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3RD SESSION, 37TH PARLIAMENT

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THURSDAY, NOVEMBER 21, 2002

The House met at 10:03 a.m.

Prayers.

Orders of the Day

Hon. G. Hogg: I call committee stage of Bill 70.
[1005]

Committee of the Whole House

RESIDENTIAL TENANCY ACT (continued)

The House in Committee of the Whole (Section B) on Bill 70; J. Weisbeck in the chair.

The committee met at 10:06 a.m.

On section 43 (continued).

J. Kwan: We were discussing the issues around rent increases. That's what section 43 is. It deals with the amount of rent increase. The legislation, as being proposed, allows for an annual increase in rent irrespective of whether or not costs are being incurred by the landlord. I ask the minister the question around concerns for people who are income assistance recipients, particularly relative to my own riding. There are about 7,000 people who live in what are known as SROs, single-room-occupancy units. They generally go at the welfare rate, which right now for a single person is set at \$325.

When this legislation goes through, one could safely assume that many of those rental units may well have an increase in rent. In that instance, income assistance recipients would have to pay more for rent, but there's no guarantee that the Ministry of Human Resources would provide for a corresponding increase in rent for these income assistance recipients.

I am asking the Solicitor General this question: has he engaged in any discussions with the Minister of Human Resources with respect to the potential ramifications and impacts of this section of the act for the clients of the Minister of Human Resources?

Hon. R. Coleman: The act deals with residential tenancy. The member is speculating. We don't know what will happen. We don't know whether SRO rents will go up or not. We don't know what the market will bear. We don't know what the market is. Certainly, this piece of legislation is to deal with that relationship between a landlord and a tenant. It is not my intent to tell the Ministry of Human Resources how to run their operation or whatever the case may be.

Frankly, this is about an amount of a rent increase. It sets a ceiling to protect from excessive rent increases

within a marketplace, something that both landlord and tenant groups — more so the tenant groups — had a concern about and asked for. Frankly, I think we've probably found the balance that's necessary with regards to this particular portion of the act.

J. Kwan: Actually, no. The previous act allows for a rent control parameter, if you will, whereby a landlord could only increase the rent to the extent that the landlord actually incurred those extra expenses, whether it be maintenance, repairs, licensing fees or other actual expenses the landlord had incurred. Then the landlord is able to increase the rent. If there is a dispute, the matter goes to arbitration. It's dealt with through the residential tenancy branch office, and then the matter is dealt with by an arbitrator.

[1010]

In that instance, one could say that there is control with respect to rent. A landlord would have to prove the amount of rent the increase is to be, and those have to be actual costs incurred by the landlord before rent increases could be imposed.

This section, section 43 of the act, allows for an automatic rent increase annually. In the Solicitor General's own words that he put forward in a press release, he actually said it would be the cost of living with some 3 to 4 percent. One could safely expect that the rent would be somewhere around — what? — 6.5 or 7 percent perhaps, depending on the cost of living. Then more to that, section 43 also allows for the landlord to accumulate the rent increase for three years. That is to say, if a landlord didn't increase the rent this year, they could actually add that up to next year and likewise for the third year.

Potentially a tenant could be facing up to a 20 percent rent increase at one time over a three-year period. That's what this government is doing. It's an automatic rent increase — let's be clear — with no justification whatsoever whether or not the landlord had actually incurred the costs. That's what section 43 does.

With respect to the issue around those on income assistance and particularly, as I mentioned, those living in SROs, the reality is this. The landlords down there, generally speaking, will increase the rent to whatever they can get from the tenants. In this instance, I predict that when this section of the act gets passed, when the act gets put into force, the landlords down there will, I believe, automatically increase the rent every year. The people may not have the ability to pay for it, because income assistance only provides for \$325 a month per room for a single person. There will be a whole lot of people who may be put in jeopardy, who may suffer even greater hardship as a result of this section of the act.

I would have thought that the minister would have actually cared enough and seen the relevance between the ministries to say, "Hey, colleague" — the Minister of Human Resources — "here's what I'm doing. Does this have ill impact for you, for your clients? Will your people who are on income assistance and are faced

with a rent increase somehow lose housing as a result of that? Will there be an escalating problem in terms of homelessness?"

You would think that, across government, ministries would touch base with each other, have some sort of interministerial committee so that they would talk with each other to see whether or not there were concerns. That's how it was done before, under the previous government. One would think that maybe under this government they'd do the same, but that is not the case.

It is still a concern that the minister needs to take note of, and it's still a concern that the minister would have to say there are going to be ramifications from. How will a tenant who is on income assistance, living in a single-room-occupancy unit, pay \$325 a month rent and be able to negotiate with the landlord to say: "Oh, by the by, I can't afford to pay the rent increase"? Maybe the minister can advise: how will the tenants be able to negotiate that? What are their options when they say: "Hey, you know what? I can't accept this tenancy agreement, because the rent is too high and I can't afford to pay"? What are the options — the street? Is that the next option then?

Hon. R. Coleman: The member is again speculating, but let me just say this: in the year 2000 rents went up in the lower mainland. In the year 2001 they went up in the lower mainland under the previous government, and the shelter rate wasn't adjusted. The average rate went up under the old system. In the old system, in 2001, it went up 3.9 percent.

The member spouts on, I guess, about the fact that this is going to do something, but in actual fact, if you look at the market over the last five or six years at the different rent increases on average across the lower mainland, back in 1996 it was 3-point-some percent. In 2001 it was 3.9 percent, and in between it varied anywhere from, basically, zero percent upward. That was because they would do a calculation, and at no time that I can recall — because I remember the shelter rate back in '96 and '97 — did the previous administration change the shelter rate.

[1015]

The member is speculating that all of a sudden everybody is going to go out and raise their rents, and people are going to be on the street, but the fact of the matter is that that is not the experience with regards to this type of activity.

The Tenants Rights Action Coalition, when we had meetings with them prior to bringing this act in, told us the old formula was too complicated for tenants to understand. Something had to be simpler. This is a lot simpler. We are setting it in regulation. We are moving forward. You know, we can sit here all morning and speculate that something may go up or may go down, but the member should understand that this is a way of making sure the market doesn't take off on rent increases, which some people were concerned about if we actually have no controls at all or no formula at all. That is another side of the issue.

In the comments of the Leader of the Opposition the other day, there were some comments made with regards to the fact that a landlord sets his costs for 30 years at the time he builds a building and, therefore, has built in his return on investment. That isn't actually correct. These buildings and units do change hands. People have different mortgages and interest rates they're affected by. Under the previous situation, if interest rates went like they did in the early eighties, up to 21 and 22 percent, and we allow in the previous calculation, the level of rents would go through the roof.

I think this is the balance we needed to strike. We've struck the balance, and frankly, that's where we're at with this. The member can speculate on what might happen in the marketplace, but our experience has been — and in looking at other jurisdictions and ours — that such is not necessarily the case.

