



Province of Alberta

The 29th Legislature
Second Session

Alberta Hansard

Wednesday morning, November 30, 2016

Day 55

The Honourable Robert E. Wanner, Speaker

Legislative Assembly of Alberta
The 29th Legislature

Second Session

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Legislative Assembly of Alberta

9 a.m. Wednesday, November 30, 2016

[The Deputy Speaker in the chair]

Prayers

The Deputy Speaker: Good morning.

Let us reflect on the power of our words. Our words can build hope, encourage, inspire, motivate, and comfort. Our words can also tear down, incite fear, destroy hope, and damage relationships. We've been entrusted by Albertans to speak on their behalf. Let us always use our words responsibly and in a way that benefits and encourages the constituents we serve.

Please be seated.

Orders of the Day

Government Bills and Orders Committee of the Whole

[Ms Jabbour in the chair]

The Chair: I'd like to call the Committee of the Whole to order.

Bill 30

Investing in a Diversified Alberta Economy Act

The Chair: Are there any questions, comments, or amendments with respect to this bill? The hon. Member for Drayton Valley-Devon.

Mr. Smith: Thank you, Madam Chair. I rise today to speak to Bill 30, Investing in a Diversified Alberta Economy Act. We understand that this bill is about tax credits and trying to spur investment in Alberta. We understand that this is going to be a discussion that revolves around how we can perhaps level the playing field and allow business in Alberta to progress and diversify. Of course, in the economic times that we face today, that's always a very important discussion to have.

Madam Chair, we understand that history is littered with failed government programs that were designed to diversify and grow the economy. I don't think we have to look too far to realize that we've got all sorts of examples that we could point to in Alberta in the past. Perhaps we could remember that 30 years ago in Alberta we had a government that provided loan guarantees to Gainers and that the province still has an unsatisfied judgment of approximately \$13 million against Gainers and Mr. Pocklington for a program that really was not very effective. Sometimes the funds from these loan guarantees help businesses in question to maybe pad their bottom line but don't actually create more investment and more jobs in the economy.

Now, I understand that this bill is not about loan guarantees, that it's about tax credits, but I bring that forward just to say that we need to discuss this issue with an understanding that there are failed attempts that we should remember and that we should consider before we go down a path where we take taxpayers' dollars and abuse them, with no real benefit to the Alberta people. We need to remember that government is not there primarily to do business. There's a role for government at times, and this bill addresses that. We must be careful.

To its credit, I believe that this bill does not provide loans or grants or guarantees, but it provides tax credits, so that's worthy of having discussions, Madam Chair. When we take a look at a tax

credit, it's a deduction. It's a deduction from tax owing. Provided the credit can be used, the same tax relief occurs with the tax credit regardless of the company's tax bracket or his or her particular tax bracket.

Bill 30 has received some support from some of the major stakeholders in Alberta. We do see that Adam Legge, president and CEO of the Calgary Chamber of commerce, supports this, the first investor tax credit program to help try to get equity and capital flowing to small businesses in our province. We see that British Columbia and Nova Scotia and New Brunswick and Manitoba and some of the U.S. states have investor tax credit programs. This is a discussion that, to a degree, is about levelling the playing field and trying to make sure that Alberta businesses don't lose business and that Alberta doesn't lose new business to provinces like British Columbia and other provinces that have an investor tax credit program.

Well, according to Alberta Economic Development and Trade over the last 10 years Alberta has consistently lagged behind British Columbia and Ontario and Quebec in terms of venture capital dollars, so this may be an acceptable way of addressing this issue. You know, that might have been acceptable in the hyper economy that Alberta had a few years back, where the energy sector encouraged large amounts of capital to be invested in Alberta, but in today's economy we need to consider how we can actually attract capital into Alberta. This is perhaps one way of doing that. Now, I would suggest, though, that we do need to be careful with any of the programs that we provide through the Alberta government.

I just look at my own constituency and see how the entrepreneurs of Drayton Valley are addressing this dire economic situation that we find ourselves in, where they are actually pursuing venture capital outside of government's help. I look at a company in Drayton Valley that just the other day was able to sign a contract for \$25 million worth of investment in a company in Drayton Valley. So we see that venture capital can come in through private sources and through the private sector, but that doesn't necessarily mean that in the context of the economy that we have today this bill doesn't need support or shouldn't be supported.

There is merit in taking a look at how we can induce and encourage venture capital into this province. We know that that's important because a lack of venture capital actually limits the growth of businesses in Alberta. Businesses, small businesses and start-up businesses, need that commercialization capital in order to be able to grow and provide jobs and encourage the economy in this province. Venture capital is a very important thing, and an investor tax credit may be the incentive that we need to consider to build a market and to build a community of enterprise for venture capital in Alberta.

Well, the government is going to provide, it's my understanding, about \$165 million in tax credits over a three-year period, and it's going to be distributed through two programs, one called the capital investment tax credit and then a second one, the Alberta investor tax credit. It's my understanding with this bill – and I'm new at this, so I'm learning lots as we go through the various bills that we bring before this House – that the capital investment tax credit is meant for large capital investment by companies that are deemed by the minister to be able to diversify the Alberta economy.

It's hoped that this capital investment tax credit, or CITC, will encourage up to somewhere around \$700 million in new investment in Alberta. I believe that that's going to be broken down. In this capital investment tax credit there's going to be about \$70 million for capital investment tax credits over two years, and it's going to be targeted. It's going to be targeted towards manufacturing and processing and tourism. Then I understand that there's going to be another \$5 million of capital investment tax credits for culture and

tourism above that. We're looking at about a 10 per cent nonrefundable tax credit of up to about \$5 million for Alberta companies involved in manufacturing and processing and tourism infrastructure.

These tax credits will be provided on a competitive basis to companies that make eligible capital investments of \$1 million or more. So we're looking at a situation where these tax credits are going to be provided through the government and through the minister on a competitive basis. In other words, we'll look at the merits of the companies and the merits of the programs that are being done, and those tax credits, that money, will be applied to the various companies based on the merits of their business ventures.

9:10

The second program that's going to be brought forward is the Alberta investor tax credit. This is designed to attract and to bring investors and small businesses together in Alberta to be able to produce more jobs and a wider tax base for municipal and provincial governments. You know, that's one of the things that we do have to look at, I believe, in this province. We do need to look at diversifying our economy, and we do need to look at attracting new businesses into this economy in Alberta.

This Alberta investor tax credit is going to have about a \$90 million budget cap over three years. It's going to be available for investments in companies that are engaged substantially in things like proprietary technology research, development, or commercialization; interactive digital media development; video postproduction; digital animation; or tourism. Now an investor in a small business venture in one of these areas will have an opportunity to deduct up to \$60,000 per year.

You know, I think many of the members in this House were at a digital BioWare event last night, and for an old dog like me – yeah, I know; I'm not really into the digital animation and video games – it was an education, being able to see not only that Edmonton has one of the premier digital animation video game companies in the world but that we're looking also at a series of new companies, that were highlighted last night, that are trying to do a start-up. This might be an example of the kinds of businesses that we would be bringing forward or that could apply through this Alberta investor tax credit and could then see some capital placed their way to begin to develop and increase and grow their business and to provide jobs with their business.

Now, having said that and understanding that there's a role to be played here and that this has got some potential, there are some concerns. There are some concerns here that we need to consider in Committee of the Whole and as we go forward on this bill. Specific requirements about eligible investors and companies and the limits to the amount of the investment credits that may be awarded and are being developed: we need to have some discussion on that. You know, the programs: will they be offered on a first-come, first-served basis? How are we going to decide how these credits are being handed out to various businesses through the two programs?

The application processes for the CITC and the AITC programs, you know, are going to be announced pending the passage of this legislation, and that does lead to some concerns because we probably need to have some discussion about: what is that application process going to look like, and is it going to be fair and equitable? How are we going to make this a situation where we are actually helping to diversify the economy and that doesn't just become a pet project of a particular bureaucrat or minister? Is this going to lead to the minister picking favourites?

You know, the money that we're handing out is taxpayers' dollars. It's tax credits that are being given, tax monies that would not necessarily be collected by the Alberta government, so we need

to make sure that this isn't being done on an ad hoc basis but that it's looking at the merits of the investments and the merits of the companies and the diversification of the economy and the jobs that are being provided. This can't just simply lead to ministerial oversight of the program. I suppose we could argue that that's what it's going to be, but we have to make sure that it's not going to lead to ministerial interference in the give-and-take of the economy and the ebb and flow of free enterprise.

We can see that there is the potential for tax credits to increase capital investment in Alberta, but this program is not a replacement for strengthening economic opportunity by keeping taxes low across the board. That is what will really bring investors into this province. That's what really will bring venture capital into this province. At the end of the day, when we're trying to increase investor confidence, when we're trying to bring in venture capital and we're trying to diversify our economy, it has to make economic sense. Companies have to be able to see that they're coming to a province where, because they have a low tax regime, because they see that the government is business friendly, they have the ability not only to just provide jobs but to make a profit. That's going to be very important. That is the best long-term strategy. That is better than any tax investment program that we could put out there.

This is not theory. We can point to many examples and to many jurisdictions, even to our recent past in the 1990s, where keeping taxes low and having a government by its actions send out a message to business that the province is open for business does attract huge amounts of venture capital. We can see that that is not just something that is an opinion; it is something that can be borne out in fact. We can see that there are case study examples of where keeping a low tax regime does help the economy to grow and to diversify.

This modest program is not going to jump-start the entire Alberta economy. It will not offset the general chill on investment of some of the decisions that this government has made in the past year and a half. But it's a program that does merit consideration, so I thank you for allowing me to share some thoughts on it today.

Thank you, Madam Chair.

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

Ms McPherson: Thank you, Madam Chair. I'm pleased to speak with you today about Bill 30, Investing in a Diversified Alberta Economy Act. I'd like to begin with a brief overview of the legislation.

Bill 30 would establish two tax credits that promote innovation and economic diversity and help create new jobs. The Alberta investor tax credit, or AITC, would offer a 30 per cent tax credit for investments in small Alberta businesses made between April 14, 2016, and December 31, 2019. With a budget of \$90 million over three years the AITC would be provided on a first-come, first-served basis starting in January 2017. The AITC is expected to support up to 4,400 new jobs over three years and contribute up to \$500 million to the province's GDP.

The capital investment tax credit, or CITC, would focus on encouraging large-scale capital investment in the province. With a budget of \$70 million it would offer Alberta companies a 10 per cent nonrefundable tax credit, up to \$5 million. The CITC is expected to support \$700 million worth of investment and create up to 4,600 direct and indirect jobs in Alberta.

