the real estate Act – that Bill would do that in that field – the Member for Banff-Cochrane, in the insurance area. Calgary-Glenmore, with the Licensing of Trades and Businesses Act, will give us some of the tools we need to help evolve other industry consumer groups to the point where they can assist us in dealing with the marketplace: licensing, educating, and, in some cases, policing. In that respect there are two committees we've established – one, the automotive working committee and the other, the funeral industry – that we hope to do that with. They have representa-

tives from industry and consumers on them and independent chairmen. I can tell the Assembly that each industry group requires a different approach. There are different difficulties, different kinds of possibilities, and a variety of ways in which we can help to assist the consumer.

The travel industry. I'm pleased to indicate that in meetings today the travel industry of Alberta passed a resolution which endorses the representations made to them that they in fact provide consumers with the option of purchasing insurance so they would be covered in the event of a failure in the travel industry. We are developing with the industry a form that consumers will need to sign if they decide to waive that option and, in fact, move to take that travel package without that kind of insurance.

Mr. Chairman, the financial marketplace will continue to play a priority role in this year's activities of the Department of Consumer and Corporate Affairs and, indeed, plays an important role in the budget estimates. By way of example, there's some \$268,000 to implement the plain language and disclosure activity for financial consumers to try and make sure that consumers know what they're buying, know what the ramifications are, and know how to deal with that very complex part of our marketplace. There is \$20,000 to enhance the audit unit. There's \$291,000 for educational materials specifically related to that financial consumer area. There is \$270,000 in education regarding the Securities Commission so that people can know better how to access opportunities with our securities markets and know what remedies there are for circumstances that are not in keeping with the rules and regulations of that responsibility. There is \$100,000 for a joint industry/government/consumer task force on financial education, which is chaired by Sally Hall, and that activity is designed to again try and look at our educational materials in a variety of areas to ensure that we are keeping those up to date with the changes in our marketplace.

I do still intend, Mr. Chairman, to introduce in this sitting of the Legislature the financial consumer Act, following the white paper which we presented and tabled in this Legislature in the last sitting of the Assembly. That Act will be the first of its kind in the country. It will define ways of plain disclosure to people purchasing financial packages. It will set out responsibilities of a consumer as well as a seller in that marketplace and deal with the kind of disclosure requirements that are there as well as a variety of other possibilities designed to assist the financial consumer in making their decision, in knowing what the ramifications of that judgment would be, and in seeking remedies where wrongdoing has taken place.

We have upgraded our financial counseling. That's a necessary area to assist citizens in planning properly. I should mention to the Assembly that in reviewing the estimates, they may find some places where there are very significant increases; for example, in the real estate area it indicates a 100 percent plus increase. The reason for that, Mr. Chairman – and that's true with the Stock Exchange, true with the Insurance Council – is that we take from those organizations fees that go to the Provincial Treasurer, and we are remitting some of that back to them in order to carry out these licensing, educational, and, in some cases, policing functions. So in fact those dollars, while coming out of our budget, return as well to the provincial Treasury.

Mr. Chairman, there are a lot of areas that this department is responsible for. The Landlord and Tenant Act is one. As the Assembly well knows, we have the residential tenancy committee, which is now trying to finalize its recommendations respecting

what we should do with that Act, indicating whether or not there are changes we could make to ensure a fair operation between the landlord and the tenant in this moving market and, in some cases, in a tight market circumstance. I look forward to discussing with the Assembly the results of that report when it's received, which I expect within the next month, and the myriad of other actions that we intend to take on behalf of consumers.

Again, I would emphasize in closing my remarks, Mr. Chairman, that the theme of the request this year is partnership between government and business and the consumer. It is my opinion that in the face of this rapid change that we have seen in spades this past year, the only way we as responsible delegates of the people of the province can assist in ensuring that we deal with the myriad of issues, the fluxing, changing nature of the community, is to bring together the business organizations and the citizens to work with us in keeping a watchful eye, developing innovative approaches to dealing with that.

So, Mr. Chairman, the budget request this evening for the dollars required by this department, \$20,046,770, is requested for those and other purposes. I thank the committee for its attention. I would be pleased to try and answer questions. Noting the numerous papers and books the Member for Edmonton-Strathcona brought in, I assume that there will at least be some questions from that member. I also would be prepared to accept, and in fact am anxious to have, any thoughts or advice on how we can deal with this dynamic part of government, with this responsibility that I have.

Thank you.

MR. CHAIRMAN: The hon. Member for Edmonton-Strathcona.

MR. WRIGHT: Thank you, Mr. Chairman. The minister started off with a burst of glasnost there, and I certainly applaud him for that. I do wish he'd discuss it with his mates in the cabinet so we can have a bit more glasnost there in access to secret agreements and these arrangements and other things that the public should know about but don't.

This department, Mr. Chairman, does not have a large budget, and a lot of it comes back in fees. So I think it's good value for money probably. I noticed in the last public accounts the budget was some \$16 million, and some \$10 million of it came back in fees. So it doesn't cost the taxpayer a great deal of money in the net.

Indeed, particularly with the explanation about the increases on insurance and real estate and stock exchange activities, I really have no detailed objections or even questions about particular figures in the budget. Nonetheless, on vote 1 I wish to address some remarks. Otherwise, I don't have the opportunity to ask the minister about the operation of the department.

Obvious things first. We're two years behind with the annual report. It's not a very big production. I mean, I ask this every year, but I just wonder why it can't be brought a bit more up to date. It seems to me that within six months of the year-end you should be able to get out that report. The latest one is '87-88.

Taking the list of things I'd like to ask in no particular order, there's a voluntary associations Act which was on the Order Paper a couple of sessions ago, actually in the last government, and never surfaced again. I'm not sure that it was all lost, its not surfacing again. It was an attempt to square the circle, in my respectful opinion, in that it attempted to combine two dissimilar types of endeavour, the common thread being they are

voluntary associations, as the name implies, nonprofit organizations. But the survivor in the Companies Act – I just can't remember; part 9 is it? – the not for profit companies are really dealing with a sort of thing that lawyers get involved with, because they are complicated setups or important setups with large trust funds quite often and so on, and they do need a fair-deal of particularity. But then the ordinary societies, a society which the local t'ai chi group may form or something like that, have up until now, in general, been societies that you just go down to the registrar and get a form an intelligent layman can fill in, and that's it. Now, with the voluntary associations Act it was too complicated, and I think that was a proper objection. It was laudable to try and streamline these things, but I think the two should stay separate. On the other hand, there were some deficiencies in the Societies Act setup, so we probably do need a revamped Societies Act. I'd like the minister's comments on that.

Public auctions. It used to be the case, I think, that the bond amount was right in the Act, 10 years ago or so, I have a memory. Now it's not. But the bond is simply what the minister thinks it ought to be. There are no principles or criteria set out in the Act, and perhaps there should be. Now there may be some regulations which set it out; I haven't looked for that. It's a bit disconcerting if there is no yardstick by which you can gauge the minister's discretion on setting the bond for auctions. I know about it to some extent, because I was involved – not directly but on behalf of a client – in a failure of an auction house about 10 years ago, and the bond was just deplorably low. It was very little protection for those who had lost their money. But it was something. It is an illustration of two things: first, that you can have bonds for these sorts of organizations – we've had an ongoing discussion about the bonding of travel agencies – and (b) that if you have it, the bond should be adequate.

Since I mentioned travel agencies, the minister has mentioned that they're developing a package so that people can buy insurance against the failure of the person you're dealing with, or perhaps the failure of the people that they're dealing with too, and that really strikes me as a very odd concept. It seems to me that people in an industry should have the public spirit to band together to get their own assurance fund together. It doesn't matter how they tax the members for this. It can be experience rated and that sort of thing, but they should do it. There are professions and industries that do it, and if they don't do it, then the government should require them to do it by way of a bond or indemnification provisions of some sort. I just cannot, with the greatest respect, follow the minister's line here, which year after year sees disappointed travelers having to pay twice for their travel arrangements or being stranded in Libya or somewhere without the means to get back. Perhaps the minister could report on the progress of the industry's own endeavours, which he was good enough to report to me by correspondence, in which they were proposing at their annual meeting to set up, possibly, an assurance fund of the sort I mentioned. You see, if they did that, that's fine. They wouldn't need government regulation then, as long as the assurance fund was reasonably adequate.

The trend is to delegating the powers of the licensing officer or registrar or whatever the name happens to be in the particular regulation, either the Licensing of Trades and Businesses Act or the Professional and Occupational Associations Registration Act, and that's a good thing. But one thing I would request the minister to ask, I guess, the Attorney General to do, and that is to designate all the associations that are formed with

these disciplinary powers as organizations to which the Administrative Procedures Act applies. Then you know that when they discipline their member firms, those firms will have a code by which to go to measure their performance. At present it's uncertain how they should treat their members in disciplining. The smaller the organization the more apt there is to be cliques and an absence of objectivity in the board that governs their comrades, so it's all the more important to have a code applying. It's right there waiting to be designated, the Administrative Procedures Act, and I'd strongly urge that all organizations set up under those two Acts be designated automatically as organizations to which the Administrative Procedures Act applies.