The other thing is that vacancy rates change. Vacancy rates have changed dramatically from '95 through to 2001 — as low as 2.4 percent and as high as 5.3 percent in 1998. What happens in that is the market supply or oversupply actually keeps rent increases flat. On the balance you need to have some stability in the marketplace so somebody can actually decide to make an investment, and we'll get more rental housing in our marketplace. That is also important in the balance of this. That's why, when we did this legislation and we dealt with this particular section and this particular issue, we looked for the balance we could strike that would be good for both parties and a balance between the parties. I believe we've done that.

J. Kwan: The Solicitor General says: "Well, we looked at balance to make sure this section is actually good for both parties." Well, actually, no, this is not good for tenants. What this is, is a guaranteed rent increase for them once a year — if not once a year, then over a three-year period — cumulatively as high as a 20 percent rent increase. I challenge anyone to say that somehow that is good for them.

Generally, if you look at the market out there, when you're employed and you have a wage increase, it's probably at the cost-of-living rate of increase if you're lucky. Here you have an annual increase for your rent that a person could be faced with — cost of living plus 3 and 4 percent. What does that mean? It means the person has to take the money from somewhere else in order to pay the rent. That is what this piece of legislation, this section of the act, is imposing. That is the reality.

[1020]

I challenge anyone to say this is somehow good for tenants. I fail to see the logic. Quite frankly, in British Columbia there are approximately a million people who are renters. The stats actually say very clearly, in terms of the socioeconomic status of renters and homeowners or people who are landlords — across Canada, even — that homeowners across Canada are now 70 times more wealthy than renters. The scenario is even more likely — or the discrepancy, if you will, is even greater — in the greater Vancouver area, where the

most expensive housing region in the country exists, and rental affordability remains a constant challenge for many people who are low income, who are on a fixed income. In fact, the Solicitor General mentions this: "Well, we don't know whether or not the landlords will actually increase the rent." Maybe they won't, and particularly for people on fixed incomes, people on income assistance — no worries. Maybe they won't increase the rent. The flip side is: what if they do? Then what is the alternative? Now, the Solicitor General would like to say that's just hypothetical. It's a hypothetical question that's very real for some 7,000 people in Vancouver–Mount Pleasant alone.

This is in my own community alone. I'm not talking about anywhere else across the province. Some 7,000 people would be faced with potential rent increases for which they depend on income assistance to pay, because they have no other choice or alternative. If the corresponding increase does not come from the Ministry of Human Resources, they have to take it out of the money that would provide for food, for clothing, for every other thing — for drugs, and I mean medication when I say drugs.

They would have to take the money out of their regular cheque. It's less than \$200 a month that a single person on income assistance has to live on. When they eat into that to pay their rent, it leaves people in even greater hardship than they already are, and the Solicitor General is saying: "Don't worry. Everything will be fine." It is a big worry, I tell you — a big worry — for people who are in those situations right now and will find themselves in even more difficult situations when this section of the act is passed.

It is wrong to suggest that somehow, when the rent increases went up, the previous government didn't pay for it. The difference is this. For tenants that are now living in their units, there was a thing under the Residential Tenancy Act that gave them protection. What is that? In order for the landlord to increase the person's rent, the landlord would have to justify the costs. Otherwise, they're not able to do so. That's what the protection is.

There is protection. It's a similar application of rent control that applied under the Residential Tenancy Act before the introduction of this bill. That's why there was no need, necessarily, to increase the rent when the marketplace, if you will, went up — because one had to justify the increase. Now there is no justification under this section of the act. The landlord can simply go in and increase the rent, irrespective, close to 7 percent each year. That's 7 percent coming out of people's cheques that they used to get food, to get clothing and for daily living supports. That's what will happen.

There is no consideration whatsoever by this government. It is not a balance that will somehow make people's lives better and provide for more stability. It would, quite frankly, create the opposite. For the 60-some percent of people in Vancouver's population who are tenants, it's going to cause greater hardship.

It's going to cause even greater hardship, Mr. Chair, to seniors who are on fixed income. My colleague from

Vancouver-Hastings last week went out and met with seniors from Vancouver-Burrard, particularly. She talked with the seniors in Vancouver-Burrard. They're very worried about this provision of the act, along with other provisions, but particularly this one. They are on a fixed income. They are pensioners, and they don't have more disposable income. What that means is when the rents go up, it will eat into their food money. That's food money from which they already have to take away to buy medication, because....

The Chair: Member, would you please be seated for a second here. I'm just wondering if there's a question in all of this. You've gone on for quite a while. The purpose of committee stage is to ask the minister questions on this particular section, and I'm just wanting to know whether there's a question coming here soon.

[1025]

J. Kwan: There are always questions coming, Mr. Chair — absolutely.

The Chair: Thank you. Then proceed on committee stage, please, on section 43.

J. Kwan: Yes, and I'm setting the stage to lead up to my question.

For the seniors who are on a fixed income....

Interjection.

J. Kwan: For some this might be funny. They might just think: "Oh well, seniors on fixed income, people on income assistance, fixed income — so what if rent increases go up? It's kind of funny, and we can laugh about that." But it isn't funny.

My colleague from Vancouver-Hastings was just in Vancouver-Burrard meeting with seniors who are faced with tremendous worries because of this provision of the act. They raised it with her. There are seniors who have to take money away from their food when the rent goes up. They already have to take money from their fixed income to buy medication and to buy health care supports, which have already been eroded and continue to be eroded under this government. They don't know how they're going to get the rent protection they need. They don't know where they're going to get the money to pay for a rent increase when that happens.

In the West End the vacancy rate is very, very low. It's something like 0.3 percent. There's huge competition, if you will, in terms of who wants to live in the West End, and there are a lot of seniors who live there. I was just in Prince George. Similar stories were being told to me by seniors in Prince George just last week, with their concerns around this act.

I'd like to know from the minister, Mr. Chair — through you to the minister: how will these seniors be able to keep their homes when their rent goes up every year somewhere between 6 or 7 percent, as is allowed under this section of the act? If not every year, within a

three-year period the rent could go up 20 percent because the act allows for the landlord to accumulate the rent increase over a three-year period.

Hon. R. Coleman: The member says, in her earlier remarks in that discussion prior to the question, that seniors could be faced with a rent increase. Well, actually, they could be faced with a rent increase today under the present formula. She also made the comment that rental availability is a challenge in Vancouver. You're right, and one of the reasons is that when rents were held in check in 1995, construction of new rental units dropped off dramatically.

The fact of the matter is that the market actually does dictate what happens here, and we saw more people leave the rental marketplace in the late nineties and early two thousands because of the increase in the ownership market due to attractive mortgage rates. We see adjustments in this marketplace all the time. If you want to have the best solution for how you would actually keep — long term — the market stable for rental accommodation in British Columbia, you would get an interest in building new rental accommodation. You would have at least a formula in place where somebody can actually project out, so they would know the minimum they would be allowed to have, so that we can actually see some investment into the deteriorating buildings that we have.