Second reading of Bill 30 was held last week, and I'd like to thank all of the hon. members for their support and for sharing their questions on the legislation. During debate several opposition members asked if the current form of the legislation allows too

much interference by the overseeing minister for the AITC and the CITC. Let me assure you that under the legislation the government will not be endorsing any particular investment or company. Instead, investors are required to do their own due diligence to determine which businesses to invest in.

Eligibility requirements for the AITC are clearly set out in the act and the AITC regulation to prevent political interference. The approval process is transparent and ensures that venture capital corporations, or VCCs, and eligible business corporations, or EBCs, meet the requirements of the act and the AITC regulations. Only VCCs and EBCs that meet the eligibility requirements will be approved for the program, and the program requirements ensure that eligible entities support the diversification of Alberta's economy.

For the CITC publicly available competitive criteria based on government economic development and diversification objectives will be used to evaluate and rank applications. Applications for the CITC are accepted based on how well they meet the competitive criteria, demonstrating the greatest economic return to the province. The budget for the AITC will be made publicly available online and will be updated on a regular basis to ensure that applicants are aware of the status of the remaining budget.

9:20

In addition, several members wanted more information about what would happen if either the AITC or the CITC were oversubscribed, because they are great. In the event that the AITC is oversubscribed for a particular year, investors who invested before the program was oversubscribed will receive the tax credit, but no further investors will be queued or tax credits issued. This is in line with the first-come, first-served principle of the tax credit. On the other hand, if the AITC is undersubscribed for a particular year, the surplus amount may be transferred over to the following budget year.

The CITC uses publicly available competitive criteria based on government economic development and diversification objectives. Applications for the CITC are accepted based on how well they meet the competitive criteria. There are four application intake windows planned over the two years of the program. If the CITC is oversubscribed in a particular intake window, unsuccessful applicants would then be able to apply in future windows. We will also be evaluating both programs to assess their effectiveness.

The scope of the tax credits was another area where members wanted more information. To help determine the criteria for both the AITC and the CITC, we reached out to other ministries such as Culture and Tourism, Agriculture and Forestry, and business and investment leaders in the province. From these discussions we have developed criteria for both tax credits that I truly believe will help us achieve our shared goals.

First, I'd like to provide some additional clarity on the scope of the AITC. The AITC is very broad. It would offer a 30 per cent tax credit to investors who provide capital to Alberta companies doing research, development, or commercialization of new technologies, new products, or new processes in sectors like, but not limited to, renewable energy; manufacturing or processing; agriculture, agribusiness, and agrifood; transportation and logistics; financial services technologies; and creative industries. Eligible activities and sectors were selected in consultation with internal and external stakeholders with an aim to encourage investment in nontraditional sectors as part of our efforts to diversify the economy. These nontraditional activities have more difficulty gaining access to capital than traditional activities in Alberta such as oil and gas extraction.

The small businesses supported by the AITC often represent high-risk investment and lack the ability to attract capital through traditional means. While traditional sectors like agriculture, oil and gas are already well established and supported, it's important to note that the oil and gas sector investment would be eligible under the AITC as long as it supports activities by a small business substantially engaged in research, development, and commercialization of proprietary technologies, products, or processes. Investment in nontraditional agriculture activities such as specialized small crops, livestock, poultry production, and high technology enterprises are also eligible under the program.

When it comes to the CITC, a tax credit that supports capital investment in manufacturing and processing is very common in other jurisdictions. The CITC supports the value-added activities of manufacturing and processing which occur across many sectors, including agriculture, manufacturing, and the energy services and supply sector. The CITC lets us support industries that have the potential to grow in the near future in spite of the low oil price environment and a weak Canadian dollar while building on our strengths in natural resources and encouraging investment in nontraditional sectors.

I also believe that including tourism infrastructure allows the province to build on our international and domestic tourism, a sector that's often countercyclical to the rest of the economy. Tourism often increases for both domestic and international tourists when oil prices and the Canadian dollar are low.

Thank you, Madam Chair.

The Chair: The hon. Member for Calgary-Foothills.

Mr. Panda: Thank you, Madam Chair. Like I said in my last speech on this bill, we understand the spirit of this bill. That's why in general we are supportive of the bill although the Wildrose believes in bringing an economic environment that's good for all businesses so that businesses can thrive in Alberta and grow the economy and create jobs.

Of late we have seen so many other government policies that were very difficult to send a message that Alberta is open for business. In fact, many businesses were closing. After all this bad news people were looking for some good news, and recently we started seeing some good news like the pipeline approval yesterday. We all should be celebrating that.

Also in this bill we see these investment tax credits. In fact, I consulted a lot of stakeholders like the chambers of commerce, economic development, postproduction companies, manufacturing associations and whatnot. We consulted all chambers of commerce, including the Lethbridge Chamber of Commerce and whatnot.

A few things my stakeholders told me were that while the intent is good, you know, they still prefer the government bringing in policies that will remove red tape and create an economic environment where every business can compete with other businesses out of Alberta, within Canada, and overseas. Having said that, I also heard that, you know, other provinces like British Columbia and others have tax credits that are not helpful for Alberta businesses.

That's why in spirit we agree. But in the bill, Madam Chair, the minister did not specify who will be the recipients of this funding both under the CITC and the AITC when it is started. It's not in the bill, but then the minister did some press releases, and now we are hearing government members clarifying in the House what the scope of this bill is. It would be nice if all that information was in the bill, which is missing.

That's why we're trying to bring in a series of amendments to make this bill better. We just want to clarify: which businesses can

actually apply for funding? What's the criteria? Another thing is: how do we measure the success of this bill? You know, it shouldn't be another boondoggle. Otherwise, people will think that the government is picking winners and losers. So we should also make that clear in this bill through our amendments.

One of those amendments I'm bringing here this morning. With your permission, I have a number of copies and I can circulate them. If you permit, I can actually read it.

The Chair: If you will just wait until I get a copy.

Mr. Panda: Okay.

The Chair: This will be known as amendment A1.
Go ahead, hon. member.

Mr. Panda: Yeah. Madam Chair, like I said before, this amendment will clarify that, at a minimum, businesses that meet the qualifications of these enumerated sectors will be eligible. Also, to be clear, this list excludes no one. When I consulted the chambers of commerce, they said: well, we don't know who are all included. They also said that it's not universal. Why are only certain sectors targeted in this bill? To bring more clarification to that, we are proposing that we should include – I'll read the amendment here.

I move that Bill 30, Investing in a Diversified Alberta Economy Act, be amended in section 35(1) by striking out clause (c) and substituting the following:

- (c) the small business is or will be substantially engaged in Alberta, as determined in the prescribed manner, in at least one of the following business activities:
 - (i) manufacturing or processing;
 - (ii) research, development and commercialization of proprietary technology, products and processes;
 - (iii) agriculture, agri-food or agri-business;
 - (iv) transportation and logistics;
 - (v) financial services;
 - (vi) interactive digital media development;
 - (vii) video post-production;
 - (viii) digital animation;
 - (ix) tourism;
 - (x) any other prescribed business activity.

9:30

With that, we're trying to bring in some clarity. We're not trying to exclude anyone, but at least it establishes the minimum set, and the minister can add from there in regulations if he considers it necessary. If he gets representation from businesses, then he can hear them and, based on the merit, he can expand the list. But, at the same time, we should also make sure that eligibility is based on the effectiveness of the program in terms of growing the economy and creating jobs. There should be a way to measure that effectiveness. I'm sure that not only me but other opposition parties will also bring those amendments. I mean, people may still say that it's a somewhat limited list, but there is also something to be said that the minister is not picking any industries. That's why we need to clarify this.

Also, the minister made some nice points during the press releases about who will qualify for the tax credits, but when we talk to the stakeholders, we hear a different story. There is nothing in the existing bill that will actually clarify who is eligible for this funding. Also, we just don't want to let the minister pick the winners and losers on an ad hoc basis. That's why more clarity is requested by the business community. Like I said, I consulted the manufacturers' association. They have 9,000 manufacturers in their association, and they were a little bit disappointed that they may not be eligible for some of these tax credits.

Madam Chair, another good thing happening is that the Legislature's Standing Committee on Alberta's Economic Future is doing a study on growing and diversifying the agrifood and agribusiness sectors in Alberta. There may be some more recommendations coming out of that standing committee later on. But, you know, we saw that government members wanted to champion the diversification in the agrifood and agribusiness sectors, and then some of those businesses contacted us asking how come they are not included in this bill to be eligible for these tax credits. Particularly, the Lethbridge Chamber of Commerce said that agrifood processors are interested in these investments and that they want to benefit from these tax credits.

As you know, Calgary is an inland distribution hub in the logistics sector, and they want to help expand that cluster to develop businesses in Calgary and to participate in this economic activity. Edmonton's Port Alberta would also benefit from having the logistics sector be eligible for this tax credit. Also, Alberta is a hotbed for creative financial services, particularly for our niche industries, so by including them, we could actually help them to bring in more business. That's why we support expanding this and including the financial sectors if they prefer to take advantage of these tax credits. Also, the commercial real estate vacancies in Calgary would help them move their head offices to Calgary if we extend these tax credits to them as well.

But the minister was also very clear about the eligibility for interactive digital media development, video postproduction, and digital animation, and when I spoke to them, they were very happy that they were consulted and included in this.

Also, obviously, tourism has more potential in a province like Alberta, which has natural beauty, and it's also stable, both politically and somewhat economically. Another industry is the hotel industry. We actually look forward to having the hotel industry refurbish their tired and worn-out facilities and attracting world-class tourism.

Based on that, I think it's a good amendment to be considered by all parties in the House to make this bill better. As I said, you know, when we had all the bad news, we started hearing some good news, so let's work together and make this bill better and work it for all businesses.

Thank you, Madam Chair.

The Chair: Any other hon. members wishing to speak to the amendment? The hon. Member for Calgary-Elbow.

Mr. Clark: Thank you very much, Madam Chair. I rise to speak in enthusiastic support of this amendment, brought by the hon. Member for Calgary-Foothills. You know, he's done a lot of work in this area, as have, I know, many members on this side of the House here. In fact, I know that the minister has as well and I think deserves credit for a couple of things.

The first is that this tax credit, in and of itself, is a change in direction from this government and a change in direction from what the campaign promise was in the NDP platform. I want to just be on the record and clear that I very much appreciate and respect the fact that the government has looked at the evidence, looked at the data, and said: "You know, a job-creation tax credit may sound good in an election platform, but in practice, now that we sit on the government side, maybe that doesn't make sense. We've heard from stakeholders that a tax credit makes more sense, so that's the direction we're going to go."