One area of concern that came to a head, as it were, in the last session was the many complaints of interest overcharges by banks. Now, when I speak of this, I'm not implying that the banks have intentionally overcharged people, although from time to time there is some evidence of this, but simply that they have not proceeded according to law in levying the charges for interest they have levied. The position has become particularly acute because of the failures due to the downturn in the economy, in particular the drop in the value of property, so that foreclosures have not been sufficient to redeem the assets and pay off the debt. Then it becomes particularly acute when the farmer or whoever it is that has to pay has to pay the debt out of his or her own pocket. Then you eye the calculation much more narrowly. A series of decisions in the last five years have shown that the banks have been greatly in error in their interest charges. In one sense it's quite fair now to go back and try and correct that: in the sense that there was a mutual mistake made at the time these accounts were settled. As soon as you start opening up limitation Acts or even settled accounts and still more judgments, difficulties do arise, but it's a question of knowing where to draw the line: fairness and equity on the one side and a certain amount of certainty on the other. But I believe it can be done, and perhaps the minister can report on the progress that has been made by the banks and the Bankers' Association in their self-policing of this. I have no great faith in their endeavours, because it's like the foxes sitting in judgment on the chickens – with the greatest respect to the Member for Vegreville – and it's unlikely to have a happy outcome.

So I believe, Mr. Chairman, that the only solution is to bring in some kind of legislation, and I urge the minister to do that. I believe there should be a board constituted by this department whose duty is to investigate and conduct hearings where there are complaints of excessive interest charges. As the minister himself knows, the types of alleged overcharge fall into four or five different categories. After a bit you quite soon see what the score is and can fairly easily get to the bottom of the allegations, I believe. So it's not such a daunting task as it first might appear. There should be a provision that after the board has made an investigation of this and come to a conclusion, it should rank as a judgment and be able to be registered with the Queen's Bench. Of course, there should be provision for appeal and so on to do justice to both sides. There should be some way of going back into settled accounts and beyond the limitation period. There should be provision for the board to do justice according to the rules – but not necessarily according to precedent since some of the precedents are all over the place – and, because this is an exceptional procedure, going back beyond the limitation period, on some kind of formula, and into settled accounts and possibly even judgments where what we now know about how the interest should go was overlooked or not dealt with. Because this is an exceptional jurisdiction, there should be

a sunset for this – you know, within one year or 18 months or two years at the most after the Act is proclaimed – so that there will be a definite line drawn.

There is a precedent for this. I remember in the mid-'50s when there was a discovery of widespread errors in the Land Titles Office in the cavalier way in which they'd dealt with reservations of minerals or failure to reserve minerals, and the titles diverged from the transfers, Mr. Chairman. You will remember that. There was an Act that allowed claims to be made to correct the titles, and there was a two-year period allowed for the claims to be brought forward, and after that there was an end. I envisage an Act something like this, Mr. Chairman, to adjust matters between the banks and the citizens of this province.

I mentioned the travel agents, and I needn't mention that again.

One of the most important areas now that the minister has to deal with is that of landlord and tenant. It wasn't such an acute problem; it wasn't really much of a problem at all so far as the level of rents are concerned, anyway, until recently, because there was a surplus of rentable space, and the rents were actually below the normal level in relation to the value of the property. Now that's changed in Edmonton and Calgary and probably in the other cities in the province, and it will be changing everywhere, I'm sure.

So we need protection of tenants in a number of ways. Some way of appealing unjust increases should be instituted. I'm not in favour of the scheme of the last rent control Act, I guess it was called, in this province in the '70s, because that limited increases to a certain percentage per annum. It was, I think, related to the inflation rate. The result of that was that the ceiling became the floor. Landlords just put up their rents automatically. That's the first objection. The second objection to that type of scheme is that it pays no attention to the absolute level of the rates. I mean, the landlords who were greedy to begin with were rewarded, and those that were modest to begin with or for special reasons, even, had a low rent were penalized. The more time went by, the more the greedy were rewarded and the modest penalized. The gap got bigger because it's all percentage stuff.

So the scheme that's preferable is a voluntary scheme in the sense that the tenant can appeal to a board or a rentalsman, as it's called in some jurisdictions, who can pass on the justification of a particular increase. If there is no complaint, then there's no red tape. There's no permission that has to be sought in advance; it's simply an appeal process. Of course, it has to be coupled with effective guarantees against landlords victimizing those who make a complaint – if you don't want to call it a complaint, then a submission – at any rate, who make a submission in respect of an increase. That, in fact, should be part of a code for a tenants' bill of rights, if you will, which the minister should consider. In a sense, the Landlord and Tenant Act is that, but whether it is a tenants' bill of rights, so called, or amendments to the Act is immaterial. There should be protection of tenants against termination of their tenancies because they have complained about anything, really.

Just yesterday I was talking to an old-age pensioner who was a superintendent of a building. He said that he had been promised all kinds of things by the landlord in return for extra work, which had never materialized, but he couldn't complain because he would just get his marching orders and be chucked out. That kind of exploitation, particularly of people who are vulnerable because they can't get another job because they are

handicapped physically or even mentally or because they are an old-age pensioner as this man was – it does exist. Of course, I'm sure it's a minority of cases, but it does exist. We repeatedly come up with cases where because of a complaint that the roof has been leaking and they just aren't mending it, the tenants are given notice. That should be forbidden, under penalty.

Indeed, I go further and say that there should be just cause assigned for all terminations of tenancy. The just cause would not only relate to the activities of the tenant – although that's the obvious case, and some of them are already set out in the Act to permit cases where summary notice can be given or short notice, but there are other cases too, I'm sure – but also that the landlord wants the place for a bona fide personal use or a bona fide conversion or something of that sort. But there are plenty of codes in other jurisdictions which will do this. There are many other ways of making matters fair between landlord and tenant. For example, one of the abiding problems is the failure of the landlord to make repairs. That can be corrected if a provision is in the Landlord and Tenant Act allowing the tenant to make the repair if within seven or 14 days it has not been made by the landlord. There'll have to be a definition of what's reasonable and what's not and so on, but it can be done.

Security deposits, or damage deposits, as they're normally called, is perhaps the single most contentious area. This is a source of steady unearned and illegitimate income for – I was going to say many landlords, and I'll stick with that – many landlords, particularly those who deal with people on social assistance, because they can sometimes get damage deposits. I'm not quite familiar with all the terms on which they can get it. It's not their money in a sense, and when they leave, they don't have much of an interest in reclaiming the money. Certainly the social worker has no time to reclaim the money, so they're routinely forfeited. There are other landlords who simply make a practice of keeping a half regardless of the state of the place. Others make a practice of retaining a deposit to deal with fair wear and tear, and they do it secure in the knowledge that most people will not have the energy or the knowledge to take the matter even to small claims court, because even though small claims court is a very informal tribunal, it's still a daunting prospect for many people who are good ordinary citizens who never go to court and wouldn't ever want to go to court. A rentalsman could do all that sort of thing, not costing the public a great deal because the charges can be levied, where in the rentalsman's opinion the complaint is justified, that will go some way towards defraying the costs of the endeavour.

But action must be taken by this government; otherwise, their days will be numbered, Mr. Chairman, really. The Minister of Municipal Affairs thinks it's just a matter of providing more housing stock and giving a bit of rent rebate and financial adjustments of that sort. It isn't. It's also a question of equity between landlord and tenant. They're usually in very uneven bargaining positions, and it is really necessary to do something. We can be innovative about this and not have the rigid system we had before, which is fairly simple but fairly unfair. I have a number of suggestions in detail for the sort of thing I'm talking about, but I won't weary the minister with it on this occasion. Perhaps if he's interested, I'll send him a prospectus, as it were.

The Securities Act, Mr. Chairman, is another area, of course, within the remit of this minister. Between him and the Attorney General one must ask what is happening in the way of getting after the principals in the Principal affair. We don't use the names of people easily in this Chamber, Mr. Chairman, so I won't mention the obvious names, but we know who they are.

Perhaps the minister could give us an update on the attempts made by the province to recoup from those who, on the face of it, appear to have siphoned money out of the Principal Group of Companies contrary to the rules and the law – back on behalf of those who have been defrauded and, indeed, on behalf of the province, which has had to put up a great deal of money to try and straighten the mess out.