I was quite disturbed, when I was in opposition, when I was presented with the scenario of two buildings in the capital regional district where basically the landlord was saying: "I'm offering these up for a form of social housing to B.C. Housing so that they can take them over and maintain them and operate them, because my choices.... The building is getting tired. It's getting old. I'm being told to sprinker it; I'm being told to upgrade it. I don't have the ability to do that and handle the cash flow, etc."

The choice the individual was going to make was one of two. If they couldn't do the other, they were going to demolish the building. In demolishing the building, they were going to go back for density and put in condos that would be for sale, which would take more rental product out of the marketplace. You have to have a balance of both the ability for incentive and return on investment on one side, and you have to have a balance that will actually increase the availability in the marketplace, because supply and demand actually do drive the prices in housing.

[1030]

Ironically, having said that, looking at the fact that tenancies turn over, on average, every two years in British Columbia and given the ability to increase the rent on turnover, the average increase does not go through the roof. You can actually see the pattern of supply versus on the supply management side. Basically, what we're doing here is striking a balance, saying: "All right, we're not going to allow excessive rent increases in the marketplace. We want to see people reinvest in this particular activity in our province. We want to see housing stabilized, long term, for the sen-

iors and the people on social assistance and all the rest of them."

You know, frankly, I don't particularly like SROs. That's not because they're not a good, valuable form of housing — actually, they're a very important form of housing in this member's riding — but I'd like to see us move a little higher on what that form of housing is for people in single-room occupancies.

How do you achieve that? You could achieve it if you changed your densities and the size of units available by a building department in a major city in this province and allowed a smaller unit to be built that would be able to have a return on investment at about the level of the shelter rate. There are all kinds of arguments that you can deal with around this housing issue, but the fact of the matter is that we have struck, in my opinion, a balance that will work for the marketplace, will work for the long-term stability of the tenants and will work for the long-term stability for housing of this nature in B.C. I think it's a good thing.

J. Kwan: I just want to follow up on the comments from the minister. The minister says that in the last decade or so there's been slowdown in the building of rental accommodations. I'll tell you why there is a slowdown of building of rental accommodations. It's because there was a surplus of condominiums being built in the market. That's what happened. It was actually a flood of housing that was built, particularly condominium housing. Added to the leaky-condo problem, quite frankly, that created a bit of a problem in the housing sector. That's the reality of it, and it all adds to the availability of rental housing and what not.

Having said that, the issue lies in this. It's not just me who anticipates that when the section passes in terms of the automatic rent increase that the government, the minister, has now put before us in this House.... There are concerns with respect to automatic rent increases for tenants impacting particularly those who are low-income and on fixed income.

In fact, in the capital region here there was an article back in September about concerns around rent increases. The headline of the article reads: "Rental Controls Must Remain in Place." It goes on to say:

"If the government's desire to eliminate restrictions on rent increases becomes a reality, the result will surely be a sudden surge in the market rates of rental accommodations in the capital region, all to the detriment of those on fixed or low income. The expected and predicted result will be, as anti-poverty advocates have eloquently stated, little more than legislated poverty for low-income people, whose future wages will be largely consumed by the increased costs of housing."

A lot of people actually have increased costs. A lot of people pay more than 30 percent of their total income towards housing, because housing is very expensive. It's not just me who has this concern. Many other people do as well. The newspapers have actually reported on it.

[1035]

The question I have for the minister is this. B.C. Housing right now provides for housing.

Oh, and the other issue I just want to touch on as well in terms of the SRO. Absolutely, the SRO units are not, by any stretch of the imagination, perfect accommodation. In fact, I would argue — and many would as well — that they are nothing more than a shelter, because the condition of these rooms is so deplorable. Nonetheless, they're the last alternative for many people, because they cannot afford anything else. That is the reality.

What people try to do to deal with that, particularly in my own community, is what we call a "one-for-one replacement" — build social housing that is decent, safe and affordable to replace SRO units. There were programs in place with the previous government, but not anymore with this government, because housing programs have now been eliminated. The existing units that were there have been robbed from housing to build these so-called supportive housing units. Even before they are built, seniors are being evicted without a home, putting them in jeopardy. That is what this government's doing.

There are no more new housing programs to replace these SROs. That's the reality of it. There is no solution coming forward from government to address that. But for the B.C. Housing units that do exist now, people pay 30 percent of their rent, because that is the standard being applied for B.C. Housing units. Will they be entitled to increase the rent every year by 7 percent or, if not, over three years — if they don't in the first and second year, in the third year increase it by 20 percent? If that's the case, who pays for that? Would it be the ministry of housing that would pay for that increase? How would that work?

Hon. R. Coleman: I'm actually surprised that the member needs to ask this question, seeing as she was involved in a ministerial role at one time around this issue.

The units that are owned by the B.C. Housing Management Commission are either under operating agreements with non-profit societies or operating agreements set up by the corporation. The operating agreements call for 30 percent of the income to be the rent in a social housing project. They are not geared to the rental market at all. As a matter of fact, the subsidy is extremely high, particularly with regards to the newer units that were built in the last ten to 12 years.

I can give you a quick example: a townhouse in Langley, where social housing was built. The average rent, which is what we call the economic rent when you're dealing with a B.C. Housing unit, is about \$1,200 a month for a three-bedroom townhouse. The subsidy is the difference between 30 percent of income and that \$1,200 a month in operating costs or the cost per unit. In the same marketplace you can actually rent a three-bedroom townhouse for \$725 a month. There have been different arguments around this issue on availability of supply. Why are we looking at subsidizing, owning and operating very expensive operations in housing, versus going to a rent-supplement program directly to the individual who needs it in a market-

place? That's certainly not a debate that will take place under the debates of this particular act.

The question of the member is: what happens in social housing? Social housing is geared to income; 30 percent of the tenant's income is paid in rent. The difference is paid by subsidy by all taxpayers of British Columbia to any individual operating project. The member knows that. The question is moot, because it really doesn't have any effect on this section of the act.

J. Kwan: No, the question is not moot, because, quite frankly, the government has introduced policies that override existing policies. We see that all over the place, and they're contradictory in nature. That's just been demonstrated by the Solicitor General, who has no idea what his colleague the Minister of Human Resources thinks with respect to this piece of legislation and its ramifications for his clients. You have to ask what might seem to be obvious questions to make sure that certain policies within government will not be overridden by this section of the act and, therefore, negatively impact people.

Housing programs have been eliminated by this government. There are no new housing programs anymore. How would I know if the government's intention is to continue to subsidize housing for people at 30 percent of their income under the social housing policy? Who knows?

[1040]

There's another policy I'm confused about, and I want clarification from the Solicitor General on this. On July 25, 2002, an agreement was signed: the 2010 Winter Games inner-city inclusive committee statement, approved by the Vancouver agreement management committee. This was dated July 25, 2002. Within this statement, under the section on housing, section D, it reads: "Ensure residents are not involuntarily displaced, evicted or face unreasonable increases in rent due to the Winter Games." The government is pursuing the Olympic bid aggressively. There is a statement that's been signed to which the province is a signatory — a partner, if you will. There's a statement that says, under housing, to make sure that residents are not involuntarily displaced, evicted or face unreasonable increases in rent due to the Olympic Games.