I want to be very clear and on the record for all to hear that I do have a great deal of respect for the government in making that choice and would sincerely encourage the government to continue on down that path of taking good evidence when it is presented,

looking at the data, and making solid, evidence-based decisions and not relying purely on just exactly what was said in an election platform or based on ideology. The minimum wage comes to mind as one good example of that, but we're not here to talk about minimum wage. We are here to talk about tax credits and Bill 30.

I'm in favour of this amendment, and I really do hope that the government will seriously consider accepting this amendment because the spirit in which it is brought is a very positive and helpful one. It is one that is based on consultations with key stakeholders, particularly in the business community, particularly in the small-business community, small and medium enterprise, chambers of commerce around the province, and that's where this comes from. In fact, it's such a brilliant amendment that I have a very similar version to this. The Member for Calgary-Foothills was able to get to his feet before I was, and had I beaten him to it, I think I'd be presenting an amendment very similar to this one.

That is one of the reasons that I rise to speak so passionately in favour of it, but most importantly I think this is good for Alberta. I think that we in this House ought to remember that our primary objective, our goal number one, ought to always be to do the right thing for Alberta.

What I like about this list is that it broadens the definition of what an eligible organization is. It also simultaneously, to some degree, restricts the minister's ability to pick winners and losers. But the reason I think the government really ought to consider including this amendment is that, rather generously, I think, the hon. Member for Calgary-Foothills has included subsection (c), clause (x), which is "any other prescribed business activity." That actually allows the minister a tremendous amount of latitude, and that actually is something that you'll often see from this side of the House. We're trying to restrict what the government can do.

9:40

I think it's actually quite generous and allows the government flexibility to continue to choose or, I suppose, again taking a positive view of this, allows the minister to say: "Well, gosh. You know what? Here's a list. It's prescriptive to a degree in that it's in the legislation, and we send now a signal to investors saying that these are the sorts of things that this tax credit is eligible for. But you know what? Maybe we missed something, or maybe there's a misinterpretation, or maybe we found that the administration has interpreted a certain term in a certain way to exclude certain business that, on reflection, you know, ought to be included."

So instead of coming back to the Legislature, the minister can prescribe another business activity. That is actually, I think, a tremendous flexibility, which I would hope the minister would appreciate and would realize allows him and his ministry and any subsequent ministers to administer this legislation as they see fit.

If there are concerns specifically with any of the items – I wonder about perhaps something like "manufacturing or processing." Is that too broad? Maybe. Maybe it is, and if the minister feels that way or if the minister has a concern with any other of these individual items, again, I'd love to hear the minister's perspective on this or from anyone on the government side. I certainly don't presume to speak on behalf of the Member for Calgary-Foothills, but perhaps if there are specific aspects of this you have concerns with that you feel would make it better and something that you could pass, I do wonder if a subamendment may be in order if there are certain aspects of this that you don't like.

When we talk about "research, development and commercialization of proprietary technology, products and processes," that absolutely ought to be a prescribed area. Agriculture, agrifood, agribusiness I think is perhaps one of the greatest untapped potentials in this province. If there's anything we

have in Alberta, it's tremendous arable land and the opportunity for us to diversify our economy and to meet the world's growing demand for foodstuffs, processed foods, and beyond simply raw product, and agriculture, agrifood, agribusiness absolutely is it.

I think of lentils. There's a tremendous market for lentils emerging amongst the growing middle class in India in particular. Saskatchewan and Manitoba are far ahead of Alberta in lentil production. Now, there are probably a lot of reasons for that, but I'd really like to see Alberta start to move in that direction. There's a great opportunity here for farmers and ranchers, farmers in particular. If there's any better definition of a small-business person in Alberta than a farmer, I don't know what it is. Also, people perhaps don't realize the level of technical skill required to operate a modern farm business. This ought to absolutely explicitly include that.

Transportation and logistics: that's something that Alberta has emerged as a leader in. It's something where we can pivot off what we already do very well in oil and gas. We have a tremendous trucking fleet and experience, but also we have the land, and geographically we're in a good spot to lead in transportation logistics.

Financial services: the same thing. Clearly, Calgary in particular but Alberta generally has probably the second-largest hub of financial services in Canada, behind our good friends in Toronto.

Interactive media development, video postproduction, digital animation, or what is often referred to as creative industries: we saw from BioWare yesterday the amazing work that's already gone on. That's not only an area that is growing, but it's an area that Alberta can lead in if we have the appropriate tax treatment.

Tourism: there are very few places in the world better to come visit than Alberta. That includes the mountain parks, but it certainly expands beyond that. There are a lot of opportunities in things like guest ranches. That's something that we have an opportunity to really grow.

Again I come back to the other prescribed business activities. Those are things that the minister can decide that perhaps have not been captured here. Again, I would really love to hear from the minister, from the government side, as to their feelings on this. I would hope that they would be willing to entertain this amendment. I think it improves the bill. I think it provides clarity for investors. Most importantly, Madam Chair, it is good for Alberta.

Thank you.

The Chair: Any other hon. members wishing to speak to the amendment? The hon. minister of economic development.

Mr. Bilous: Thank you very much, Madam Chair. I'll thank both the previous speakers, the Member for Calgary-Foothills for moving this amendment and the previous speaker, for their enthusiasm for this bill, and I appreciate their intention and where they're coming from as far as wanting more details or more specifics when it comes to eligible sectors.

However, having said that, a couple of different points. First of all, throughout the whole process of this bill we've been consulting very closely with different chambers of commerce around the province and especially working with the Calgary Chamber of commerce on the investor tax credit. They recently sent me an e-mail that – well, first of all, they wrote to me last week seeking assurance that the tax credit would be applied as broadly as possible to provide the greatest possible benefit to the most industries possible. My office immediately contacted the chamber and worked with them to ensure that the bill and the tax credit would work for not only their members but all Albertans.

Now, last week the MLA for Edmonton-Centre, who is a cosponsor of this bill, made a couple of statements clarifying this exact topic, that it's kept as broad as possible because this is what industry and businesses have asked for. Putting out a specific list very much constrains the ability, one, to be nimble, but also, for sectors that fall outside of this list, that means they're ineligible, and that's not what we want to do. That's not what chambers have asked for. They want it as broad as possible.

You know, our tax credit will offer a 30 per cent tax credit to investors to provide capital to Alberta companies doing research, development, or commercialization of new technology or new processes in any economic sector, so sectors like, well, manufacturing and processing, which, again, is extremely broad. That applies to agriculture, agrifood. That applies to our forestry sector. That applies to tourism, to energy. That applies to our oil and gas sector as well. It applies to the list; I mean, whether it's transportation, logistics, financial services, et cetera.

The reason that I cannot accept this amendment is that we want the legislation to be as broad as possible to provide the greatest benefit to investors, to job creators, and their employees. The legislation as it's written will keep the eligibility criteria as broad as possible and allow investment and business leaders to make the best decisions to help diversify our economy and create good jobs for Alberta families.

Again, I thank the member for this amendment and for his intention on it, but I will not be supporting this amendment. Thank you.

The Chair: I'll recognize Drayton Valley-Devon.

Mr. Smith: Thank you, Madam Chair. I want to rise to respond to the minister's comments just for a second here. Let's start by looking at the things that we can agree on here. I would speak in favour of this amendment. I think that it's important that we do have as broad a spectrum of businesses and industries across the board in the sectors of the economy of Alberta. It's important for us to incentivize and to allow the Alberta investor tax credit to be able to speak to the entirety of Alberta. I'm not sure that I truly understand the minister's argument that by expanding the list, we are creating a problem of limiting. That doesn't make sense to this individual here.

You know, I would draw the minister's attention to the very last bullet point there, (x), "any other prescribed business activity." This would be something that the minister would have control over, so I would argue that this amendment truly does lead to an expanded ability for us to be able to speak through this Alberta investor tax credit to all the areas of the Alberta economy when the minister can, under this amendment, prescribe any business activity as being applicable to this particular tax credit.

9:50

But I think we can agree and speak to this portion of the bill, that it's important to be able to speak to the various sectors in the economy of Alberta. You know, I take a look at one that is bringing a huge amount of excitement in and around the Drayton Valley area. I think we've talked about this before with the minister. We have an opportunity to grow and to diversify an agricultural sector in this province through hemp. It's an absolutely exciting opportunity that we have in this province to diversify, and this program could really speak to the ability to diversify and to create jobs and to create wealth for Alberta farmers, for processors, and for manufacturers with regard to hemp.

We know that there is a company in Drayton Valley that's called BioComposites Group, that has started to produce out of hemp and

flax the very first auto parts in the history of Alberta. They're going to be making the inside door panels for various automotive companies and one in particular. We can see that that's going to start to spur the demand for hemp, so we have to start thinking as a province about how we're going to be able to create the venture capital that's going to be necessary and that's going to be important in diversifying this part of the agriculture and manufacturing sectors of the economy in Alberta.

You know, something that people perhaps don't understand is that hemp is one of the most versatile products. It's the strongest natural fibre in the world, and its versatility is just immense. We can use hemp to create makeup, it's a part of the pharmaceutical industries, and it's involved in textiles and the production of cloth. We can have automotive parts.

The processing of hemp is going to create jobs in this province. We're going to have to have decortication plants. There's only one decortication plant in all of North America, and that's found in Vegreville, and that was, again, started by the Alberta government. We need to have more decortication plants if we're going to grow this industry in Alberta.

We're going to need to have producers and farmers. I was talking to a farmer here just this past fall down in southern Alberta, and he grows hemp. We grow 30,000 acres of hemp in this province, and he's one of the farmers that grows hemp. I asked him: "Well, what did you get from your hemp crop? Like, how much did you make per acre?" He goes, "I made \$1,300 an acre just off the seed from the hemp plant."

The stalk is a waste product. It's burned in Manitoba. We can take that waste product and we can add, people are telling me, another \$700 an acre to a farmer's profit margin if we start to encourage this industry in Alberta. That's \$2,000 an acre for a farmer in Alberta. Those are rural jobs where they're needed in Alberta. This is important, and I think this bill speaks to this, and this program can speak to trying to get the investment capital that we need in this particular agricultural investment.

I know that the town of Drayton Valley and the CETC and BioComposites Group are going to be meeting with the minister's office a little later this month, and we're going to be having these kinds of conversations. With a bill like this, if it's passed and if it's broad and we have the list that's out there that's broad, Madam Chair, we can do some good for businesses in Alberta.