Mr. Chairman, I picked up my notes from last year, and I just would like to go over and see what progress has been made in three or four areas I noted then. One request I had of the minister at that time was that the Unfair Trade Practices Act be more widely applicable, because they only apply to the goods of householders of a personal nature and do not include a large number of transactions that normally we would think should abide by the rules of fairness and disclosure and so on, particularly the sale of shares and securities. Perhaps he could say if consideration has been given to widening the scope of the Act and what the result has been. I drew to his attention the big hole that has been punched in section 49 of the Law of Property Act: the failure to recognize the equity at the end of a hire contract with an option to purchase; you know, the usual thing where at the end of three years you make two more payments and the car, or whatever the thing is, is yours. By that time you've obviously built up an equity in it. But in the case of GMAC versus Scadden, decided in our Court of Appeal here – I think it was the Court of Appeal; anyway, an Alberta decision – it was ruled that there is no equity in the goods, even at that end.

How are we doing, Mr. Chairman?

MR. CHAIRMAN: I think you've run out of time, hon. member.

MR. WRIGHT: I see. Well, I'm very much obliged, and I look forward to the minister's answers.

MR. CHAIRMAN: The hon. Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. I would like to divide my comments into two sections: a section dealing with some general issues about which I and my caucus have some concerns and then a section that would deal very quickly with some specific funding questions.

I would first like to address the question or the matter of the landlord and tenant advisory committee. The minister has indicated that that committee will be reporting soon. I wonder whether the minister could be more specific and give us an idea of some projected date at which he expects it to report. We're watching with some interest and concern about what that committee will advise on a number of issues. I would like to know whether the delay is due to consideration of current pressures on the rental market or whether there's some other reason for the delay. Perhaps the minister tonight could give us a rundown of the issues that he expects to receive advice on from the advisory committee. For whatever reason the delay is apparent because I understand that the committee was originally scheduled to report last fall.

I wonder whether the minister could specifically give us insight into whether the committee will be considering relief measures for renters experiencing the pressures that they are now, the upward pressures on rental rates. Specifically, could he give us some insight – his own insight, perhaps, or his department's -

into how he feels about the reintroduction of a renter's tax credit or some other such mechanism that would deal with the rental problem on an infrastructural basis. It is important to us in the Liberal caucus that there be a resolution, that there be some relief for renters in Alberta. Unlike the New Democrats, we don't believe that a given segment of society – that is, landlords – alone should bear that social cost. But instead it is more appropriately a cost borne broadly by society, and one way of doing that would be through a renter's tax credit kind of mechanism. [interjection] I know they're very, very sensitive about that.

I would also ask the minister specifically whether boarders' rights are being considered by the landlord and tenant advisory committee. I understand that while there are some rights accorded to renters, such as notice before eviction – certainly there are improvements required – those kinds of rights do not apply to boarders. While that may affect a relatively small segment of our society, clearly they are entitled to rights commensurate with those accorded to other renters. I would be interested in knowing what the minister's doing about that particular issue.

Travel companies, of course, are a very important issue of late, and I'm referring to the failure of two charter airline companies, Points of Call and Holidair, and I guess also the Calgary-based Western Vacations Ltd. I would like to make a couple of observations about what I understand to be the licensing structure or regime in Alberta for various kinds of travel-related companies and, upon those observations, ask the minister whether he shares them and, secondly, whether he would consider certain possible remedies to the problem. As I understand it, travel agencies do not have to be licensed by IATA to operate. Travel agencies are not required to be licensed by Alberta Consumer and Corporate Affairs, nor are they required to provide any indication of financial viability or any kind of bonding in particular. Travel agencies can operate without licensing by IATA because they can receive their revenue from tour wholesalers, from hotels, and from car rental agencies that may not necessarily require IATA licensing.

Similarly, while the association of Canadian travel agents is a governing body which issues certified travel agent designations to travel agency personnel, travel agents do not necessarily have to have ACTA designation to be employed by the industry. This clearly leaves a gap in the kind of service, the qualification of the people who are dealing with people's travel arrangements and of course, therefore, with significant sums of their money.

With respect to tour companies, this designation includes individual tour companies whose sole purpose is to provide wholesale air and land packages for Canadians – Albertans, of course, as well – wholesalers who provide one or more of a combination of air, land, hotel, and transportation services as required, as well as individual travel agencies who operate their own independent tour companies. IATA licensing is not required of tour wholesalers who do not provide airline tickets on regularly scheduled airlines. A number of tour companies selling tour packages in Alberta use chartered aircraft and, therefore, are excluded even from IATA regulation, IATA licensing. Again, these companies would, therefore, it appears, escape any kind of formal – either industry association or government – licensing, regulation, standard, and code of conduct kinds of regulation.

[Mr. Jonson in the Chair]

Chartered aircraft companies is another designation that would fall under this issue's rubric. Consumers, I believe many, have a preconceived idea that all chartered aircraft companies and subsequently tour companies associated with chartered aircraft companies provide modern, first-class aircraft and high levels of in-flight service. The former Wardair, to its credit, probably raised that image and that expectation in most people's minds. Clearly, there are many, many differences amongst chartered airline companies. Many of them have limited resources, few aircraft, older aircraft and therefore subject to breakdowns and the inability to replace, and ultimately are subject to what happened to companies like Holidair. These chartered aircraft companies are required to pass federal aviation requirements, but to the best of my knowledge they are under no other licensing regulation to establish bonding, security for consumers, and so on.

There are greater, more rigorous, more effective regulations covering companies of these kinds in other provinces. As I understand it, the Ontario consumer and corporate affairs department requires all tour companies with offices operating in the province of Ontario to be licensed. This licensing brings with it an indemnity fund for financial reimbursement to those consumers living within the province of Ontario who purchase tour programs from Ontario-based firms. The Quebec consumer and corporate affairs department goes one step further. In fact, they have a similar licensing procedure and a similar indemnity fund, except that it will indemnify purchasers from anywhere in Canada of services provided by a Quebec-based tour/travel company.

I would ask the minister to explain why it is that that kind of program appears to work in provinces like Ontario and Quebec, yet his government has had a continued reluctance to enter into the industry in a way that would not only benefit consumers but, I believe, in the long run actually benefit the industry. Could I ask that the minister consider a number of proposals and provide his insight and his department's insight into these proposals? I'm not saying that they are definitive answers, but I would greatly appreciate his feedback and consideration.

One, all travel companies operating offices or selling in Alberta or simply selling products in the province of Alberta should be licensed by the Alberta Consumer and Corporate Affairs department. That licensing should bring with it an indemnity fund contribution to be paid by all these travel companies that would indemnify people against the kinds of events that happened last year: people being stranded abroad and having to spend their own money twice in order to be returned home.

The minister will say that recently he announced the general terms of an agreement that's being worked out currently with ACTA and may feel that that is sufficient to meet the concern that I raise. My concern is that as I understand it, his proposal has certain weaknesses. One, many people would not simply buy the kind of insurance program that is being suggested and wouldn't see that it's necessary, due to preconceived ideas or misconceptions about the travel industry in this province. Secondly, generally these plans have been applied only to tickets purchased through travel agencies, and of course people can buy tickets in other ways now. They can buy directly from wholesale suppliers or from charter aircraft companies.

Another proposal would be that licensing should require that all tour companies utilizing chartered aircraft in their programs provide in writing in a prominent manner on their brochures the name and licensing information for the appropriate chartered

aircraft company, the number and size of the chartered aircraft fleet being used by and available to the tour company. This would identify whether there's only one plane and raise red flags about what the consequences of that could be.

Other ideas to assist in the regulation and improvement of this industry that I would suggest or ask for the minister's input on would be those that are currently in place in Ontario, including a strict definition of what information travel agents are required to provide to clients for travel outside Canada, regulations that wholesalers must indicate in all advertising whether the accommodation is under renovation or construction and the anticipated date of completion, regulations that would apply if a minimum price is given: the maximum price or the terms and conditions that may limit the availability of the minimum price shall be clearly set out. Misleading advertisement would be avoided in that regard. Finally, if a previous price is advertised by way of comparison, then that price must have been available to the public within the last 60 days.

A third issue that I would like to raise is the question of relationships amongst condominium owners. It's been brought to my attention that a circumstance can arise where private condominium owners in a condominium complex can be at a tremendous disadvantage if they end up in an aggregate minority position vis-à-vis a commercial condominium owner owning a majority of the units in a given condominium complex. I have been approached by somebody who's very concerned about this issue, and I guess it addresses the issue of minority-holder rights in a condominium complex, particularly when there is a commercial versus a private relationship. In this particular case I've been led to believe that private owners with a tremendous stake in their particular home, housing unit, can be forced to participate in the purchase of, for example, a fire extinguisher system that might be cheap or might not be set up in the apartment in the way that would be as amenable to a private owner as it might be to a commercial owner. The commercial owner doesn't care what it looks like as much, wants to save money perhaps. The private owner can be driven to accept those standards, despite the fact that their perspective and their interest in that unit is quite different than the commercial owner with which they share that condominium complex. They can be forced, in another case, for example, to have some of the condominium general fees or funds put into commercial space possibly, or services that would enhance commercial space, that isn't owned by the private condominium owners but rather by the commercial holder of condominium units in that building.