This is a key principle to ensure that there's no displacement. Yet we have a piece of legislation that would allow for rent increases — at least 6 percent each year, if not 20 percent over three years. How does this statement jibe with the section that we're now debating, section 43, which allows for automatic rent increases? How will the minister ensure that the application of section 43(2) does not contribute to displacing tenants, causing tenants to be evicted or face unreasonable rent increases as a result of the Olympic Games?

I'll use, again, my own community — because that's the community I know best and represent — in the downtown east side. People will recall that back in 1986, when Expo was brought to the city of Vancouver, everybody was very excited. People hailed how great that was. The reality was that in the downtown east

side, many people were displaced. Rents went up. Monthly accommodations particularly for income assistance recipients, seniors on fixed incomes.... They lost their homes. They were evicted, and those accommodations — and many of those were what we call single-room-occupancy hotel rooms — were then rented on a daily-rate basis. They were a lot higher than people could afford, so people were displaced. In fact, some people even died as a result of that — seniors, particularly, who had lived in their home for over 20, 30 or 40 years. That's what happened in the downtown east side.

How can we make sure that this scenario does not play itself out again? How can we make sure that this section of the act would not override the commitment that has been signed by the provincial government under the inclusive commitment statement of the Winter Games inner-city statement that's been signed July 25, 2002?

Hon. R. Coleman: It actually goes right to the member's argument. You can't get an unreasonable increase, because there's actually regulation that's going to be in place that's going to deal with that. Those regulations can be adjusted accordingly.

The member says that the agreement says "unreasonable increases." That's exactly what goes right to the heart and the intent of this section.

I guess the fact of the matter is that there's an Olympic bid in place by an Olympic bid committee which was, frankly, started under an administration previous to this government, and we've continued through with what was started in the previous administration with regards to supporting that bid. We think the bid has some pretty significant benefits to the people of British Columbia. Hopefully, we will win that. It is certainly our intent to do so and see long-term impact, which includes, frankly, probably us seeing some additional housing and investment in housing in the province of B.C., which I think would be a good thing.

[1045]

The member is using an argument backwards from something she's saying should be in place, which is that there wouldn't be unreasonable increases during the period of time of the Olympics or any other time. I think it's pretty clear. The member can read the section half full or half empty, but the fact of the matter is that this brings the balance to the marketplace and deals with the concern of unreasonable increases.

M. Hunter: I'd like to thank the member for Vancouver-Mount Pleasant for her courtesy in letting me have the floor for a few moments here.

I said during second reading that I had some difficulty with this section of the bill because, philosophically, I have a belief that we should be regulating monopolies or the rate of return on investment in monopolies. Clearly, housing in this province is not a monopoly. It's very much a feature of private investment, and we need to encourage private investment.

I've listened to the debate very carefully, and I have talked to the Solicitor General. I have concluded that the aspect of fairness we need to rebalance the interests of landlords and tenants, investors and tenants, is going to be captured by this particular section of the bill. I have decided, and I want to go on record, that I am now prepared to support this section. But I do have a question on it. Because we don't know what the regulations say in detail at this point — section 43(3) says that in the circumstances prescribed in the regulations, a landlord may apply to an arbitrator, etc. — I'd like to ask the Solicitor General: what kind of circumstances does he have in mind that would allow for an arbitration of rent increases where normally they would be prohibited?

Hon. R. Coleman: Through to the member, it is in circumstances whereby if you want to go outside what is the prescribed level of a rent increase, you have to go to arbitration to justify why you want to go above that. It could be because you have to do a complete renovation of the building, including sprinkler systems or whatever, because of a code change, or somebody's told you that you have some issue in and around a building change that you have to make. It could be as a result of any other factor, whether your taxes could have doubled, and there could be a number of things that could affect that. We feel that to go above the level that we would prescribe in regulation, you should have to come and justify over and above that to an arbitrator.

We're going to be, basically, consulting with landlord and tenant groups on what should be included in that type of discussion with regards to what would have to go to arbitration over and above the prescribed rate in regulation. But that's an example of some of the things that could have an impact as we go through those discussions.

J. Kwan: Well, I just want to go back and touch on the Olympics issue for one second, because the minister brought it up.

Yes, it was the previous administration that submitted our name, British Columbia, to be considered for the Olympic bid. The difference is this, in terms of what's going on now. Where we don't have the information are the details around that bid. It's one thing to say you want to put your name in to reserve the right to actually go for the bid. It's another thing when you actually submit the final bid, what that looks like, and whether or not there truly are cost benefits to British Columbians. And if so, how much, and what is at risk?

None of that information has been provided by the government — none. In fact, my colleague the member for Vancouver-Hastings and I tried to actually get that information in the Public Accounts Committee by asking the auditor general to do an independent audit of the cost analysis. Later on we were told that they couldn't actually provide that information until after the bid has been submitted.

We think British Columbians have the right to know so that they can make a determination if the cost benefits are really as the government claim they are, because so far everything that they've said has been proven wrong, sort of like the "tax cuts that don't pay for themselves" policy. But that's another story. I do want to touch on that, because it is an important piece within the context of what we're talking about here.

[1050]

The minister says that under the inclusive commitment statement, the rent increases must not be unreasonable. Well, let me ask the minister this question: is it not feasible that someone would not increase the rent two years prior to the Olympic Games, but on the third year they do? Is a 20 percent increase on the third year an attempt to evict people, a strategy to evict people in the Olympic year, where people would not then be able to pay for that rent and then be evicted — therefore, gaining the space that they could actually rent at an even higher rate...? At the beginning of the tenancy, they can set it at whatever rate. They can actually institute weekly, daily rates, which we know people on a fixed income would not be able to afford. Is that reasonable?

Hon. R. Coleman: If we won the Olympics for 2010, the regulation will be in place that can be adjusted on percentage by future governments with regards to the relationship in residential tenancies. This member wants to speculate. Speculate. But the fact of the matter is.... We're not going to get into an Olympic bid debate today, because we might end up with me giving some long, impassioned speech about the great economic benefits and the opportunities for British Columbians as a result of creating.... Yadda, yadda, yadda.

The fact of the matter is that this is a balanced approach to how rent increases will be done in the future by regulation, which will be set in regulation. Frankly, it balances, in my opinion, the marketplace. It balances the rental availability, which is a challenge in the lower mainland, as the member has already indicated. It balances how we will actually have some stability and understanding in the marketplace. It, hopefully — and I'm sure we'll know as we go forward in the next year or two — increases investment in rental housing, which will therefore increase availability, which will stabilize rates of rent, because a market is always driven by supply and demand.

I think, Mr. Chair, we've struck the balance. I've said we've struck the balance. The member can speculate however she wishes to speculate, which she's done plenty of in the last hour in these debates, but the balance has been struck. We think it's fair. We think we did it in consultation with all the groups involved. I mean, one group told us it was too complicated. Another group said: "This isn't really working. We need some stability in the marketplace; we need something that's fair. We don't want it to be able to run away from us." We said: "Okay, we'll put it into a regulation so it can be controlled."