I know that when I get looking at this, I can see in this particular sector of the economy that we're going to need farm equipment that can be used to harvest the hemp crop. We're going to need businesses that will be investing in the processing and the decortication plants. For every plant that we have, a facility that can use the hemp product, we're going to be producing and needing at least one to two decortication plants.

It's not just textiles. One of the things, the erosion control matting that they're producing from the plant in Drayton Valley, is only one product.

If we take that hemp stalk and we process it, it's going to create two kinds of fibres. The long fibre will be used by the plant in Drayton Valley, but the shorter fibre, the woody fibre, what they call the hurd, is going to be used down in Calgary. There's a plant down in Calgary and there are others around the province that can use this product to produce cement blocks. It takes a traditional cement block from 25 pounds down to about 15 to 18 pounds, which saves on the transportation costs. It's stronger. It's fire resistant. It's got a two-hour fire rating. It's got better sound qualities, deadening the sound better.

You know, we can use this kind of a bill to be able to help. I'm showing you just one little industry, one sector. That little industry, that little sector of the economy: if we play our cards right and if

we create the investment capital and the desire in this province to move forward in this industry, within the next 10 years it could be between an \$800 million and \$1 billion industry in this province. That's why we need to make sure that this list is as broad as possible.

I would speak to this amendment. I believe that it's a good amendment. I believe that it allows the minister to be able to not limit but to expand. As it says in point (x), the minister can be able to address "any other prescribed business activity." I would encourage the minister and the members on the opposite side of the House to consider this amendment. It's a good amendment. It will help Albertans. It will help business in Alberta, and it will help drive Alberta's economy by allowing investment in this province through this tax credit system.

To be clear, this list excludes no one. It merely establishes a minimum set, and we can see that by the addition of point (x). We would just encourage that this amendment be supported because I believe it does allow us to speak to as wide and as broad a set of sectors in the economy, and we can then encourage investment into this province and the jobs and the tax dollars that go along with that.

Thank you, Madam Chair.

The Chair: Any other hon. members to speak to the amendment? The hon. Member for Calgary-Elbow.

Mr. Clark: Thank you, Madam Chair. I'll be very brief. I just want to address one of the specific concerns raised by the minister in his comments. He had talked about the objective of it being as broad as possible – and I think that's a good objective – but said, you know, that by enumerating a list, perhaps that somehow makes it overly restrictive. Again, I remind the member that the last item, item (x), is "any other prescribed business activity." That allows the minister to prescribe an additional business activity, which is the definition of breadth. The minister could choose to do anything.

Again, I just remind the minister and the House how rare a thing that is, that this side of the House would suggest that we allow the government to prescribe something later. Again, I would say that a statistically significant portion of our amendments on this side of the House are about constraining what the government can do. We had some robust, thoughtful discussions last night about exactly that. I would remind the minister that the Member for Calgary-Foothills has done precisely that, and that is to leave that in. It's broad, but at the same time, in listing these specific areas, it's not overly broad.

I think the objective, clearly, is diversifying Alberta's economy. Why, it's the very title of the bill, Investing in a Diversified Alberta Economy Act. Now, while this unicorn of diversification seems to be something that Alberta has pursued for many, many years and by many measures, if we read Trevor Tombe of the University of Calgary's School of Public Policy, in fact, Alberta's economy by employment is the most diversified in Canada, so I think we need to be mindful of what we're defining as diversification. Perhaps what the government seeks is more diversified revenue as opposed to the actual economy of Alberta being diversified. A different topic for another day.

You know, the objective here is to essentially, really, by my reading of it, explicitly say: we'd like folks to invest in things that aren't directly oil and gas. It's remarkable that it takes nearly a hundred pages to say that. I guess that's the way legislation works.

10:00

Again, I understand the minister doesn't like this amendment, and I think that's unfortunate. I would encourage the minister to perhaps reconsider. It would be a surprise if he did, a happy

surprise, but I think that it really does improve the bill. It addresses a pressing public policy issue and also, I think equally important, addresses the direct concerns of stakeholders. I don't suggest for one second that the minister has not consulted with stakeholders. In fact, I think other ministers perhaps could take some example from this minister in his work with stakeholders. He does very good work. I know that he's out in communities often. I know that he's just come back from overseas. So I'm not questioning in the slightest the minister's commitment, but again this is what I've heard loud and clear from stakeholders. I know that the mover of the amendment has done the same. I just wanted to address the specific issues raised by the minister and would hope that perhaps – there's a faint hope – he would reconsider.

Thank you, Madam Chair.

The Chair: The hon. Member for Bonnyville-Cold Lake on the amendment.

Mr. Cyr: Thank you, Madam Chair. I am very discouraged by the comments that the minister has made. I would like to discuss the minister's opening speech on Bill 30. It's in *Hansard*, page 1774, on November 8, 2016, specifically the second paragraph.

This bill will enable government to establish two tax credits that, taken together, will drive innovation, diversify our economy, and create jobs. One credit will bring Alberta investors and small businesses together while the other will help ensure that Alberta is attractive and competitive for larger capital investments. By encouraging investment in new products and services and capital projects, the tax credits will offer increased opportunities for more economic activity, diversification, and employment growth. Introducing these measures at a time when businesses are facing challenges will make Alberta more competitive in attracting and retaining investments while creating much-needed jobs. Together these tax credits provide significant support to Alberta businesses when they need it most.

I will mention right off the bat that it doesn't say all of that and then: dictated by the minister who will be chosen or blessed with the tax credit.

Now, I would like to be clear here that in section 35(1)(c) it says: the small business, if required by a condition of the Minister, is or will be substantially engaged, as determined in the prescribed manner, in Alberta in a prescribed business activity that is specified by the Minister in the condition.

I want to know exactly what prescribed means. The definition on page 4 says, "'prescribed' means prescribed by regulation."

In the end, we're going to see a specific bill go through the House. We are going to see – is that \$100 million in tax credits? I can't remember the exact number. You know, when it first came through – I will state for the record that I've been very critical of the direction this ministry has been going. My riding has been having large, large losses of jobs, and I was hoping to see that our Ministry of Economic Development and Trade would start to actually see some growth in my riding. We haven't seen that so far. We have seen failed programs go through.

The big concern that I have with this bill going through is that it's tax credits, which means that you actually have to have taxable income. Now, when I pull up the forecast for this last quarter, we're seeing that corporate tax income is going to be going down by approximately \$900 million. I do believe that we're going to continue to see that revenue starting to slide because in my riding right now we've got people bidding on jobs just to keep work going, to keep cash flow going.

I will tell you that when I had talked with my local chamber, they were encouraged by this, and I thought: "Well, you know what? This is a move in the right direction." I will commend the minister

that this is actually a piece of legislation that I will support, but I will say that we should never be giving a minister the discretion on exactly what is a part of a small business, and that's what we've done here.

Now, the minister got up and said: well, gee, Wildrose wants to limit what you can put into this tax credit. Let's be very clear that the amendment that we are moving forward does have a list of industries that we would like to see there. It's specific to make sure that they're included and not left out intentionally or unintentionally.

Now, to go to the final clause, (x), "any other prescribed business activity," we still have got the ability for the minister to go in through regulation to be able to add businesses. We still have the ability. So the minister using, "Well, we're going to limit exactly what it is that businesses are able to continue to be able to put forward in their claim for this tax credit" has no validity, in my opinion, and to state that we're trying to leave people out I think is unfortunate.

I will say that it's good to hear that he's out consulting with chambers. Did the minister actually tell the chambers, specifically ask the question: do you want a tax credit that only I have discretion over who's going to be in and out? I would say that the chambers, whether it's the Calgary chamber, Edmonton chamber, or any chamber across Alberta, will say: "Well, this seems to be a little disproportionate. What about all these industries? We've got manufacturing and processing, research. Like, we've got a lot of different things here to make sure that we capture a broader range, not just the pet projects that are being put forward by this government."

We need to ensure that all industries are getting the ability to be able to grow, and that means that there are businesses within my riding that will be able to qualify. That's where I'm tying it back to jobs in my riding because we've had so many job losses and so many failed actions by this ministry. We have seen that there's been no movement forward. I am actually now hoping that this will diversify something within my riding, and to have, possibly, parts of my riding not allowed to get into this tax credit because of regulation, which we don't know, is discouraging for me. I will tell you that agriculture, agrifood, agribusiness: that is my riding. Oil and gas businesses are my riding. We need to ensure that we stimulate these businesses to grow, and it is really hard right now. Jobs right now are the biggest concern in my riding.

Thank you, Madam Chair.

The Chair: Any other speakers to amendment A1? The hon. Member for Lacombe-Ponoka.

Mr. Orr: Thank you, Madam Chair. Yes. I really do have to also chime in on my complete misunderstanding of what the minister seems to think this amendment is all about. I mean, the point of this amendment, actually, is to bring clarity to their bill. People may not realize, actually, that they qualify in these various kinds of industries for the investment tax credits. This is intended to expand awareness. Now, either the minister doesn't understand what "any other prescribed business activity" means, that it in fact leaves it wide open, or he's playing games here, political games.

Part of this amendment might also serve, as the previous member has hinted at, to protect industries from being arbitrarily excluded. Is it the intent that the minister may in fact restrict certain industries by arbitrary choice just by leaving it vague and not being clear? The actual adding of specific sectors allows the opportunity for these sectors to say, "Hey, I do qualify; I do fit into this," and the minister can't just arbitrarily say, "Oh, well, I don't think you qualify; we're looking for something else." This really is about clarity. It's not

about playing political games. I would like the minister just to explain how he thinks that any other prescribed business activity in any way limits this, please.

10:10

The Chair: The hon. Member for Calgary-Foothills.

Mr. Panda: Yeah. Madam Chair, like my colleagues on this side said, you know, the minister keeps saying that it's broad enough, but in 35(1)(c) he's saying that he wants to prescribe. It's contradicting what he's saying. He should remove that clause to keep it broad enough so that he won't be picking and choosing the winners in this.

The other reason we brought this amendment is to give that certainty to businesses. Now nobody knows because there isn't enough money for everybody, but at the same time nobody knows who can apply. Madam Chair, I listed all the schemes so far announced by this hon. minister, and I would like to sit with him at his convenience and give him feedback. Even in your riding, when I travelled a month ago or so, people were asking – first of all, they don't know all these schemes like this. Second, they don't know who can apply, and by the time they figure out and they try to apply, they say: well, it's already oversubscribed. Nobody knows.