The question of the Alberta Securities Commission funding. I'm wondering what the practicalities are of the Securities Commission being self-funding or privately funded by the industry; whether that ends up being a disadvantage for smaller firms seeking to raise capital through the stock markets and whether this would be an inordinate additional financial burden on them for a process that is already quite expensive. In that regard, a corollary to that would be whether the minister has made any progress in developing techniques whereby prospectuses can be issued or obtained, developed, much less expensively than is sometimes now the case. That again is an obstacle to a smaller firm.

The volunteer incorporations Act: that was raised earlier. I'd just like to emphasize that we, too, are concerned about that Act, that a committee apparently was struck some time ago to review and solicit input, and we're waiting for that committee to report. Could the minister please indicate when it will report and what he anticipates it might say?

I'm not certain this issue applies directly to the minister, although I have a suspicion he would have some influence in this because it is something that is very, very important to consumers, and that is prescription drugs. Alberta, of course, has one of the lowest uses, if not the lowest usage, of generic drugs in the country. Could the minister give us an idea of his thoughts on this, whether he is developing programs and plans to do something about it?

The minister has spoken in the past of plain language legislation or regulations so that a variety of common legal agreements can be understood by people who don't have a legal background. Clearly that would be an advantage, particularly if his government continues to persist in its reluctance to become involved in certain market mechanisms or market areas such as travel arrangements. I'm certainly not advocating that they should sustain that reluctance, and certainly plain language legislation isn't inconsistent with that kind of involvement in any event. Could the minister please give us an update on what he expects will be happening there?

Junior capital pools: we've had a concern with them in the past, with the nature of the risk that is inherent in them. Last year the minister indicated that about, I think, 200 of well over 300 had actually implemented their major purchase and that that was working well. I wonder whether the minister could give us an update, particularly focusing upon whether this program has had the desired effect or what effect, in fact, it has had with respect to job creation, economic diversification – that kind of measurement – and whether, in light of the results of that measurement, the risks inherent in this kind of junior capital pool would be really worth while or warranted.

Specific observations or requests about funding, and most of them relate to vote 1. I wonder whether the minister could comment briefly on why the Securities Commission Board has been reduced in funding by 4.1 percent. The Data Processing increase of 5.8 percent under vote 1.0.6: could the minister please explain that? I'd be interested in knowing what sort of data processing is undertaken in his department specifically. Administrative Services have increased 5.5 percent under vote 1.0.5. I wonder whether he could indicate that.

Generally, could he give us an idea of how it is that there are consistent increases in every single vote in his department except the vote for the Regulation of Securities Markets? Given the sensitivity of that matter and the importance of that responsibility within his mandate, it seems there may be an inconsistency. Certainly an explanation would be warranted.

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The Member for Calgary-Foothills, followed by Edmonton-Jasper Place.

MRS. BLACK: Thank you, Mr. Chairman. My comments will be substantially briefer than the speaker before me.

I have really two areas that I wanted to discuss with the minister. One was in the area of the Landlord and Tenant Act. I think one thing we've heard is a lot of concern over the pending changes towards the Act and the quite often publicized plight of the tenant. But I don't want us to overlook the landlord as well, and I'm concerned that sometimes we hear only one side of the story.

I've had a number of discussions within my own riding on proposals, or deemed proposals, to the Landlord and Tenant Act from both sides. I think presently under the Act we're faced with a lot of inequities between the landlord and the tenant in

areas of terminating a relationship, where I believe right now the landlord has to give, I think, more than double notice to what the tenant has to give, and I'd like to give more of a comparable balance there between the notice that has to be given between the landlord and the tenant.

We hear quite often complaints that the tenant has done excessive damage to a unit, whether it be an apartment or a fourplex. I have those situations in my own riding. In fact, I've actually seen pictures as proof of what has been done, and there seems to be a feeling from the landlords that they're left at a bit of a disadvantage when they have to remove a tenant and go through a long-drawn-out process to have them move quickly because of damage that has been committed within their own property. So I think those are things I'd really like to see happen. I'd like to see things that possibly bring the damage deposits more in line with reality in the costs of repairs today.

From the tenant's side, I think that quite often when we get into situations with landlords, as in every situation, you have good and you have bad. We don't often hear about the good, and there are many good landlords. We do hear about the bad. Some of the complaints, though, are that things like maintenance are not kept up. That puts not only the onus on the tenant, then, to upgrade their living quarters, but also it can provide a hazardous situation within a lot of accommodations if there isn't a maintenance clause involved in the Act.

So just in summary on the Landlord and Tenant Act, what I'd like to see happen is more of an equitable position: that termination dates would be relatively the same and there would be requirements for a more equitable position on deposits, et cetera, and consideration given on both sides instead of gearing it towards one or towards the other, because there are good and bad on both sides. It's difficult, I know, to draw that balance, but if we are, in fact, going to be reviewing this down the road, I think it's important that we think about those things ahead of time. I do look forward to seeing the report that the task force is putting together. It'll be nice to see that, to review it, and share some ideas.

The other area I'm going to get into – I guess I'm on a monitoring kick today; we talked this afternoon about one form of monitoring. I've often wondered why, when a company decides to come to Alberta to do business and they go through a licensing process, if they are already established somewhere else, they have the option to choose the audit jurisdiction under which they will fall. That may not sound like it's very important, but I think back to a couple of falls ago when there was a brokerage firm in Calgary that in fact went under, and it wasn't, unfortunately, under Alberta's audit jurisdiction. In fact, I think at that time there were only about four companies that fell under Alberta's audit jurisdiction. This particular company was under Ontario jurisdiction. Consequently, we only had the ability to really audit the branch office within Alberta and not the company as a whole. It left us a little bit hindered because we couldn't go in and have a true picture of what the financial transactions for the company were.

I'm wondering if we've made much progress on developing an interprovincial co-operation with other audit jurisdictions to see that if in fact we have a company that is identified as in trouble, we could go in and do an audit and cross provincial lines. I'm thinking mainly of companies that are dealing in securities where they're, say, public companies and they're trading under the Ontario exchange or the Quebec exchange or the Vancouver exchange or the Alberta exchange. I think it's important to try and develop that interprovincial relationship so that we can have

a better idea of what's happening in companies. I guess really those are the only two areas that I'm concerned with.

I want to commend you, Mr. Minister, because I know you've taken some very large steps and progressing in trying to make people aware of the marketplace, and I think that's very important. We've seen the situations arise in the last 10 years where people, quite frankly, didn't know what they were getting into. I want to commend you for some of the programs that I know you've put in place and are putting in place to try and make the consumer a little more aware. Possibly we could look at programs down the road where we can have community awareness programs that help people understand what they're getting into, whether it be an insurance policy, an investment, an airline ticket, something like that. Those things, I think, it would be nice to be able to offer within the various communities in just a forum type of environment. One idea on airline companies, because we have had a problem, is that when a new one, a new franchise or grouping, does come to Alberta, possibly a performance bond could be placed for a period of time of operation to see if the financial stability of the company is in fact there; that could be later removed.

Thank you.

MR. DEPUTY SPEAKER: The Member for Edmonton-Jasper Place, followed by the Member for Smoky River.

MR. McINNIS: Thank you, Mr. Chairman. I would like to say a few words this evening to the minister and the Assembly about the landlord and tenant situation. I've been looking in the estimates to try to find out how much money the government actually spends dealing with landlord/tenant problems. It's difficult to tell from the information in the estimates book. I believe it's somewhere within vote 3, but even the element details don't quite indicate. Perhaps it's within the area of Consumer Standards; I'm not sure. But I'd be curious if the minister could provide information about exactly what it is the government does spend in that particular area as we go through these estimates. I was surprised to learn, for example, that the Landlord and Tenant Advisory Board, which is where tenants go when they have distress and problems that they want dealt with, are almost entirely, if not entirely, funded by the municipalities. I thought, actually, that that was a cost-shared function, but I've been informed otherwise.

I do want to say that I appreciate the concern the *minister has* expressed to me privately about some of the problems faced by tenants in my constituency. I believe he has an open mind about their problems and about solutions to the problems. I want him to know that I appreciate it, and I believe the tenants in my constituency appreciate that as well.

There is presently an imbalance in the marketplace between landlords and tenants. You know, tenancy is really a type of contract whereby the tenant agrees to pay rent on a timely basis and in return has the right to quiet and safe enjoyment of some residential premises, and the two agree at the onset of the tenancy what those premises are to be. Now, what happens if either party violates that contract? That's where the imbalances start to come in.