I think we're there, and the member disagrees. That's fine. She's entitled completely to disagree with that, but at the same time, if you look at the history of

rental housing and you look at how the vacancy rates will actually drive the price of housing versus any other major factor.... If there's more availability it actually drives the price down, because there is more competition in the marketplace. There has to be a balance and stability in opportunity in order for us to stabilize rental accommodations for tenants in this province, and we believe we've struck the balance to accomplish that in the long term.

J. Kwan: Well, you know what? The word "balance" for this minister is like the words "access" and "choice" for the Minister of Education. What it really means is if you have the ability to pay. That's what it means; it's as simple as that. If you have the ability to pay, everything will be fine for you, but if you don't have the ability to pay, then you're in trouble.

That's what we're talking about here on the rent increase section. The minister says it's a balance, but when people are on fixed low incomes, the issue of balance does not apply to them. It does not apply to them. The minister would like to say that this is all speculation. It isn't speculation, from the point of view that if you look at other examples of what's happened in other jurisdictions, in our own community, Expo is the closest that we can use by way of a comparison to see what happened in the marketplace, in the housing sector, where people were displaced and rents did go up and how people suffered as a result of that. If you look at other jurisdictions where they have hosted the Olympic Games, you see the same effects elsewhere as well.

[1055]

This is not just some hypothetical discussion. There's truth to it. You might not want to talk about that. You might not want to hear any of those kinds of discussions and just say: "Hey, you know what? That's 2010. Never mind. Don't worry; be happy." The trouble is, the people who are tenants now, who live in rental housing accommodation, have a lot to worry about, and they are worried. They've expressed their concerns to myself, to the member for Vancouver-Hastings and to other MLAs too, by the way. I know for a fact that the member for Vancouver-Burrard was told of these concerns — not that the member is here to raise any of the issues.

The Chair: Member, that's not appropriate.

J. Kwan: The reality is I know that other MLAs know these issues, and they're not here to raise their concerns. It's a big problem.

Let me just go, then, more directly on to this. I'm going to use an example once again of people on income assistance. Right now the housing portion for their accommodation is \$325. Their food portion, if my memory serves me correctly, I believe is \$185. If a person accumulates their rent for three years at 20 percent, the rent increase could be \$65. Take that out of your support portion, because there's no indication whatsoever that the Minister of Human Resources would actually provide for the rent increase that people would be subjected to. You have to take that out of your food

portion unless you end up on the street, and I predict some people may if they have no other option.

It leaves a person with \$120 a month for food, medication and clothing, amongst other things. That's what people will be faced with. The minister says: "I'm not too particularly worried about that, and I haven't even talked to my colleague the Minister of Human Resources." What is the rationale to allow, in this act, a retroactive rent increase? If the landlord does not increase it the first year or the second year, but in the third year they can cumulate it all, what's the rationale for that? Then the rental rate at that time, whatever the market is, is whatever the market is. Why would the minister allow for accumulation, retroactive rent increases, on the third year?

Hon. R. Coleman: That's just to allow for the market to adjust and strike a balance. I get it that the member doesn't want to see that, and that's fine. I don't know what the rates for shelter allowance will be in two, three, four, five years from now. I don't know what the economic position of this province will be two, three, four, five years from now. But, hopefully, more people are working and less people require social assistance, which is basically a program of last resort. We would prefer that our citizens weren't having to access it to the level that they are at any given time because, frankly, we'd like them to all have other opportunities available to them.

The fact of the matter is that this is just striking a balance and putting a formula in place so we can get to where we're not getting to an unreasonable level of increases. At the same time, the member is opposed to that, and she would have us believe that nobody will increase their rent artificially — because they will change the rents when somebody vacates, they will change the rents artificially, or they will come with the argument as the marketplace dictates on the cost side.

This actually makes the rules pretty clear and stabilizes it pretty clearly. The whole idea of this is that they may take it. The fact of the matter is that they don't have to take it, and in most cases, if the market stabilizes, they won't take it because there will be other options for tenants, so they won't want to move.

The member goes back all the time to her riding. I'm familiar with the riding, having been the housing critic for a number of years in this particular House. I would love to see somebody with an initiative in that area where we would allow for a change in density for a different size of unit so we could actually make the shelter allowance amount work closer to what the marketplace can provide and change over the SROs. My concern when we do that, though, is that the one for one is a great concept. But when the concept is one for one, let's make sure when it takes place that we're building an affordable and manageable unit for the people who require it in that particular neighbourhood. I know the member has advocated for that.

[1100]

Hopefully, as we move forward, people within building departments, approval areas and what have

you will come to the realization that there's a variety of forms of housing that needs to be provided for our citizens. Some of them need to be adjusted in their thinking so that we can actually provide more of it.

J. Kwan: Actually, there are different unit sizes that exist under the zoning procedures in the city of Vancouver. There are some very small units, which I actually don't feel comfortable with, and the square footage of the units is reduced to close to 200 square feet. There are some units that are being built in that size. We have had the experience previously with the federal government, when the federal government was still in the game of providing for a national housing program in the early days — and this was before my time — and when the federal government actually contributed to building housing.

There were some units built that were very small. If you actually went into some of these housing projects and talked to the tenants.... You know what? Initially when they move in, they're grateful that there is actually better housing for them, but to be frank, over time, as people's lives stabilize, they realize they need a bigger space than what they have for their quality of life. There is a lot of movement in terms of people wanting to get into the bigger units for better quality of life.

The issue here, in my view, in terms of housing, is not about how we can warehouse people. The place where I came from, where I was born, actually had that — Hong Kong. We, a family of eight, had that. We lived in subsidized housing in Hong Kong in very small units — absolutely. There were two bedrooms for the eight of us — about 500 square feet or so. It was warehousing people, but we were grateful. I was, as a child, glad there was a roof over my head, and I had parents and everybody else.

That was fantastic, but I think we are now in a place where we want our standard of living to go up, not down — to say to people: "You know, if we can put you in a little cage over here, you should be so happy." That's not the direction we want to go in, and that's not the solution in addressing housing. It isn't.

I'm glad to hear from the Solicitor General that he's sympathetic to housing. I hope he actually puts the money where his mouth is and produces and yields housing programs for British Columbians, because they've now been cancelled. It's one thing to talk about it; it's another thing to actually do it. I look forward to that when it happens.

We have a situation where people on low income will be faced with a situation. I fail to see the rationale where, if you have a rent increase you can accumulate over three years, that somehow is reasonable. I fail to see that logic at all. I can absolutely see that people could use that to abuse and evict tenants. When you have your shelter portion of \$185 a month for a single person and you have a cumulative rent increase on the third year of \$65 a month, that to me is not reasonable. People cannot afford to do that. When that happens, people will have no alternative, perhaps, but to leave their homes and will have no alternatives and not enough money for

food. I would argue that they already don't have enough money for food because their income assistance rate has been lowered by this government.