At the same time, it's not our intent, like the Member for Calgary-Elbow tried to explain, to limit the ability of the minister to approve these tax credits. We said: at least let's pick the sectors which he and his colleagues announced, which was not in the original bill. They are making it up as they go.

The minister said that he consulted the Calgary Chamber of commerce. The Calgary Chamber of commerce told us that they clearly asked the minister to be prescriptive up front, which was missing. That's why we brought this. So when the minister says, "It's broad enough," what if tomorrow, you know, somebody comes and says, "Oh, I'm opening a Subway" or "I'm opening another small business"? We don't know whether it will create enough jobs or whether it will be effective or not. Nobody knows, so now if you leave that confusion in the bill, it's not going to be effective. His intent is to help businesses. At least businesses should know whether they're eligible to apply or not.

So I would request that the minister reconsider and support this amendment. Thank you, Madam Chair.

The Chair: Any other speakers to the amendment?

Mr. Bilous: Once again, Madam Chair, I'll thank the members for raising certain points. You know, with this amendment the last line saying "any other prescribed business activity" then nullifies or makes listing each specific one – there's no purpose in listing them if it's: and everything else. I appreciate the intention of this amendment. It is not necessary.

Later on today I will table an e-mail that I received this morning from the Calgary Chamber of commerce in which they are completely supportive of the bill in its current form because it is broad and wide ranging and isn't restrictive as far as which sectors. It is very, very broad, which is exactly what the chamber was asking for.

For those reasons, I will not be supporting this amendment.

The Chair: The hon. Member for Vermilion-Lloydminster.

Dr. Starke: Well, thank you, Madam Chair. It's my pleasure to speak to the amendment that was introduced by my colleague from Calgary-Foothills. I'm prompted to speak largely because of what I view as being some mixed messaging that comes from this government. I just want to make sure that the minister in his very fair commentary on the amendment is aware of this.

You know, I read what it says in section 35 as well. I guess it depends on how you interpret the discretion that is being applied by the minister to the eligible corporations that would apply for the investment tax credits, that I'm very much in favour of. I guess my concern is what I call the mixed messaging. I hate to keep on reminding the government of some of the mixed messaging that we've received from their communications people, but it really reminds me very much of some of the mixed messaging that went out to farmers and ranchers with regard to Bill 6, and that is that some of what was communicated to Albertans in the course of the press releases and other information with regard to this bill was not a match with what actually appeared in the bill.

I'll share with the minister that earlier this month I attended a seminar that was sponsored by Athabasca University that talked about venture capital, and it talked about the small capital markets in Alberta, the investment capital markets. Two people that I think are, you know, certainly very knowledgeable about those areas, Dave Mowat, the CEO of ATB, and Leo de Bever, the former chair of AIMCo, were both talking about the investment tax credit program. They both praised it. They both said that this was a good idea because what it would do is that it would move money that currently is sitting in savings accounts and is, I wouldn't call it "trapped," but let's just say "inactive" as far as being part of the investment world in Alberta. It would move money out of those accounts. Certainly, we know that investment dollars are very much necessary to create jobs and to create economic activity.

They were praising the idea of an investment tax credit, but their criticism was that the program was too restrictive. Their criticism was that based on the information that had been put out by the government, the program was too restrictive in terms of what qualified for those investment tax credits. Now, I'll think you'll agree that both of these gentlemen are very knowledgeable with regard to the investment world in Alberta, yet the information and communication from the government has led them to believe that the program is simply too restrictive.

Now, I would to a certain extent agree with the minister's interpretation that under section 35(1)(c) it does appear to be very broad, you know, really saying, "the small business, if required by a condition of the Minister, is or will be substantially engaged, as determined in the prescribed manner, in Alberta in a prescribed business activity that is specified by the Minister in the condition." I would agree with what he says as long as the minister is applying a broad range of criteria, and as long as the minister of the day – and we know that from time to time ministers do change – is prepared to prescribe a very broad range of industries and corporations and business activities that would qualify, then certainly it is true, what the minister says, that it is very broad.

But it could also be very narrow. This is, I think, the issue here. I mean, I agree with what the minister says about it being broad and that, you know, the Chamber of commerce would be in agreement with that. Of course the Chamber of commerce would be in agreement with that. But it all depends on the discretion of the minister, and if the minister changes, if the direction of the government changes, if the decision is made that some industries are perhaps subscribing to this program more than the government would like to see at the time, then the minister can suddenly become more restrictive. This bill gives tremendous discretionary power to the minister.

I mean, to a certain extent I kind of agree with what the minister says with regard to the amendment. The amendment also gives tremendous discretionary powers to the minister, so I think that's the level of nervousness. I guess, you know, what I'm concerned about and what I want to make sure that I drive at and that the minister understands is that the communications that have been put

out regarding this program to the general public, including prominent members of the investment community in our province, are such that they believe that this bill will be very restrictive in terms of the activities.

Now, clearly, the minister has been able to communicate to the Calgary Chamber of commerce that that's not the case, but, Minister, you have to broaden that communication because Albertans in general, including prominent members of our investment community, don't believe that that's the case. If that is the situation across our province and if that is what people believe, perception, unfortunately, in some cases is reality. I think, Minister, that while I understand your concerns with regard to the amendment, I actually rather like the amendment because it does make it very clear that there are a number of different business activities that could be included. I think you're right in saying that the final subclause of the amendment kind of throws it wide open all over again.

10:20

I am, you know, concerned that under the current legislation there are no specified areas of business activity, yet the communication from your government, the communication that your department has put out very clearly specifies a very restrictive list of business activities. There are mixed messages here. Clarity is something that I think we have to strive for as legislators, and if we're writing and crafting good legislation, I think that's something that we need to look for. So I'm in favour of the amendment. I think the amendment does try to provide a broadened basket of business activities that would be eligible, and I think that to a certain extent that is what the investment community is looking for.

Certainly, from the seminar that I attended earlier this month, that was the main criticism. The entire idea of an investment tax credit, both for business activity as well as for capital, is one that the investment community supports. It is patterned after what has been done in other provinces and has been very successful, you know, specifically in British Columbia. This has been a very successful program in British Columbia, but the British Columbia situation has not been restrictive. The British Columbia situation has not specified certain areas, so it's a little bit confusing to me – and I'm sure it's confusing to the investment community – why this government on the one hand says that it's wide open, it's very broad, yet on the other hand they've communicated a very short and restrictive list of business activities that would be eligible under the investment tax credit.

I support the amendment, and I would ask, actually, the minister to provide some clarity as to what seems to be a disparity between what his department and his government have communicated about this bill and what is written in section 35(c).

Mr. Clark: Again, Madam Chair, I just want to rise briefly in response to the – frankly, the only word that comes to mind is "disingenuous" – comments by the minister, who claims that listing the prescribed areas and then saying "any other prescribed business activity" somehow negates the purpose of the prescribed list. The current bill itself, under 35(1)(c), says:

The small business, if required by a condition of the Minister, is or will be substantially engaged, as determined in the prescribed manner, in Alberta in a prescribed business activity that is specified by the Minister . . .

That's what the bill already says. Again, this amendment is being quite generous to the minister by including that, allowing him and his ministry the flexibility they need to administer this program, but it also sets out in the bill itself, not just in a government news release, what those prescribed areas are.

The other question I would have to the minister – and I know he’s paying rapt attention to what I’m talking about here – is: if these are not the areas in which you will allow the investment tax credit to be eligible, as you’ve said in your news release or you’ve said in your public comments, what are the areas that will be eligible? How will you define those things? They’ll come out in regulation at some point, so clearly this is, I would hope, something you’ve given some thought to. You’ve said some nice words in public which, frankly, are broadly consistent with this list here.

What I can’t understand is what the hesitation is to enumerate these things in the bill as opposed to creating them in regulation, because what are we going to see in regulation if not a list not dissimilar to this? These are things that the minister has talked about in public as a result of his extensive consultations with industry and with stakeholders. You know, I suppose it’s maybe a he said, she said. Maybe stakeholders are telling us one thing and telling the minister another, or perhaps the minister is hearing different things.

The stakeholders I’ve talked with – and I’ve had extensive consultations and discussion particularly with chambers of commerce but with business owners and investors themselves, those that seek to actually take advantage of this program; one company here in Edmonton that I know in particular has great interest in taking advantage of this – have been very clear that they would like a very specific set of prescribed areas where it will be eligible; otherwise, how will we know what is eligible?

I can assure you that very few people actually read bills.

Mr. Cooper: What?

Mr. Clark: Look, no one is more shocked than me.

I for one read every bill that’s come out of this Assembly cover to cover. Most people – I can assure you that very, very few, even fewer people than read bills, read regulations.

Again, there’s some dissonance here. There’s some disconnect between the minister’s words and his actions. It appears that he wants the ability to just prescribe these things. That’s what the bill currently says, but again that’s what the amendment says as well. This amendment doesn’t take anything away from the minister. It adds clarity.

With that, I again would really encourage the minister to reconsider this amendment and support the thoughtful amendment from the Member for Calgary-Foothills.

Thank you.

The Chair: The hon. Member for Calgary-Foothills.

Mr. Panda: Yeah, Madam Chair. I’d just like to clarify to the minister that I actually met with the Chamber of commerce. I have a letter from them, and I met them together with our finance critic, the MLA for Strathmore-Brooks. This letter was copied to the members for Calgary-Elbow and Calgary-Fish Creek as well. It was addressed to the minister.

The Calgary Chamber actually told us, you know, that they will withdraw their support for this bill unless the minister clarifies who all is going to be eligible for this funding. Like the hon. Member for Vermilion-Lloydminster said, there seems to be some mixed messages. Also, I mean, if the minister says that it’s broad enough and then he goes to the media and he says, “Oh, I’m going to select a certain number of sectors” and names them and the Member for Edmonton-Centre gets up in this House and he gives another four, five sectors that are eligible, that creates a lot of uncertainty for the investors.

Everybody’s in a holding pattern. They started looking at Alberta now, thinking, “Okay; maybe this government is opening Alberta for business,” but by rejecting reasonable amendments like this

common-sense announcement, they are not helping the certainty for businesses. If the minister thinks that it’s prescriptive enough, then he shouldn’t be doing these media conferences, or his colleagues should not be telling the businesses. I would ask him: either he deletes section 35(1)(c), or he should tell us from our amendment which sectors he doesn’t like. If you don’t like certain sectors, you tell that now and clarify. That will help the businesses.

Our amendment says that these are the minimum list of sectors that we are recommending based on the stakeholder consultation. I said that I consulted a variety of stakeholders in all sectors, and based on their input, I put forward this amendment. If the minister doesn’t agree with any of them, he should clarify that. I would ask him to either clarify that and then delete 35(1)(c) or support our amendment.