Let us say that a tenant is guilty of nonpayment of rent. That happens from time to time. Perhaps somebody's lost their job or there's been a family emergency or whatever; the money's not available to pay the rent. Well, the landlord has all sorts of remedies, and I was a little surprised to learn what all they are. A landlord has the right to evict a tenant on 14 days' notice:

two weeks and you're out if you don't pay the rent. But it doesn't stop there. The landlord can go to a sheriff and start seizing property immediately. If the sheriff doesn't seize the property, he can tag property and order that it not be removed from the premises. All of these things happen almost immediately for nonpayment of rent. You can be out in two weeks' time.

But what happens on the other side if the landlord doesn't meet his obligations, let us say, on the question of repair, of keeping the place in a habitable and decent state? What are the tenant's options? There's no such thing as 14-day justice for the tenant. The tenant can't go out and order that things be done. The tenant can ask the landlord, "Will you please fix the hole in the roof?" or the crack in the wall, or what have you. If the landlord doesn't, then the tenant goes to the advisory board, which has no particular authority to do anything except perhaps to attempt to persuade the landlord to do something about the problem. If the situation gets so bad that there is a risk to the health and safety of the tenant therein, the tenant goes to the board of health, and the board of health inspector comes along and looks to see whether, in fact, there's some danger to life, limb, or health. If that's proven to be the case, all they can do is condemn the place, in which case the tenant is out on the street and has nowhere to live. So a lot of situations which may in fact be health risks go by the board because nobody wants to be without a home suddenly on account of the fact that they have complained over a repair matter.

So there is that particular imbalance in the marketplace right now between landlords and tenants. The one that's breaking out all around us and we've heard quite a bit about over the last several months – we're going to hear a great deal more – is the imbalance when it comes to setting of rents in the marketplace. There are buildings which are changing hands and some which are not changing hands. There's an opportunity there for landlords to take a greater profit, and some of them are taking advantage of that opportunity. The law in Alberta suggests that in a monthly tenancy three months' notice is all that's required to increase rents. That's happening, and it appears to be happening every time another month rolls around. I would not be at all surprised if today and tomorrow another group of tenants in this city and in Calgary are receiving very substantial notices of rent increases.

Now, the Premier was asked about this in the Legislature, and the Premier said, "Well, for too long in Alberta tenants have been taking advantage of landlords. They've been living off of the fact that the landlords did not have the power in the marketplace to increase their rents, so landlords have been losing money, shelling out money hand over fist." Now, I've never seen any particular evidence to back that claim up. I just have the Premier's say-so, which of course I believe at all times. But I think, you know, that this is something that should perhaps be looked into.

On the other hand, you have the Liberal Party which rejects rent review on the grounds that it's unfair to landlords. In fact, you heard the Member for Edmonton-Meadowlark say today that we should not expect landlords to pay for the fact that tenants have trouble paying the rent; that's something that should be shared more broadly among the rest of society. Now, if I understand that correctly, what it means to me is that he wants the taxpayers to pay the rents the landlords want to charge tenants in today's marketplace. Now, who is it that the member thinks pays taxes in this province? I'll tell you who pays taxes in this province.

MR. MITCHELL: Why don't you have landlords pay welfare? Why don't you have landlords pay for groceries? Why don't you have landlords subsidize day care?

MR. DEPUTY CHAIRMAN: Order please.

MR. McINNIS: It's working people who pay taxes in this province. Because of the way the tax laws are written, people who have enough money to buy property, people who are landlords in our society, write those costs off their income. Who do you think it is among that group of people every year when the tax statistics come out who are over a hundred thousand dollars a year and who pay no taxes? They're landlords for the most part, for crying out loud. Now, he wants working people to send more money to the government in order to help people with low incomes pay the rents that landlords want to change.

Now, this is the party that likes to talk about fiscal integrity. They come here, and in the election campaign, and they talk about fiscal integrity. What kind of fiscal integrity involves increasing taxes on working people so they can take the money and give it to landlords? I don't think that's fiscal integrity at all. In fact, I think it's another one of these sort of quick-fix ideas where you see a problem, you create a program, you say we should throw some money into it. We seem to hear a lot of that from the Liberals, in particular, for all their talk about fiscal integrity.

In fact, I want to return to that, because there's a particular case that I believe the minister is familiar with. It's the case of Thorncliff Place and Springfield Plaza. It's a complex of some 255 units built in the late 1960s under the CMHC limited dividend housing program. I forget who was in power nationally in the late 1960s, early '70s. It was a program in which developers were given very low interest mortgages – I believe 5 percent – to build affordable housing for people with modest incomes. This particular complex was one of the better ones; in fact, it was pioneer architecture in the zero-lot-line town house type of model. I believe it won an award at that time for design. The density of the units and the amount of green space was seen as something of a breakthrough at the time. That was before we had a lot of town houses; I think the architecture of that particular mode has progressed quite a bit. In any event, at the end of November last year a company called 40 J 763 Alberta Ltd. bought this property for \$11.4 million approximately. Now, the numbered company is a consortium of three different companies: the managing partner is Westcor, which is a local property management firm; there is also an eastern partner, a financier, a financial company; and there's also another local investor as well. In any case, 255 units at \$11.4 million works out to \$44,531 per unit. These are two- and three-bedroom units.

Now, somebody from eastern Canada looks at a property value of \$44,000 for a condominium unit, looks at the fact that in the province of Alberta there's no restriction on rent, and they all of a sudden get a dollar sign in their eye: this looks like a good idea; we can buy this unit for \$44,000 and we can charge whatever we want. Well, they went for it, and at the first available opportunity, which happened to be the day before Christmas, all 255 units, or almost all of them, received a letter from their new landlord. It said: "Hi. We're your new landlords. Guess what? Your rent's going up 30 percent effective the end of March 1990." Now, these tenants were a little bit concerned about the matter, because these units are not brand new. Like I said, they're just about 20 years old at the present time, and the place is not in terribly good shape. I could go

through a whole litany of things having to do with leaky plumbing and no paint and poor floor coverings and some quite serious plumbing problems with, you know, sewage backing up inside people's units. I think you get the picture of the type of maintenance that's been meted out to these tenants over the years.

Now, this particular unit was built with taxpayers' money. That's one of the really annoying things about it. You know, the taxpayers put up the money to build it and subsidize the mortgage over a long period of time . . .

MR. MITCHELL: Did the working people put up the money to build it?

MR. McINNIS: Well, as a matter of fact, Mr. Member, I'll tell you a little bit about that. We had a forum to discuss this one evening, and the minister was kind enough to send a couple of his senior staff to listen to what the tenants had to say. The Liberal Party sent a defeated candidate, and the defeated candidate came forth with the idea: "Well, we can solve this problem. The Liberal Party has a solution to this problem. We'll give some taxpayers' money to developers to build some more housing units." And somebody said: "Well, isn't that what happened in our unit right here? Isn't that exactly what happened to us?" They'd like to do that to them all over again.

My point is that, when you have taxpayers' money that goes into housing, you should make sure it goes to the people who need it and it stays with them. I think the fatal flaw in that limited dividend program was that the title transferred to the developer stayed with the developer. After 15 years the developer's obligations ceased. They immediately flipped it to an essentially eastern financial interest, who saw in it not a group of tenants who are having – I mean, people don't live in 20-year-old town houses if they have other housing options. They don't have other housing options now, so they're stuck with paying these increases, and a lot of them are having a very, very hard time affording it.

Now, I think there is no particular justification for this type of increase other than the fact that a new landlord wants those tenants to pay the mortgage right now. I mean, they're buying it for speculative gain – there's no question about it – but they're not prepared to speculate with their own money. They want to speculate with the tenants in my constituency, with their money, and I say that's wrong. I don't think – I could be wrong about it, but my understanding is that Alberta is the only province in which you don't have to justify your rent increase other than to give 90 days notice. Now, if I'm wrong about that, perhaps the minister will let me know, because I'm sure he has better information than I do. But I think we can design a system in which if there are people in the situation the Premier mentions, where the tenants have literally been ripping off the landlord, then that can be dealt with. That seems to me to be a justifiable increase. If the landlord is not meeting his costs, or if the landlord wants to invest in improving the property, those are justifiable reasons. But buying property for speculative reasons and expecting the tenants to pay the mortgage immediately to me is not a justifiable reason.

All we're asking for is that there be somewhere that tenants can go to appeal. As it is now, they can't go anywhere except to their MLA. I guess they've done that, and here I am pleading their case and saying that I hope this government will respond. Now, I do appreciate very much that the MacLachlan task force is still studying this matter, and I appreciate the fact that the

minister is at least publicly open-minded. I want to encourage him to look at fairness and look at a system where tenants pay increases which can be justified but not those which cannot be justified.

MR. DEPUTY CHAIRMAN: The Member for Smoky River.

MR. PASZKOWSKI: Thank you, Mr. Chairman. First of all, I'd like to commend the minister and his staff for the excellent work they have done throughout the year. I think the department has never been in more capable hands. Mr. Minister, I'd certainly like to commend you and your staff for the excellent job you have done.