Mr. Chair, I have an amendment standing in my name in orders of the day, I believe. I'm just going to check and make sure it is on there.

The Chair: Yes, they are, member. You can proceed with it.

J. Kwan: Section 43 — yes. There's an amendment standing in my name in orders of the day, and I would like to move the amendment which would read as follows:

[SECTION 43 is amended by adding the text highlighted by underline:
Amount of rent increase
43 (1) A landlord may impose a rent increase only up to the amount
(a) calculated in accordance with the regulations, stating that any increase above the CPI must be justified, or
(b) ordered by an arbitrator on application under subsection (3).]

On the amendment.

The Chair: The Solicitor General, speaking to the amendment.

Hon. R. Coleman: We won't be supporting the amendment by the member for Vancouver–Mount Pleasant. We think we've struck a balance, as I've said.

The member mentioned housing in her previous comments. I think it's important, too, that housing provides steps. We're not ever saying that the size of a unit is the ideal unit for anybody in particular, but it is important in an overall portfolio of housing in any community that you have steps of different levels and qualities and sizes and opportunities for people so that they have those choices to make. I think that's important. You get to those steps by having a marketplace that has some activity in it, and I believe this strikes the balance. I believe this will start to provide us with some activity and stability in the marketplace.

[1105]

It's ironic, you know. Last week after I finished debating this particular legislation again, I had an opportunity to talk to somebody who called me with regard to housing upcountry. They're actually reducing the rents, because they have an oversupply of housing. I would like to see us where the market is stabilized to the point where we have the supply that meets the demand so that we can have stability. We'll achieve that by having some balance in the marketplace, which I believe this section accomplishes. That is the reason we will be opposing the amendment.

J. Kwan: What I would argue is: reasonable and balanced would be the amendment. That is to say, yes, I understand cost-of-living increases. That's completely legitimate. With increased costs to the landlord, the landlord should be able to recover for the investment

the increased costs they have incurred, and any other costs associated with it, I think, are legitimate as well. If you invest in something, you're entitled to a return.

You're entitled to a return, and there need to be parameters in the case of housing on what that return is. It's not an automatic return necessarily, as it is now under section 43, which gives you an automatic return. Then also retroactively, if you decided not to collect a rent increase in the last two years, you can do a cumulative retroactive increase in the third year.

You know, the balance here is to say: "Justify your rent increases so that they are reasonable. Justify them. Show the increase in costs and what they are." That, to me, is a balance. It's a balance for both the tenants and the landlords. It's not skewed to one side or, worst of all, penalizing people who are on low incomes or fixed incomes who would face hardships as a result of the provisions of this act.

R. Stewart: I want to rise for a moment and speak against this amendment as well. I'm really concerned that the rental housing market doesn't work as well as it ought to. I think that what government has to do is get involved in trying to make certain the housing market functions better, and as the minister said, an oversupply of housing would be much more satisfactory for many people and for many of the people the member for Vancouver–Mount Pleasant speaks about.

We must deal with the fact that the housing market doesn't work very well now. One of the reasons it doesn't work is because of the way in which government interferes in the marketplace in rents. It also interferes in the marketplace in many instances in the size of units. I've had this debate before with the member for Vancouver–Mount Pleasant about whether or not government has a role in protecting people from the decisions people make in a market that functions well.

I wish the housing market functioned better. I think this piece of legislation is a step in the right direction and moves us toward a better functioning housing market. It moves us in a way that I believe benefits the rental consumers in this province. I support the legislation as it stands, and I am opposed to the amendment.

Amendment negated on the following division:

YEAS — 2

MacPhail

Kwan

NAYS — 50

Falcon

Hogg

Halsey-Brandt

Hawkins

Whittred

Cheema

Hansen

Bruce

Santori

van Dongen

Barisoff

Roddick

Masi

Lee

Hagen

Murray

Plant

Collins

de Jong

Nebbeling

Stephens

Coleman	Chong	Penner
Jarvis	Anderson	Orr
Nuraney	Brenzinger	Long
Chutter	Mayencourt	Johnston
Bennett	R. Stewart	Christensen
Krueger	McMahon	Bray
Les	Locke	Nijjar
Bloy	Suffredine	Brice
Sultan	Sahota	Hawes
Kerr		Hunter

[1110-1115]

J. Kwan: I move the amendment to section 43(2) standing in my name.

[SECTION 43 is amended by adding the text highlighted by underline and deleting the text highlighted by strikethrough:

Amount of rent increase

43 (2) A tenant ~~may not~~ may apply for arbitration to dispute a rent increase, ~~that~~ even if it complies with this Part.]

On the amendment.

J. Kwan: The rationale, of course, for this amendment is to allow tenants to actually bring matters before the residential tenancy branch for an arbitration if there's a disagreement on rent increases, and then for a third party to make a determination on whether or not that rent increase is reasonable and whether or not it is acceptable. It is a recourse for tenants and for landlords so that they would actually have access to someone who will make that evaluation as an independent body, and not to deny justice or access to justice for those who would not be able to bring matters to the arbitration relating to rent increases under this section of the act. I move the amendment.

The Chair: Would the members please take their seats. If it's the wish of the committee, we would like to waive the time.

[1120]

Leave not granted.

Amendment negated on the following division:

YEAS — 2

MacPhail	Kwan
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NAYS — 50

Falcon	Hogg	Halsey-Brandt
Hawkins	Whittred	Cheema
Hansen	Bruce	Santori

van Dongen	Barisoff	Roddick
Masi	Lee	Hagen
Murray	Plant	Collins
de Jong	Nebbeling	Stephens
Coleman	Chong	Penner
Jarvis	Anderson	Orr
Nuraney	Brenzinger	Long
Chutter	Mayencourt	Johnston
Bennett	R. Stewart	Christensen
Krueger	McMahon	Bray
Les	Locke	Nijjar
Bloy	Suffredine	Brice
Sultan	Sahota	Hawes
Kerr		Hunter

The Chair: Is it the wish of the committee to waive the time?

Some Hon. Members: Aye.

Section 43 approved on the following division:

YEAS — 50

Falcon	Hogg	Halsey-Brandt
Hawkins	Whittred	Cheema
Hansen	Bruce	Santori
van Dongen	Barisoff	Roddick
Masi	Lee	Hagen
Murray	Plant	Collins
de Jong	Nebbeling	Stephens
Coleman	Chong	Penner
Jarvis	Anderson	Orr
Nuraney	Brenzinger	Long
Chutter	Mayencourt	Johnston
Bennett	R. Stewart	Christensen
Krueger	McMahon	Bray
Les	Locke	Nijjar
Bloy	Suffredine	Brice
Sultan	Sahota	Hawes
Kerr		Hunter

NAYS — 2

MacPhail	Kwan
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[1125]

S. Orr: I'd like to seek leave to make an introduction.

Leave granted.