Thank you.

The Chair: Any other speakers to amendment A1?

Seeing none, I’ll call the question.

[The voice vote indicated that the motion on amendment A1 lost]

[Several members rose calling for a division. The division bell was rung at 10:29 a.m.]

[Fifteen minutes having elapsed, the committee divided]

[Ms Jabbour in the chair]

For the motion:

Aheer	Ellis	Smith
Barnes	Gotfried	Starke
Clark	Orr	Swann
Cooper	Panda	Taylor
Cyr		

Against the motion:

Babcock	Hinkley	McPherson
Bilous	Horne	Miller
Carlier	Jansen	Miranda
Carson	Kazim	Nielsen
Cortes-Vargas	Kleinstauber	Payne
Dach	Larivee	Piquette
Dang	Littlewood	Renaud
Drever	Loyola	Rosendahl
Feehan	Luff	Sabir
Fitzpatrick	Malkinson	Schmidt
Ganley	McCuaig-Boyd	Sigurdson
Goehring	McKitrick	Sucha
Gray	McLean	

Totals:	For – 13	Against – 38
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[Motion on amendment A1 lost]

The Chair: We are back on the main bill. Are there any questions, comments, or amendments with respect to this bill? The hon. Member for Calgary-Glenmore.

Ms Kazim: Thank you, Madam Chair. It is my pleasure to rise in support of Bill 30, Investing in a Diversified Alberta Economy Act. There were some concerns or, I would say, some questions raised in regard to certain aspects of the bill which I would like to highlight points about. I would like to begin, first, with economic impact analysis. The members opposite have asked multiple times if economic impact analyses were completed for both tax credits. Economists in the ministry completed comprehensive economic analyses for both tax credits.

In the case of the AITC the program is anticipated to increase economic activity in the sectors involved in the activities of

research, development, and commercialization of proprietary technology, products, and processes; development of interactive digital media and game products; video postproduction, visual effects, digital animation; and tourism. The activities would not occur at the same level without the support of this program. Over the three-year period AITC will support a total of 2,200 to 4,400 new jobs. Our analysis forecasts that more than half of those jobs come from the businesses directly supported by AITC. The remaining jobs are created in the sectors that support these industries. The increased investment and job-creation support by the AITC would result in a \$200 million to \$500 million increase in GDP over the program period. The model used in the assessment uses data from Statistics Canada.

The CITC is expected to increase economic activity in the sectors related to manufacturing, such as value-added agriculture and energy, as well as tourism. They anticipate that the activities would not occur with the same timeliness without the support of this program as the CITC encourages businesses to make their investment within the program time frame. Manufacturing and processing business exports are projected to increase by \$10 million to \$40 million. Over the two-year period CITC will support a total of 2,200 to 4,600 new jobs. Our analysis forecasts that roughly half of those jobs come from the businesses directly supported by CITC. The remaining jobs are created in sectors that support these business activities, and this increased investment and job creation would result in a \$300 million to \$700 million increase in GDP over the program period.

The relationship between the company and investor is important. What would happen if the relationship between company and investor does not work or a business becomes ineligible? That was something also brought to our attention, so I would like to talk about this as well. Several members also wanted to know what would happen in the case of the AITC if the partnership between the investor and the small business did not work. They also asked if there are provisions in place if a business becomes ineligible for the AITC.

10:50

In designing the program, we have taken this possibility into account and included provisions in the legislation to address this issue. For example, the act enables eligible businesses to request to cancel their registration with the program. The eligible business would be required to pay back the total tax credit or a portion of the tax credit. Additionally, should a business become ineligible for the AITC, the act enables their registration to be suspended or revoked. Depending on the nature of their ineligibility or noncompliance, the business may be suspended until they meet the requirements or their registration may be revoked outright.

The other thing I would like to highlight is the case of when a VCC has a controlling stake in a company under the AITC. A very important question that was asked last week was: why can't a venture capital corporation have a controlling stake in a company under the AITC? The intent of the legislation is to ensure that the program is not used to allow a venture capital corporation to acquire a company and receive a tax credit for that acquisition at the same time. The legislation ensures that the program is not being abused or manipulated.

Another question posed by the opposition was: what would happen if a small business grew beyond the 100 full-time employees outlined in the AITC program? Larger businesses often have more capacity to raise funds through traditional financing methods such as loans based on collateral or business track records. The main purpose of the AITC is to support the growth of small businesses. Industry Canada defines a small business as having no

more than 100 full-time equivalents. Because small businesses that develop relationships with venture capital corporations often receive mentorship that helps the business to expand, grow, and become more successful, investment in an eligible small business that grows beyond 100 employees is allowed if the VCC made the original investment when the small business had 100 or fewer employees. This is in line with similar tax credit programs in other jurisdictions.

Some members in the Chamber have expressed concern about the administrative burden of the AITC and CITC. Rest assured that the administrative steps proposed are there so that we can ensure the program is not being abused and that it is doing what it was designed to do: create jobs and diversify the economy.

Opposition members wanted to know if government could change the rules around the tax credits. The CITC and AITC are structured as two- and three-year programs respectively to meet this government's objectives. There is no reason to revoke tax credit certificates from businesses or investors unless there is fraud, misrepresentation, or other violations of the program as described in sections 27, 42, and 64 of this bill.

It was asked if we looked to other jurisdictions when designing the tax credits. Let me assure you that the AITC includes many of the proven aspects used in other jurisdictions, including British Columbia and Nova Scotia. For example, British Columbia's venture capital tax credit program has seen a positive impact on the increase in equity available to small businesses, job creation, and economic return. For every dollar spent under British Columbia's tax credit program, \$1.98 is received back in taxes.

That said, it's important to note that not everything that works in other jurisdictions is appropriate in the Alberta context. Various jurisdictions support venture capital in different formats, which has allowed them to maximize the effectiveness of their approach. Manufacturing or processing investment tax credits are common in many jurisdictions around the world and within Canada. You can look to Saskatchewan, Manitoba, Quebec, the Atlantic provinces, and Nova Scotia for similar programs. The tax credit value ranges depending on the jurisdiction. The most common credit rate is 10 per cent, but in some cases the credit is worth as little as 5 per cent and as much as 25 per cent of the investment value.

In developing the CITC, we had to take into consideration our limited budget for the program. This drove some program features that are unique to Alberta, namely the competitive process. I must emphasize, however, that these decisions were supported and even suggested by industry stakeholders. In many case scenarios chambers of commerce, multinational corporations, local business owners were all consulted throughout this process.

Talking about the jurisdictions, I can highlight more details and some specific information related to certain jurisdictions when it comes to investment tax credits. For example, our neighbouring jurisdictions offer a variety of tax credits to specific industries, including a preferential tax rate for manufacturing and processing and an investment tax credit.

A good international example would be the United Kingdom, that has two investor tax credits, the seed enterprise investment scheme and the enterprise investment scheme. The seed enterprise investment scheme is a 50 per cent tax credit with a maximum annual tax credit of 50,000 pounds. It also provides capital gains tax relief if all or part of the capital gains were reinvested. The SEIS is only eligible for investments made in companies with fewer than 25 employees. On the other hand, the EIS is a 30 per cent tax credit with a maximum tax credit of 300,000 pounds. It is only eligible for investments in companies with fewer than 250 FTEs and fewer than \$15 million in gross assets. Similar to B.C. and Manitoba, the U.K.'s schemes exclude activities in developed industries such as

coal and steel production, farming or market gardening, and shipbuilding.

That was an example of something that's happening on the international level, as I mentioned about the U.K., and locally we have other provinces, as I mentioned, other jurisdictions that have some incentives to diversify and promote the economy.

Madam Chair, interestingly, I was able to write a poem to describe how this particular bill is going to be helpful to the province of Alberta, so I would like to have the pleasure of reading the poem.

The economy of Alberta has been like rolling hills,
Raising concerns for Albertans to pay their bills.
Reliance on one market and industry is full of risks,
Diversifying and investing locally are the tricks.
Alberta investor tax credit will help drive innovation,
Be it technology, research development, and commercialization.
Supporting small and medium-sized business expansion,
Be it tourism, digital media, video postproduction, and animation.
The capital investment tax credit will advance big enhancements,
Facilitating companies' large-scale investments.
Be it manufacturing, processing, tourism, and infrastructure,
AITC and CITC are great for our future.

Thank you.

The Chair: The hon. Member for Battle River-Wainwright.

Mr. Taylor: This is to speak on the bill, right?

The Chair: Yes.

Mr. Taylor: Okay. Thank you, Madam Chair. I don't have a poem, but that was a good poem. Very interesting. You captivated me.

Thank you for the opportunity to speak to Bill 30, Investing in a Diversified Alberta Economy Act. Alberta is truly facing a crisis when it comes to the economy, and, yes, the province needs to find new and innovative ways to attract new businesses to the province. Attracting investors to Alberta is something that the Wildrose has campaigned on and still rallies on. However, Madam Chair, the ways and means that Wildrose would work to get to this goal, I must say, are different from this government.

Simply put, the path that this government has taken is taking us further away from a balanced, sustainable approach, never mind restoring the Alberta advantage. When this government took over on May 5, 2015, from the previous government, Albertans were in debt approximately \$12 billion if you don't take into account the Alberta heritage savings trust fund.

11:00

We finally did get to see the government's budget. That was not to be seen until late November of 2015. That's when we finally got to see the first budget, a stunning six months after being elected. The government wanted to borrow up to 15 per cent of GDP. That's somewhere in the neighbourhood of about \$48 billion. At the same time they promised that they would never need to borrow that much, that that capacity was far more than enough, that they would never have to go beyond that borrowing. But they needed to in order to weather the storm because the oil prices were low. Predictably, you should be looking at the forecast to be able to tell how long oil prices would be low. That was for the downturn in oil.

At the same time, the government promised that they wouldn't be coming back to borrow any more, but just four months later: a new budget. In this budget what did we find? Lo and behold, a new

bill, Bill 10, the Fiscal Statutes Amendment Act, 2016. This act, against the government's word, is far from responsible. Some might say: as far as the moon is from the Earth. It's true. Those descriptions cannot even capture what the bill entailed or its repercussions in its entirety. Because there is no limit to how much they can borrow – to infinity and beyond – they would have to have a better name for the bill, like the unlimited debt ceiling. As a result of Bill 10, we are now looking at a situation where we will be in debt to the tune of \$60 billion, and at the current rate of interest we'll have to pay about \$2 billion every year just to service that debt.