I'm going to be very brief, and I have three points I'd like to discuss. I didn't bring my last year's notes, so I won't go through the rhetoric we hear year after year. The three points I'd like to bring forward, Mr. Minister, are – the first one involves the real estate Act. I'm glad to see that indeed you are reviewing it, and there will be some new legislation coming forward.

[Mr. Schumacher in the Chair]

It seems to me the major concern I see developing in the process is that if a salesman goes out and contravenes what he's supposed to legally be doing, the agent has his licence lifted, and the salesman goes across the street the next day and is in business. That to me doesn't sound quite fair and doesn't seem to be quite the way it should be. It doesn't seem to me that the agent should be penalized and yet the salesman can carry on practice just as though nothing had happened. So I would hope this is considered when the new Act comes forward.

The other item, and it's one I've been particularly burned with in my own dealings, involves the Canada deposit insurance act. Along the way, 15 years ago approximately – I'm not sure exactly how many years ago it is – the insurance Act was put in place. It was a federal piece of legislation. It was set at \$60,000, and that amount really hasn't moved; it's still at \$60,000. In order to carry on business, in many cases you'll find that business people or investors or just the common Joe who is able to put some money aside has to start dealing at various banks or various institutions or keeping his money spread in different areas in order to stay covered. I wonder if perhaps along the way we couldn't consider raising that, escalating it, if for nothing more than the cost of inflation.

The third item is the travel agency problems we're having. When a person comes to book a trip, he's really not familiar with the background of the companies that are providing the transportation. He really leaves it to the discretion of his travel agent. None of us is able to determine what the financial responsibilities and the basic background of these companies are, so we're really in the hands of either the travel agent or some sort of bonding agency that perhaps should be considered. I think it's important that we consider that at the present time because the risks are increasing, and as I see it, we probably will be having more and more of these dangerous situations developing. There's nothing more uncomfortable than a person trying to travel, being caught at the far end with very little money, trying to get home, and totally lost in a foreign country with no way of getting back.

So, Mr. Minister, I'd certainly ask that those three points be considered. I'd like to commend the staff for the excellent workmanship you've provided through the year, and I'd like to wish you well for the coming year.

Thank you.

MR. CHAIRMAN: The hon. Member for Ponoka-Rimbey.

MR. JONSON: Thank you, Mr. Chairman. I have two points that I would like to raise with the minister this evening.

First of all, I'm aware that over the past few months the minister has been dealing with a topic which is usually referred to as alleged interest overcharges. This is a major concern within my constituency, among the farming population particularly, although there have been some small business interests that feel they are affected by this development as well. I realize it's a complex issue. The cases are not all alike, and there are different legal rules and things that have a bearing on these cases. I'm also aware that it perhaps relates more to the federal area of jurisdiction than it does to the provincial. However, there is the expectation, when some of these constituents come forward, that there is something the province could and should be doing to assist them in their difficulty, or what they believe to be a difficulty and unfair treatment from the banks.

Now, Mr. Chairman, I'm aware that the Department of Consumer and Corporate Affairs has been in contact both with the gentleman who is known as the borrowers' advocate as well as with a number of the farmers and businessmen who feel they are being wronged in this particular situation. I would like to ask the minister a series of questions. First of all, could he comment on the jurisdictional situation relative to the provincial government, the individual, and the federal government. Secondly, what form has the work his department has been doing taken? What has been done and what is now being done in terms of assistance to these people? Finally, I would appreciate any comments he might have on how he sees the future of this particular problem unfolding. Is there likely to be any more definitive action taken, such as the setting up of a review board? Or is this something that in his judgment and to his knowledge must be dealt with on an individual basis? Is there anything that can be done to prevent this sort of problem arising in the future? I realize there has been some change to banking legislation and to regulations that bear upon this question of alleged interest overcharges, but we are moving, and have been for some time, into a time of escalating interest rates. They continue to go up, and they go up rapidly and change. I wonder if the minister is satisfied that this type of situation developing again has been prevented.

My second point, Mr. Chairman. I'd like to commend the minister for the work he's been accomplishing in terms of working with the insurance industry toward self-policing and self-governance, so to speak: the establishment of the insurance liability fund that was announced today in the ministerial statement. But I do receive concerns from constituents about the insurance industry as it relates to auto insurance and particularly the cost of collision repairs and how these seem to be escalating very rapidly and reflecting upon the premiums, of course, that the citizens of the province end up eventually paying.

The specific concern is that there seems to be long established in this province a procedure whereby at least two and usually three collision repair shops were consulted – I shouldn't say consulted – were asked for bids when a collision occurred and there was damage to be repaired. It's alleged that now there is a sort of set relationship between certain insurance companies and perhaps one collision repair site or source within a community or within an area of a city. There don't seem to be the usual forces working in the marketplace to keep the costs of these repairs down. Labour charges, parts charges, and so on

seem to escalate very rapidly. The constituents that have come to me maintain that much lower costs could be arrived at if there was more competition in the bidding for these repair opportunities. I wonder, Mr. Chairman, if the minister has had that matter brought to his attention from other sources and whether he has any comments on what might be done to address the problem if it is widespread.

Thank you.

MR. CHAIRMAN: The hon. Member for Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. I want to make a few comments and observations on this department. I particularly want to speak to vote 3, the consumer standards area, but specifically to the Landlord and Tenant Act. Before I do that, Mr. Chairman, I want to commend an employee of the department with whom I've had a fair amount of association over the last several years as a result of the tornado that struck the eastern part of the city, particularly the Evergreen trailer court. I'm referring to Mr. Ross Cote. I know I appreciate the work he has done in working with the residents who were devastated, in many cases, and suffered injury, to their properties primarily. I think the co-operation he has extended both to my office and to the citizens in Edmonton-Beverly – I want the minister to know that we appreciate that, and he will hopefully pass those comments on to him. His work has been ... He really has done a great job.

Now, the Landlord and Tenant Act. As other members have said, I'm a bit disappointed that we didn't have the results of the task force and the amendments to the Act before us for today. Perhaps it wouldn't have been necessary, then, for us to get up and make comments on it. But I believe, Mr. Chairman, that even with the amendments to the Act it will continue to have deficiencies. The problem I see with the Act is several things. While the Act is a statute of this Legislature, in fact it's the municipalities that structure it and fund it. I think that is where the problem lies. Now, I served on the Edmonton advisory board at one point, and I believe this particular advisory board does a tremendous job. However, I know that in other municipalities, particularly the smaller urban centres throughout the province, there aren't any landlord and tenant advisory boards. As a result, tenants and landlords in those instances do not have particularly good recourse to deal with the problems arising from the tenant/landlord situation.

Also, the problem that exists in the legislation is that it does not have sufficient, for lack of a better word, teeth in it. Maybe that in itself is a problem, because it's only an advisory board and not a board that can do something or has to do something. It's simply an advisory board; therefore it really does not have the authority to adjudicate in such a way as to properly resolve problems. In spite of the legislation, I think, particularly, again, from my experience with the Edmonton board, they have historically over the years done a tremendous job in attempting to resolve differences between landlords and tenants. But, as a whole, I don't think that particular Act is sufficiently strong to allow a body like the Landlord and Tenant Advisory Board to deal with some of the problems they are approached with and need to resolve. Again, I think it would have been much more beneficial to us had we seen the end result of the task force, and perhaps, as I said, we wouldn't have to talk about it today.

However, I think there are things that are not in any legislation and I don't anticipate will be in the forthcoming legislation; that is, security of tenure for tenants, and the maintenance of

rental facilities has been alluded to. I think damage deposits is an issue. Discrimination is an issue. I think there needs to be something *in place* to protect our visible minorities and other people who are subjected to discrimination by landlords. I'm not sure how you can legislate that, Mr. Minister, but I believe there has to be an attempt made to try and protect those kinds of people.

The lucrative attempt by owners of large apartment complexes to convert to condominiums is also something that needs to be addressed. There are jurisdictions in Canada that have looked at this particular problem and have made some moves toward regulations, I suppose, to cope with what happens to the tenant when there is an attempt to convert a large apartment building to a condominium complex. There are provisions where 180-days notice has to be given. There are relocation costs attached to the landlord if an individual decides that he will not purchase and needs to move. There are a number of remedies that take away the stress, the worry, and the concern that a tenant may have if he has lived in an apartment for any length of time and is forced to move.

The recent event in the city of Edmonton and in the province of Alberta generally – and most people have talked about it – is the continuing escalation in rental rates. Now, I understand that over the period of the last several years landlords may not have been able to receive the kind of rental they may have got or should have got. On the other hand, I think an opportunity has developed, and they are taking a very profound attempt to make up for lost time. A number of stories have appeared throughout the newspapers: soaring rate increases, low vacancy rates hard on poor families. That, in fact, is the case. There are those, of course, that can afford to pay an increase in rent, and there's no real problem. But there are many, many people who cannot, and it is those people that seem to be impacted the most. The landlords are attempting to squeeze the low-paying tenant out of their facilities by a variety of means. I think the Member for Edmonton-Jasper Place alluded to some of them. There's an attempt to force people into slum situations. Their social service money or even their earnings money that should be going on food and other amenities is going on rent. There needs to be some way to address that problem.