Introductions by Members

S. Orr: I would like all the members to cast their eyes to the members' gallery and note that we have the

next government in 2020. This is a wonderful group of students from Quadra Elementary School in my riding. With them is their teacher, Lynn Thomson. There is a parent also. Her name is Sheila McDormand. This is a fabulous group of kids, and I want the House to make them all very welcome.

The Chair: We'll take a five-minute recess.

The committee recessed from 11:26 a.m. to 11:34 a.m.

[J. Weisbeck in the chair.]

Section 44 approved.

On section 45.

J. Kwan: I just want to ask the minister whether or not this is in plain language. And actually, what does it mean? Let me read section 45(1)(b) onto the record. "A tenant may end a periodic tenancy by giving the landlord notice to end the tenancy effective on a date that (b) is the day before the day in the month, or in the other period on which the tenancy is based, that rent is payable under the tenancy agreement."

[1135]

Hon. R. Coleman: Yeah, I think that's pretty clear. It's the last day of the month unless you have a tenancy agreement that says your tenancy is from the 15th to the 15th, or if it's a weekly tenancy, or if there's a tenancy agreement that goes on an annualized basis in the term of a one-year agreement. I think that basically covers it.

J. Kwan: Well, everybody else I've spoken with advises that this is anything but plain language. Quite frankly, what the minister just said, I would venture to say, also is not in plain language. Where a sentence reads, "...is the day before the day in the month, or in the other period on which the tenancy is based, that rent is payable under the tenancy agreement," some people interpret this to mean — I think it means — that the tenant has to give a full month's notice to end a periodic tenancy, regardless of whether or not it's on a weekly basis, and that the notice must be retrieved the day before the rent is due. It is difficult to understand. Is that the meaning?

Hon. R. Coleman: Yeah, I think the member got it pretty close. I think that, you know, if it's any other period, it could be week to week, but if it's periodic tenancy like we do have under the act, that's basically a tenancy where you're paying monthly, so it's month to month. It's the last day of the month when you would give the notice that you would be vacating the tenancy at the end of the following month.

J. Kwan: If there is going to be a rewrite of this act, as the minister says there may well be, I think this

needs to be addressed. The issue has been raised not only by me, not only by tenancy advocacy groups, but also by landlords. People sit down and scratch their heads and wonder: "Hmm, what does this really mean?"

In fact, I spoke with a woman who is a plain-language specialist, who actually sits down and looks at gobbledegook. The individual tried to understand and interpret it, and even that individual had a difficult time trying to interpret this section of the act. It's anything but plain language.

The minister will say, "Well, you know, it is," and he will just sort of say whatever he wants to say, but the reality is different. I would urge the Solicitor General to take a breather from his imaginary world and check with the real world to see what people really think about this section of the act.

Section 45(2). The issue with this section is that while the old act did not allow a tenant to end a fixed-term tenancy before the end of the term, this section is much more explicit and will take away any flexibility that may have existed. In addition, the tenant must give a month's notice, which is redundant, as the fixed-term agreement should specify that the tenancy continues on a month-by-month basis or ends on a specified date.

Why would there be a requirement for a month's notice for a fixed-term tenancy, or is it the intent to allow giving a month's notice so that one could end their fixed-term tenancy at an earlier date than the date prescribed?

Hon. R. Coleman: Unless the tenant gives notice at the end of a fixed-term tenancy, it automatically rolls over to month-to-month. There are fixed-term tenancies that don't define vacant possession. By having this, it actually allows that tenant to say to the landlord, "I am moving out at the end of the fixed-term tenancy," and then there's no rollover. Otherwise, it rolls over to a month-to-month tenancy and falls back into the balance of the legislation.

[1140]

J. Kwan: Does this section allow for a tenant to end their tenancy earlier than the date prescribed on the fixed term?

Hon. R. Coleman: No, it does not, and neither can the landlord.

J. Kwan: I will simply conclude by saying that I would urge the minister to look at the language within the various sections of this act. Quite frankly, as much as the minister says that it is comprehensible, it isn't comprehensible. It isn't easily understood by many people. The example that I highlighted is just one, but there are many other examples within the act. It would be important, given that part of the purpose of rewriting the act is to put it in plain language. One would assume, then, that it's language that is easily understood. Section 45(b) actually doesn't do that.

Hon. R. Coleman: Just through to the member. The writing of legislation, whether it be someone who she

knows or I know who writes legislation in plain language and who is hired by government to do this.... Just so that we all understand, I find it's a skill of authorship that is quite individualized, and we strove to get plain language in this legislation. I think it actually is quite an understandable piece of legislation.

I know we can find sections that may have some difficulty, but when you write legislation, you hire these people to write it in a certain format, and they're supposed to write it in a certain way. Frankly, I have had, as I've gone through this act, a number of different drafters on it and found each person's style was completely different. Also, each person's interpretation of what plain language is, exactly, is somewhat different as well.

J. Kwan: I certainly understand that different people have different writing styles and so on. The objective goal here is for anybody out there, who picks up this act and needs to refer to it, to be able to read it and understand it. The illustration I pointed out is that a person could not easily understand that. Maybe for the minister.... He understands everything, and he says everything is on balance and everything is fantastic. Well, that exists only in the minister's mind. That's the reality. When you go out and talk to people, they say something else. This is what I'm urging the minister to do: actually consult with other people and see what they think, because it's not just tenants who say they don't understand this section of the act. Other people — landlords — do as well.

In the best interest of advancing plain language, I would urge the minister to have a second look at this, not just for him to sit there and say: "Well, I understand it, and that's good enough." He understands it. Why? Because he's got a whole slew of staff advising him what the act really means. Most other ordinary British Columbians don't.

Section 45 approved.

On section 46.

J. Kwan: Section 46 deals with the "Landlord's notice: non-payment of rent." This section is concerning, as people have brought to my attention, aside from the fact that they perceive this to be, again, an erosion of the previous act. The particular concern in relation to the erosion issue is that the old Residential Tenancy Act used to give tenants the right to request an extension of time to pay the rent from an arbitrator. Extensions are only given if the tenant can show that they will be able to pay in the near future — i.e., they just got a new job, or their UI is coming. However, section 46 erodes that capacity for a tenant, and, of course, it is another example of how vulnerable tenants can end up homeless with the sanctioning of this government and this section 46.

[1145]

Could the minister please advise why he would erode this section of the act to make it harder for people to get an extension on the payment of their rent?

Hon. R. Coleman: First of all, let's understand something. The relationship between a landlord and tenant is that I will give you a unit or a piece of property to use, and you will pay me a rent to do that. There should be reasonable expectations on behalf of the person that owns the asset that when the rent is due, it will get paid. If there's a dispute over that particular service, if there's a relationship between a landlord and tenant and the tenant is waiting for a cheque, they can work it out with the landlord to make that payment if there's a problem.

At the same time, it is not the intent of the legislation to have what's been happening in the past, which is for rent to be due, notice to be given, wait three weeks for an arbitration, get an extension from an arbitrator, still not have the rent for the following month paid, have a landlord out two months' rent, still come back for an order of possession with regards to it, and then all of a sudden not have rent for two months and now have a vacant unit. This is a difficulty that exists in the present system.