What does this all mean, and what kind of investment will we be missing out on because of the debt and the deficit? When I looked on paystubs.com to see what the average teacher in Alberta made, it said that the average teacher made around \$70,000 a year. Well, if you take the \$2 billion that we're going to be in debt and divide it by \$70,000, you're somewhere in the neighbourhood of a little over 28,000 teachers that could be hired from those interest payments alone. The schools that are being built or have been built in the past couple of years in Paradise Valley and Bashaw, for example: they cost around \$10 million. You could have 200 schools built each and every year – each and every year – for that \$2 billion.

That's a lot of industry. That's a lot of economics that we could have in this province, a lot of jobs. Instead, this government would like to create more profit for the banks. They like the big banks, and they will have to hire more people to count all the cash. I guess that's where this is going. Why is the government so interested in paying all kinds of interest to big banks?

Think of how many jobs could be created just from those payments. Those payments are 28,000-plus teachers. My goodness. This government could repave 3,000 kilometres of highway – think of all the jobs on 3,000 kilometres of highway – that we desperately need across this province. They are in poor and decrepit condition. This could save lives, create tons of jobs. The point I'm trying to make is that you're looking at ways to diversify the economy, but with the loss of billions of dollars already this year and then \$2 billion under this government's plan before voters get a say, you know, it sure is tough to be hopeful about the economic recovery with the jobs.

I've listened to the government, and they said that the oil prices are not their fault. In fact, the Deputy Premier just recently said, to be exact, on Thursday, November 24, at about 13:55, "The market we inherited was broken." She said that the market is broken. I agree that these current oil prices are not their fault, but how they've dealt with the economy is their fault. Putting a Band-Aid on the situation is not going to fix it.

Now, the key to economic diversification is having an overall investment advantage over competing jurisdictions. How do we know this? Alberta's economy diversified a lot more under Klein than it did under his predecessors. Before him governments were backing loans and picking the next big thing for investments. That's what this government seems to be doing, trying to pick the next big thing, and we're looking at them trying to pick the next big thing.

We had a reasoned amendment that came from the Member for Calgary-Foothills, and it was a good amendment, not just reasonable. It was a very good amendment, and it specified many of the areas that could be included. Well, this got shot down by this government. Shame on them. You know, we could be looking at something that adds some clarity and gives assurance to Alberta companies on this bill that we're bringing forward.

However, I do think that Bill 30 is certainly better than the previous job diversification bill they introduced last year, Bill 1. That didn't do anything. It's hopeful to see that 18 months after this NDP government came into power, they have now come to the

realization that Alberta is facing an economic crisis and that steps must be taken to fix it. They're finally coming to that realization.

On a positive note, this is a nonrefundable tax credit, not a borrowed handout, loan, or grant. Unfortunately, this bill does extremely little to cancel out all the other bad ideological policies that they have put in place, policies like the carbon tax, increases in taxes to businesses and individuals, the dramatic minimum wage increase, shutting down coal, suing Alberta-owned companies, and record deficits and borrowing. This bill will hardly fix this, Madam Chair. Hopefully, this will somewhat increase competitiveness with other jurisdictions and help Alberta's 9,000 manufacturers compete with foreign businesses. Hopefully. Taxes and regulatory costs are hurting and killing businesses, and we all know that introducing a carbon tax is not helping the problem, but maybe this bill will fix some of that.

I'm almost certain – and it was alluded to – that the minister has done an economic study on the ramifications of the bill, but what's going to happen with the ramifications? I would like to actually see the economic study, not just hear some of the highlights. I'm not sure that I like the sound of giving the minister the discretion to refund the excess amount of the tax credit over Alberta tax. It sounds too much like the previous government's cronyism. I think we should add an amendment to the bill to mandate an independent review of some kind to ensure that there is no cronyism and that the program is actually creating investment in the province and not just lowering revenues.

It's bad policy that has gotten us to where we are today, and if we look closely to our neighbour to the east, we can clearly see that they're not suffering to the same degree that we are, with job stats and drilling stats.

An Hon. Member: Are you talking about Saskatchewan?

11:10

Mr. Taylor: Right next door, in Saskatchewan. Thank you.

Saskatchewan is not trying to spend their way to prosperity. Rather, they put policies in place that are clearly more attractive than Alberta's. Saskatchewan has been paying off most of its debt, and its budget has a projected deficit of about half a billion dollars – \$427 million is what I read – in 2016-2017. But when you look at Alberta's deficit forecast, we just heard that it was \$10.8 billion. That's almost \$11 billion. You know, that's about 20 times the deficit that they have in Saskatchewan.

We have the same oil, the same farms, the same forestry industry. Hey, we even have the Rockies for tourism. That's something Saskatchewan doesn't have. We have tourism. You would assume that when we have the same oil, the same farms, the same industries, virtually, and we have tourism, we should be doing way better than Saskatchewan. Unfortunately, we're not. A deficit of \$427 million is what they've projected. Unfortunately, we had to borrow and go into a deficit of \$10.8 billion.

Listen, folks. Despite this Bill 30, for the most part this government's plan is all wrong. We need to lower taxes and regulatory costs, lower costs for consumables like electricity and gas. That's how you can signal to investors that this is a place to invest. When you want to bring people to the province, you've got to have signals to bring people in. Jobs will follow when companies and businesses invest in our economy. That's what happens. If they want to come to our province, jobs follow.

Next, work with different levels of government and postsecondary institutions to help steer the ship towards a diversified economy, one that actually works, one that has an Alberta advantage.

Alberta plans to bring in over the next two years higher carbon taxes than any other jurisdiction in Canada bar none. [interjection] Yeah, in the world. Carbon taxes don't work. Just ask Australia. Ask Australia how the carbon tax worked for them between 2011 and 2014. Rather, work with research and industry to develop innovative solutions to create even more sound techniques to extract oil in a cleaner manner. We have the ability here. Why not work with what we've got, what we know? We know oil, and we know agriculture. Then sell these innovations across the world, thereby creating jobs, attracting the best here to Alberta, and creating the cleanest environment in the world. If your action plan is so sound, can you please show me the economic study on how this works?

Why does this program only target certain industries? We are known around the world for our oil and our agriculture, yet why was there originally no plan or clear plan for the agrifood sector, as was brought up in this amendment, to get tax credits for them? We are either punishing our oil sector or we've forgotten our agriculture sector. The government is out of touch and needs to begin to work with what we've got and learn how to expand it.

Thank you.

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

Ms McPherson: Thank you, Madam Chair. I am honoured and quite excited to speak as a cosponsor in support of Bill 30, the Investing in a Diversified Alberta Economy Act. Establishing the Alberta investor tax credit and the capital investment tax credit will encourage innovation, further diversify the Alberta economy, and create new jobs. Many provinces in Canada have similar programs, as my colleague was alluding to earlier, including British Columbia. The B.C. investment tax credit program is a well-established program and has been very successful in British Columbia, with a return of \$1.98 for every tax dollar invested. I would invest in that.

Last summer I spoke to the A100. Madam Chair, they are an Alberta organization comprising entrepreneurs, founders, and C-level executives that are dedicated to lasting diversification of Alberta's economy, and they do this by supporting up-and-coming tech entrepreneurs by sharing their networks and their experience. A number of technology companies have been founded in Alberta. We've recently seen a 48 per cent jump in the number of technology companies with headquarters in the province according to a recently released survey, the Alberta Enterprise Corporation 2016 deal flow study. We don't currently have the strength of the B.C. tech industry, which is very successful, so successful that there have been efforts to recruit Alberta tech workers to B.C. Three days ago the *Globe and Mail* reported how B.C.'s tech sector is growing so fast that it's hard to measure.

The possibilities of the new economy are really exciting, and it's equally exciting that the AITC will enable our tech sector to take advantage of the myriad opportunities. So how would investors be able to take advantage of this initiative? Well, the program will give investors a 30 per cent tax credit on investment in new ventures, up to \$30 million from 2017 to 2019, and it covers investments made in Alberta companies from April 14, 2016, to the end of December 2019. The AITC would be provided on a first-come, first-served basis for individual investors, which for start-ups are often family and friends. The maximum tax credit would be \$60,000 a year. This translates into a maximum \$200,000 investment. The tax credit is refundable for individual investors and could be carried forward up to four years if it isn't required in the tax year of the investment. That allows investors to create a long-term strategy for their investment dollars. For corporate investors there would not be a

maximum tax credit. It would also be carried forward and is nonrefundable.

I spoke to an A100 member earlier this month. The organization is very excited about Bill 30, and they're actively working on multiple initiatives to support the bill and encourage deal flow in the province.

The start-up culture in Calgary and Alberta is strong. There are a number of incubators in Calgary and Edmonton, with environments that help connect founders with mentors. They offer networking opportunities, and they encourage collaboration among the start-up community. Investment that would be encouraged by the AITC will strengthen this culture, providing more opportunity for innovation by people who are passionate about technology. I find this really exciting.

The capital investment tax credit gives Alberta companies a unique opportunity to further benefit from investing in the tangible assets, like machinery and buildings, that make their businesses more competitive. The CITC will make a 10 per cent nonrefundable tax credit available for capital investments up to \$5 million.

I recently visited a company in my riding that's looking to invest in equipment. This is a CNC machine shop, and they manufacture components for customers from a number of industries like aerospace, oil and gas, and remote-controlled vehicles. They have a pretty diverse client base. In talking to the owner, I learned that he's planning to invest in new equipment for his business. Madam Chair, high-end CNC machines that manufacture precision parts are worth hundreds of thousands of dollars, and investing in this equipment will allow this company to grow and take advantage of opportunities they wouldn't be able to access otherwise.

The new business generated by this capital investment will also generate new jobs for skilled workers and have a positive effect on Alberta's employment rate.

For these reasons, Madam Chair, I encourage all of my colleagues to vote in support of Bill 30. Thank you.

The Chair: The hon. Member for Calgary-Fish Creek.

Mr. Gotfried: Thank you, Madam Chair. I rise today to move that Bill 30, Investing in a Diversified Alberta Economy Act, be amended, and I have the requisite copies here for the desk. The original is on top of those, just for your information.

The Chair: This will be known as amendment A2.

Go ahead, hon. member.

11:20

Mr. Gotfried: Thank you, Madam Chair. I'd like to move that Bill 30, Investing in a Diversified Alberta Economy Act, be amended as follows. In part A section 3(3) is amended by striking out "may" and substituting "shall." In part B section 34(3) is amended by striking out "may" and substituting "shall."