I am proposing a Bill, of course, that is before the Legislature that I want to talk about, perhaps a resolution to some of those problems. I would hope that the minister will look at that legislation and not discard it out of hand on a philosophical basis. I think there's a reality and a need for some type of protection for tenants. I'm talking primarily about tenants.

I'm really disappointed, Mr. Chairman, that perhaps as big a culprit as any in the whole process that's occurring in this province is the Alberta Mortgage and Housing Corporation. Their attempt at this time to divest themselves of their housing stock, or at least half their housing stock, has created a great deal of problems for many, many families. I have an article here where over 60 Gibbons families have to either pay or get out. There is no way, I think, consumer affairs is concerned about consumers. On the other hand, another branch in this department is doing something else that's really in contradiction of what the other department is threatening to do. I have letters from people who have been impacted, letters to the minister and, in fact, to the Premier, asking for some kind of redress to the problems they're having. They don't seem to be receiving too many results.

I know that we're not talking about housing; we're talking about consumer affairs. But I think what has happened is that

pressure the Alberta Mortgage and Housing Corporation has placed on the overall impact on tenants is part of the package of this whole issue of landlords or developers or finance companies buying property in the city and gouging tenants. Indirectly a contribution of all these factors is putting tenants in a very bad light in this province, and it's that kind of situation that I believe needs to be addressed in some form of legislation.

I do believe there needs to be a type of rent review process. Hopefully that process not only will be beneficial to tenants but will address the problem for landlords as well. I think it's important that all parties benefit from some type of regulations and legislation. In this case we're talking about tenants because I think tenants are the most vulnerable. The landlords in most cases have lawyers and accountants and people to look after their interests. The tenant really does not, particularly the low-income, modest earners that are forced to live in rental accommodations. They don't have recourse. They can go to the Landlord and Tenant Advisory Board after the fact, after the landlord has increased the rent. You can't do a thing to try and prevent the increase.

I think there has to be some kind of provision that will require a landlord to justify a rent increase over and above the consumer price index. As alluded to earlier, if he has a maintenance cost, upgrading costs, surely those should be considered in the rental increases. But just to simply come in because you bought a property and want to make a quick dollar I don't think is rational or prudent and really shouldn't be tolerated. That is gouging.

The minister of housing has alluded to it in his comments in the House. He's warned people, and I appreciate that. On the other hand, warning is not going to solve the problem. I think we have to have a better way to regulate to ensure that the average Albertan is not getting stung by someone who wants to make a quick dollar on the backs of tenants. Seniors have not escaped this whole process. I have records of seniors who have had rent increases of up to 40 percent. They're simply being forced to leave accommodation in which they have spent a good portion of their twilight years. They must leave, in some cases in great sorrow, to something much less than they have been accustomed to and really should not be having to move into those kinds of facilities.

Tenants are starting to form organizations, Mr. Minister. In a meeting the Member for Edmonton-Jasper Place alluded to, which I attended as well, tenants are forming associations in Edmonton, in Calgary, and in other places. I think that's encouraging. Obviously they need to get together to resolve and defend the situation they're in. I personally will do everything I can to assist them in their organizations so they can deal with their problems. I hope this department will listen to their concerns when they approach you, because I'm sure they will. I believe they will be presenting good, rational positions that need to be addressed.

In the final analysis, I think we need to put in some form of legislation to ensure that we don't have this cycle: one time the tenants are in a bad way, the next time the landlords are in a bad way. I think there needs to be some rationalization, some stabilization of the rental process in this province. Almost 50 percent of the people in this province rent. It's a large population, and I think that population needs to be taken into consideration and their problems addressed.

Thank you, Mr. Chairman.

MR. ANDERSON: Mr. Chairman, I'd like to take the opportunity to try and respond to a number of the questions raised and would repeat that if for one reason or another I don't respond to a specific suggestion, I'd welcome it directly from the member and would undertake to get back to that member with respect to their suggestions. There have been a number of good suggestions, measured thoughts, and I thank members for giving those. There are a number of concerns expressed that are duplicated by a number of members of the House, and that will assist in responding to some of the general issues.

Starting from the beginning, the Member for Edmonton-Strathcona talked of the volunteer incorporations Act. I'm pleased that he and the Member for Edmonton-Meadowlark, I believe, raised the issue. I, too, have concerns that we proceed carefully in that area. It is not the intent of the government or, I believe, any member of this House to inhibit volunteer organizations but rather to provide as good a vehicle as possible for them to carry out the many functions they do to assist Albertans. I do not intend to reintroduce that Act this year. I don't plan to, because the complexities of the issues are great enough to merit very careful consideration. We have a report given by the committee chaired by Gwen Harris, which I appreciate. That report does require some considerable review. We must ensure that before proceeding in that field, we have consulted with the volunteer organizations and know that we would be improving the system to put a Bill in place rather than inhibiting in any way the volunteer organizations in the province.

With respect to travel agencies – again, a topic mentioned by a couple of people – let me respond to two particular suggestions. The first was that there be a sort of assurance or bonding or other general way in which those citizens who purchased travel packages could be guaranteed that their travel plans would be taken care of in one way or another. Mr. Chairman, on the surface of it that seems like a logical suggestion. In fact, we carry out that kind of process with the insurance companies, and today I announced that there will be a national fund to backstop insurance companies to ensure that people who purchase insurance packages in the health and life area will be guaranteed that those insurance packages, to certain limits, will be lived up to regardless of the failure or nonfailure of a company.

In the travel industry, however, there are only two provinces who do that. One is Ontario and one is B.C. Quebec has a form of that. The fundamental difference between those provinces and this is the size of the industry and consequently the ability to put a large enough pot in place to cover defaults that may take place, which are very expensive. In British Columbia, even with an industry very much larger than in this province, the fact has been that the fund has not been able to pay for those defaults and the citizens of the province, through their government, have had to put in that money. Some members may find that acceptable. I'm not sure the average Albertan who hasn't traveled would want to put in those dollars for that purpose if they can be assured that any person going to purchase a travel package has the option in writing to purchase an insurance package to cover the possibility of defaults. I think citizens would want us to be responsible in doing that, and that's in fact the arrangement we've worked out with the travelers' association, which they passed only hours ago and which I'm pleased to report is a step forward in that direction in terms of this overall industry.

There is still some work to do with groups that are not members of that association and with tour operators, which were mentioned by the Member for Edmonton-Meadowlark, but I

believe we have taken the proper steps for that industry. Insurance funds work well with some others. In this area I believe we are moving on the citizens' behalf in that respect. Nonetheless, let me assure the House that I am of the opinion that citizens have to be able to insure their travel package, and I'm committed to having that happen through this process and through what steps we have to take in the department to make that happen.

Mr. Chairman, with respect to delegated regulatory organizations and the discipline of members, I think the Member for Edmonton-Strathcona had a good point. I am awaiting and looking forward to our general policy on professions and occupations, which I would like to have apply to most delegated regulatory organizations. I'll take his specific recommendation there under consideration and do agree in principle that discipline procedures and mechanisms should be understood throughout our organizations, and in fact some of those have quite involved processes in place. But it should be something that applies in a general sense, in my opinion.

The interest overcharge question was raised by the Member for Edmonton-Strathcona as well as the Member for Ponoka-Rimbey. Let me explain exactly what we've agreed to do in that respect. The issue was raised with us. It relates largely to cases and circumstances many years back. It is by and large a federal jurisdiction; the banks are federally regulated. However, I agreed to review a cross-section of cases that were brought to our attention to ascertain whether or not they were indeed individual cases with individual parameters which would have to go through the legal process, as some have done, or whether there are some common threads we could see which would give us a base for offering to the parties involved a mediation process which would save both the people who feel they have been overcharged and the banks from that expensive legal process.

At this point I must admit to you some frustration in trying to find out details of specific circumstances that have existed many years. In a number of cases the paperwork either doesn't exist or is hidden deep within vaults at this point, and we are trying to find that. Individuals who were involved in sometimes traditional word-of-mouth kinds of arrangements are not now in the same places, and therefore to find evidence to ascertain whether or not there are some common threads or justification to complaints is difficult. There have been court cases on the issue. They've been resolved for the banks and for the individual borrowers on different occasions. So it is taking us some time to find that out. The banks are co-operating in giving us information and helping to try and track down information.