We believe there should be discipline in the relationship of the rent to the landlord and the landlord to the tenant. We think this brings a bit better discipline into this. It allows for landlords and tenants to basically work out between them if there's a problem with the payment of rent, if they want to do that within their agreement between two parties. At the same time, it doesn't have us, as arbitrators, trying to make the decision as to whether a landlord should be the banker for two months for somebody to not pay their rent and then have their unit vacated.

The notice is there. They're given the notice. They have time to pay or go to arbitration with regards to the service of the notice. Frankly, the situation is that the rent is due at the first of the month or whatever is prescribed in the tenancy. That portion of that relationship is a commercial relationship built into a tenancy agreement between two parties and should therefore be worked out by those two parties.

J. Kwan: No, actually. If the intent of the act is to allow for the landlord and the tenant to actually work out their payment if the payment is late, then one would see there would be a provision that would allow for a request for an extension of time to pay the rent and then for that to be applied by the arbitrator or at arbitration. The act took that clause out. It doesn't allow for that. It simply allows that when non-payment of rent occurs within five days after notice has been received and the rent is not paid, then the eviction stands. Alternatively, a person can go to an arbitration, apply for an arbitration, to dispute the eviction. That's not the same as providing for an extension of time.

[1150]

If the intent is to provide for an extension of time for some circumstances, then it should say that explicitly. I would argue that the act should say that explicitly because there are some people who are in situations where, for one reason or another, their incomes come in late. I used a couple of examples already.

Someone might have just had a new job and did not yet get paid; therefore, that individual may well need to have a bit of an extension to pay for their rent. If someone who is on UI or who has applied for UI — and I know many people are in that situation — and for one reason or another the cheque's been delayed and they did not get their UI cheque, they therefore cannot pay rent. It's even happened with seniors who are on a pension, but for some reason or another there's been a problem, and they haven't received their cheque.

Asking for an extension allows for reasonable circumstances in which the payment of rent for that period is extended so that people would not be faced with eviction. That makes sense. This would be, on balance, addressing concerns for both the landlord and the tenant. The act would then explicitly allow for it, if you actually had a provision that says such, but right now it doesn't. It doesn't allow for that.

In my view, that is a shortcoming of the section of the act, and it is an erosion of the act. If the intent is just simply to evict with no extenuating circumstances to consider, I would say that on balance the application of the act could create hardships that are unnecessary and could be avoided. One would think that part of government's responsibility is to do exactly that: to avoid hardship where it is unnecessary under reasonable circumstance.

Mr. Chair, to address the concerns I have raised about this section of the act, I move the amendment standing in my name on the order paper under section 46(4):

[SECTION 46 is amended by adding the text highlighted by underline:

Landlord's notice: non-payment of rent

46 (4) Within 5 days after receiving a notice under this section, the tenant may

- (a) pay the overdue rent, in which case the notice has no effect, or
- (b) dispute the notice by applying for arbitration.
- (c) request an extension of time to pay rent by applying for arbitration.]

On the amendment.

Hon. R. Coleman: To the amendment. We won't be supporting the amendment, first of all. The two parties can agree to an extension of time. We're not going to be the decision-maker in that. In addition, the member always talks about what the effect is when somebody doesn't pay their rent and wants an extension and goes and deals with that, but the member never wants to talk about the other people that may be affected. They have a secondary suite or a second home they're renting out to someone, and they go two or three months without getting the rent paid. They have to speak to somebody else — and that's called a bank — about the mortgage.

They have to pay their taxes and pay their utilities, so there has to be a certain commercial alliance between the two parties so that there's some balance there. You know, I'm entering into an agreement with you. You pay your rent, and I'll give you the safe, se-

cure, warm, affordable housing that you and I have agreed to, between two parties. To couch it the way it's described is unfair. The fact of the matter is that the fundamental relationship in a residential tenancy is that two parties have agreed to a certain amount of money to be paid at a particular time that they've agreed to, and it should be dealt with between those two parties.

If there's a difficulty, like in personal circumstances where a cheque doesn't arrive or whatever, they can sit down with the landlord. They can say: "My cheque's late and da-di-di-da." The landlord is going to be able to work that out with a tenant that they have a good relationship with, and it shouldn't be us that's arbitrating the information coming forward and saying we'll provide those extensions. There's a relationship that says you pay your rent on the day it's due, and if you don't, these are the consequences. This is the relationship you're in.

J. Kwan: No, it's not us who will decide what is reasonable and what is not. It's by arbitration. That's what the amendment says: "...request an extension of time to pay rent by applying for arbitration." The arbitrator, an independent body, will make the decision, and it won't be for months and months and years and years. It would be when the matter goes before arbitration. That's when the matter will be dealt with.

[1155]

In most circumstances, one would expect that if you have a valid reason why you're unable to pay rent, because your cheque has been held up or whatever, then that could be taken into consideration instead of immediate eviction. That's what I'm saying here. In fact, if the minister suggests that somehow the landlord will just make these provisions, I suspect that some will. Make no mistake about it. But I also suspect that some won't. In fact, in my own experience, when I was working as a tenancy advocate in the community before I got involved directly in electoral politics, there were people who were faced with those situations.

The instances I particularly dealt with were with seniors and people on UI. They didn't get their cheque in on time, and then they were faced with an eviction. We tried, as an advocate at that time, to talk to the landlords. Oftentimes the landlords actually do also have, perhaps, managers and management companies to look after their rental investment. Oftentimes the managers say: "Hey, you know what? I'd love to be able to extend that, but the landlord won't let me. The person who owns the investment won't let me." Nothing within the act allows for that, because the act says: "If you don't pay, you have to go."

That's what this act is now saying: if you don't pay, you have to go. In those instances, we were able to go to the arbitrator and ask for acceptance of a delay in rent. It wouldn't be a regular occurrence either. It happens from time to time. Sometimes it actually happened with the Ministry of Human Resources. In fact, most recently a whole slew of people didn't get their rent. A whole bunch of people didn't get their rent, and

a lot of people didn't get the shelter portion or the food portion, and there were delays caused by the ministries — computer glitches.

You wouldn't want to all of a sudden see a whole bunch of people evicted as a result of that. You want to give, within the act by legislation, an opportunity to deal with those things in an effective way. It wouldn't be the minister who would get to decide whether or not an arbitration should go forward or not and what that decision would be. It would be the arbitrator who gets to decide. Under this amendment I'm just simply asking for that opportunity to be available so that people would be able to go before the arbitrator and have that judgment made by an independent source.

Amendment negated on division.

Hon. R. Coleman: Mr. Chair, noticing the time, I move that the committee rise, report progress and seek leave to sit again.

Motion approved.

The committee rose at 11:57 a.m.

The House resumed; Mr. Speaker in the chair.

Committee of the Whole (Section B), having reported progress, was granted leave to sit again.

Hon. R. Coleman moved adjournment of the House.

Motion approved.

The House adjourned at 11:59 a.m.