I would correct one assumption made, and that is that the banks are doing it. We are in fact carrying out the investigation with the assistance of the banks. If we are able to determine that there is some common ground, then we can proceed with some offer of a mediation process or some approach to the federal government, which is the primary regulator with respect to the banking industry. I think that really answers the members from Edmonton-Strathcona and Ponoka-Rimbey with respect to this extremely difficult issue.

The landlord and tenant area rent review was mentioned by a number of members. I would make these comments. The ultimate answer anywhere in any marketplace to concerns in terms of rental accommodation is having enough accommodation so that individual tenants can have those choices. Above all we have to have an atmosphere and a way in which we can encourage that kind of investment and have those options available to investors. That to a large degree falls within the jurisdiction

of the Minister of Municipal Affairs, but I believe that to be the ultimate answer to many of the concerns.

Having said that, I have responsibility for the Landlord and Tenant Act. I believe that there is a good case to review provisions of that Act to ensure that, particularly in this tight market circumstance, there is a balance of fairness and equity between the position that a tenant is in and that of a landlord. We've heard various opinions tonight on how that could be achieved. My colleague from Calgary-Foothills rightly identified some concerns from the landlord side. Edmonton-Meadowlark, Edmonton-Jasper Place, and Edmonton-Beverly all made suggestions with respect to various mechanisms, through rent review, new tax credits, or other such possibilities that merit some consideration.

I would say that in a review of rent review processes nationwide, it's hard to find a model that looks like it would work well. We have seen a ceiling placed on rents in some particular provinces. The end result by initial analysis would seem to be that rents always meet that maximum and, by and large, end up costing the tenant more over a period of time than that controlled by the marketplace. Other review processes, as was suggested, which allow a board or an agency to judge a particular circumstance, a rent increase, and say if it's justified or not are very difficult to operate. Obviously, to investigate the circumstances – the history of a particular building, the financial circumstances of past rent increases, current conditions of buildings, and whether refurbishing merits that kind of increase – requires a lot of money and a great number of staff by the process that we at least have looked at.

Nonetheless, there may be a model. There may be some way that we should consider that kind of approach. It's for that reason that I have asked the residential tenancy committee to look thoroughly at all of those options, and I await their recommendations in that regard. In terms of what I expect from that committee, I do expect suggestions and recommendations on the total Act, the Landlord and Tenant Act, and probably on areas related to it. I expect recommendations regarding deposits and the mechanism of deposits. I expect it on the time of notice that must be given to a tenant to vacate, notice that a landlord can use for various aspects on whether the whole process that we have in terms of landlord and tenant advisory boards is the appropriate one. I expect that they will very likely address the questions of rent review and rent control as options in this kind of circumstance. I do expect, in answer to the Member for Edmonton-Meadowlark's question, that they will address questions of what is not in the Act, such as the coverage of people who are boarders and other individuals who wouldn't fit within the current definition. So I do expect a full report in that regard, and my rough guess is that they should have that to me within a month.

Mr. Chairman, the Member for Edmonton-Strathcona asked about the Principal Group. I'm afraid I can't give him much in that regard. My department does not have responsibility for following up on the legal dimensions of that. That would be the Attorney General's department, although my understanding is that those cases are in the courts, and the Attorney General may have some difficulty in answering that question as well. Our only dimension is with remnants of the company that may have had stock exchange activity, and that review is under way by the Securities Commission on those that were trading publicly. But the legal dimensions in terms of actual charges, of course, come from the Attorney General's department.

The hon. Member for Edmonton-Strathcona did ask some other questions. He had made the suggestion last year about expanding the parameters of the Unfair Trade Practices Act. While we haven't done that in fact with the Act, we are approaching it from the same direction in terms of the financial consumer Act, which we'll hopefully be bringing before this House in the not very distant future, in terms of extending to financial consumers the ability to have some sort of redress, to obtain some basic information, and a variety of other areas. I look forward to discussing with the member at that point.

Edmonton-Meadowlark. I've dealt with the landlord and tenant issue. The tax credit is mentioned, and that's certainly something that this government had initiated before and that we would be considering. It is an expensive option. Roughly the last year of payments on tax credits were \$90 million to \$100 million. So that has to be taken into consideration in terms of whether that money is best placed there, best given to the clients of Mr. Oldring's department in the lower income end, best dealt with in the programs of the minister of housing. Those kinds of questions have to be answered in that review, but it is one possibility should the high rates of rent pose a problem, particularly for that lower income area.

In that respect I should note that 1983 rent rates were just being approached in the latter part of 1989. We don't have any new statistics in this year of where the rents are. We know that there are some dramatic increases, but we have to remember that because of the economic difficulties the province had, rents fell, the investment in rental accommodation fell, indeed the ability of landlords to survive in some cases fell, and they have come up to about that rate as of late 1989. So that has to be taken into account as we look to encouraging more investments so that ultimately tenants will have that choice and be able to say to a landlord as an option if they don't like the conditions or the rent increases, "Here is the other place that I can move to," and therefore have some market control of the circumstance.

The Member for Edmonton-Meadowlark mentioned the condominium Act and ownership there. It is an Act that we haven't reviewed for some time and are now in the process of doing. It may well be that there is a case to be made regarding minority owners and conditions placed there, and I appreciate the suggestions in that respect.

The Securities Commission: the concept of self-funding is an interesting one. I do think there is a possibility of the Securities Commission costs providing for more of the costs that the government pays for that commission. I wouldn't want to at any point get into a circumstance where there was some question about whether or not it was biased or unbiased. I also would not want to inhibit the development of trading on our relatively young junior capital stock exchange. However, the self-funding dimension is one that merits some look. The exchange offering prospectus that I think the member was alluding to, or at least some way of speeding up the process of getting companies on-stream through prospectuses: I have in fact instructed the agency to work with the exchange to see if there are methods of improving that process. The new agency head, as of last week, was specifically asked to look at that issue. I'm meeting with the Stock Exchange once again in a couple of weeks' time to explore that further.

He mentioned the use of generic drugs. I'm afraid that's an area exclusively in federal jurisdiction that we don't have an involvement with, so I would leave that question to that area.

Junior capital pools: the review that we've carried out over the past year would show them to have been quite a success.

The activity level is now at a different level, the majority of those companies now having achieved their major transaction and consequently looking for the next stage that's there. The program itself seems both to have the parameters to provide some control and to have provided some impetus for equity into our market.

The Member for Calgary-Foothills mentioned the landlord and tenant issue, which we've already discussed, as well as the audit jurisdiction. We are working with other provinces to try and ensure that there is that sharing of information. We've very much increased that kind of sharing over the last number of months so that regardless of where the audit takes place, we hopefully will have that information.

Edmonton-Jasper Place talked primarily about the landlord and tenant issue, which I've related. I would just make one other comment. The obvious significant difference between the Liberals and the NDP on this question and other comments that were made indicate the variety of opinions on this issue. Reaching a balance, reaching fairness for the person who is in the tenant circumstance and as well for the landlord is one of the more difficult challenges that I have in this responsibility, one of the more difficult ones anywhere there is an attempt made to legislatively provide some fairness in that regard. The marketplace by and large, I believe, is the main controller of quality, of ability of choice, and of other aspects. So encouraging that market, I would say again, has to be the government's primary goal. Equity and fairness we do need to and are going to assess.

The Member for Ponoka-Rimbey. I've commented on the overcharge issue. In terms of the auto repair industry dimension we have had complaints of the sort the member raised with respect to the competition or lack thereof in that area. Our staff person in that area has discussed it with the industry people. We have tried to help find resolution to that. I might say that the Competition Act is a federal jurisdiction, and if there was clearly price-fixing and the rest of it, that would be a potential on that side. Whether or not there is in fact enough competition there is hard to evaluate, but I'd be happy to receive any specifics from the member and to work further on that question.

The Member for Edmonton-Beverly. By and large I think I've talked about his comments, Mr. Chairman. He spoke of discrimination and other topics. All of us oppose discrimination on the basis of sex or age or marital status or ethnic background or other of those. The Individual's Rights Protection Act is legislation designed to help deal with that. Like the member, I don't know how you legislate those kinds of attitudes. They are something that we have to, by all of our programs of education and by our influence on the community, try to abate over time.

Mr. Chairman, I think by and large those are answers to questions that were raised. Again, there may be a couple that I have missed, and I'd be pleased to get back to members who have raised them. I appreciate some of the thoughtful comments and ideas that we can take into consideration as we go through this next year with the budget that I've asked the Assembly to approve.

MR. STEWART: Mr. Chairman, I move that the committee now rise, report progress, and request leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. SCHUMACHER: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions of the Department of Consumer and Corporate Affairs, reports progress thereon, and requests leave to sit again.

MR. SPEAKER: Having heard the report, all those in favour, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Carried.
Deputy Government House Leader.

MR. STEWART: Mr. Speaker, tomorrow morning the primary business of the Assembly will be second reading consideration of certain government Bills.

[At 10:18 p.m. the House adjourned to Friday at 10 a.m.]