Madam Chair, this amendment seeks to clarify the approval process for registration to be eligible for these two programs. It is important to note here that these amendments deal with the entity being approved to be eligible for these programs. It does not mean that an individual or corporation would automatically receive tax credits from the government, so purely a clarification. They would simply be eligible for those programs as deemed appropriate by the minister.

By making a slight wording change in two sections of the legislation, I feel the approval process would be much more transparent and understandable to the public. It has been noted earlier that some of the press releases that have gone out have been somewhat prescriptive in their nature, and I know that the minister's intention is actually for it to be much more broadly accepted and

that those opportunities for businesses to subscribe to it are much more broadly written. This is because with the legislation as currently written, an applicant investor or corporation could meet all of the designated criteria, and the minister "may" approve this individual or entity. We would like this to be "shall" approve if they meet all the conditions. So if the individual investor or company, depending on the program, meets all of the criteria as laid out by the minister, the individual investor or company would automatically be approved as eligible, again, meeting all those criteria as outlined.

Our caucus feels that this removes headaches for the minister. I know that he's going to have his hands full – we hope he's going to have his hands full – with many applicants for the program. The day the person will actually automatically approve investors and companies who are eligible I think is a better way for them to know, as they meet all the criteria, that they will need to go through the process, but there is a high likelihood and, in fact, a guarantee that they will be moved through the program if all conditions are met.

If it is left the way it is, it opens the door for a company which checks all the boxes and is, for whatever reason, not approved to claim after that the minister was somehow biased against them. I'm sure the minister would not want to have any further opportunities for people to say that there was a bias for or against any sectors or individual companies, again not picking any winners or losers, particularly within the criteria prescribed. By changing one word in two sections, we can remove this potential headache and administrative burden for the minister, and I would ask that the House accept this and support this amendment.

Thank you.

The Chair: Any other members wishing to speak to amendment A2? The hon. minister of economic development.

Mr. Bilous: Thank you very much, Madam Chair. As I've expressed in the past to members of this Chamber, amendments that are reasonable, that strive to improve the bill: I'm completely open to and our government is open to accepting them. This is one such amendment. It's a very reasonable amendment, moving the word "may" to "shall." For those reasons, I will be voting in favour of this amendment.

The Chair: Any others wishing to speak to the amendment? The hon. Member for Bonnyville-Cold Lake.

Mr. Cyr: I just have a technical question for the minister. By moving "may" to "shall," does this mean that you're going to be overshooting the limits that you've set for the tax credit?

Mr. Bilous: Madam Chair, the short answer is no. Should a corporation meet all the other requirements and be eligible, then it means that they will be registered once they satisfy all of the others as opposed to: they possibly would be registered.

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

Mr. Gotfried: Madam Chair, I would just like to rise to thank the minister for accepting this. It's a very small change, but I think it could be a meaningful one. I think that, in the spirit of co-operation on the legislation, again I'd like to extend my thanks for being open to improving the legislation albeit in a small measure at this point in time – there are other amendments to come – and I'd like to thank him for that.

Thank you.

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

Seeing none, I'll call the question.

[Motion on amendment A2 carried]

The Chair: Are there any other questions, comments, or amendments with respect to Bill 30? The hon. Member for Calgary-Fish Creek.

Mr. Gotfried: Thank you, Madam Chair.

Dr. Starke: You're on a roll.

Mr. Gotfried: Well, now that we're on a roll here, we'll try this again.

Thank you again to the minister.

Madam Chair, I'd like to rise again to move an amendment to Bill 30. I have the requisite copies here. The original should be on top.

The Chair: This will be amendment A3.

Go ahead, hon. member.

Mr. Gotfried: Thank you, Madam Chair. I would like to move today an amendment to Bill 30, Investing in a Diversified Alberta Economy Act, that it be amended in section 65(3) by striking out "as soon as is reasonably practicable after making the decision" and substituting "within 30 days after making the decision to rescind, vary or confirm under subsection 2."

Again, I'd like to thank the minister. This is a very detailed and very involved bill, and these are just some small opportunities we see for some clarification. This amendment seeks to clarify the approval timeline for the capital investment tax credit program. By changing the language that's currently in place, which may be considered to be somewhat vague or not as clear as we would like to see, and replacing it with a 30-day timeline, we feel the decision-making process becomes somewhat more definitive for applicant companies who may need to either move on or find other forms of financing which may be affected by the decision.

The 30-day timeline is consistent with portions of this legislation which deal with an applicant company's ability to appeal a decision made by the minister. Again, a clarification of some of the terms within it. While we all have faith in the minister and his staff and their ability to respond as quickly and efficiently as possible to all applications – and we know that that will be the case. Obviously, they want to move the applicants through as quickly as they possibly can to find those that are eligible. We simply want to formalize those timelines within the legislation in order to give potential investment companies greater clarity in their ability to take advantage of this opportunity hopefully to invest, to support the economy, and to create jobs.

Thank you, Madam Chair.

The Chair: Any other hon. members wishing to speak to amendment A3? The hon. Member for Stony Plain.

Ms Babcock: Thank you, Madam Chair. In addition to looking at other jurisdictions, I think this is a reasonable amendment that, you know, I would encourage people in our House to support.

Mr. Cooper: Two in a row.

Ms Babcock: I know.

I think that we should all work together to accept this one because in addition to looking at other jurisdictions which we have lagged

behind for much too long, both in terms of venture capital dollar invested and deal flow, members opposite have asked about measures to evaluate these tax credits. There are checks and balances in place to evaluate the success of both programs. For the AITC, a venture capital corporation, any eligible business corporation, must prepare and file a report to the minister within six months after its fiscal year-end. This report must include their most recent financial statements, and for venture capital corporations this report must also include information on the investments their VCC has made. For the CITC, before the tax credit certificate is granted, conditionally approved applicants must show that the investment has been made and describe the economic, social, environmental, and employment impacts of the investment.

The transition away from coal-fired electricity generation has caused concern for many, and members have asked if the tax credits will help with the transition. We understand that this transition will affect communities and workers surrounding coal-fired generation facilities and associated mining operations such as in Stony Plain. That's why we've established a strong panel of experts that will meet with workers and stakeholders in the new year and provide government with advice and options for supporting community transition.

The members opposite wanted to know how much diversification has happened since the Ministry of Economic Development and Trade was created in October 2015. The economy is the ministry's top priority, and our government is working to ensure that the province sees sustainable job creation and diversification long into the future.

11:30

In August, three months after the introduction of the Alberta jobs plan in Budget 2016, the provincial economy began adding jobs, a trend that has continued. Between August 1 and October 31, 2016, the provincial economy added 25,000 jobs. The programs implemented through the Alberta jobs plan are building infrastructure, diversifying the economy, driving business growth, and increasing investment in Alberta companies. By encouraging local investors to invest in Alberta, we will see Albertan companies expand, innovate, create jobs, and show small-business success during our current tough economic situation. In this way, Madam Chair, the AITC is a de-risking tool that makes investing in Alberta more attractive and encourages the private sector to see the benefits of investing in nontraditional sectors, resulting in a more diversified economy.

Our small and medium-sized businesses are one of the pillars in our communities. Having programs that are designed to benefit them will support our rural communities as they supplement existing programs and address existing gaps. I encourage you to learn more about the actions we have been taking, all of which have been outlined in the document that was released earlier this month on alberta.ca, and I would like to thank all the members for their comments during the debate that we've had so far this morning.

The Alberta investor tax credit and the capital investment tax credit are important components of the Alberta jobs plan. Introducing these tax credits at a time when businesses are facing challenges will make us more competitive in attracting and retaining investments while creating these much-needed jobs. Moving forward with this legislation will ensure the government has the right tools in place to promote economic diversification, support employers and entrepreneurs in creating jobs, and encourage investment in the province.

Thank you, Madam Chair.

The Chair: Any other members wishing to speak to amendment A3?

Mr. Bilous: I'll just make my comment very brief, Madam Chair. I want to thank the member for introducing this amendment. I appreciate where he's coming from. I think 30 days is reasonable. It puts it a little more clearly for companies. For those reasons – we are on a roll – I am pleased to accept this amendment.

Thank you.

The Chair: Any others wishing to speak to the amendment?

Mr. Gotfried: I'd be remiss in not thanking the minister again for accepting this very modest amendment. It does put some onus on his department, but I know that they will try to meet those types of turnaround in any case. It does hold them a little more accountable to the people that are applying, and I think that any respect that we can give those businesspeople who have the interest in investing in this province is, I think, well positioned.

Thank you.

The Chair: Any other speakers to the amendment?

Seeing none, I'll call the question.

[Motion on amendment A3 carried]

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

Mr. Panda: Madam Speaker, in the spirit of give-and-take from the minister, I'm trying my luck now. I have a reasonable amendment which I hope the minister will consider. I have the requisite copies, and I'll give them to you for distribution.

The Chair: This will be amendment A4.

Go ahead, hon. member.

Mr. Panda: Madam Chair, the Official Opposition is on the record as saying that we support the intent of the bill and that we just want to make it better and that we want to understand the effectiveness of this program. It's one thing to say that we want to bring in investment tax credits and help the businesses to grow in Alberta, but we have seen many such programs before. They may not be exactly the same but with similar intention, and the results were not up to satisfaction.

That's why we have to measure the effectiveness of this program to see that it is delivering the intended results. Otherwise, if we don't measure and track, you know, it's like giving away free money without any accountability. That's why we need to make sure that the tax credits are exactly delivering the results like encouraging investment and increasing jobs beyond the status quo that we are in now. That's why I'm asking the Auditor General. Anyway, he will be involved one way or another.

I'll read this amendment, Madam Chair. I move that Bill 30, Investing in a Diversified Alberta Economy Act, be amended by adding the following after section 80:

Review by Auditor General

80.1(1) One year after the coming into force of this Act, the Auditor General shall prepare a report [to the Assembly] on the total costs associated with the administration, distribution and tracking of the tax credits provided for in this Act . . .

(2) A report prepared under subsection (1) shall be presented by the Auditor General to the Speaker who shall lay a copy of the report before the Assembly if it is then sitting or, if it is not sitting, within 15 days after the commencement of the next sitting.

Madam Chair, by the time the Auditor General's report is in, it will be the middle of the second year, so not too late to improve the AITC for its last year. Hopefully, we'll be the government by then, anyway, but we want to help this government to put in some checks

and balances and to have some ways to measure the success or failure of this program and make it more efficient. Also, we want everyone here to make sure to give a shot in the arm to investment, particularly when we need those investments in the current economic environment.

That's why I think it's a good idea to get the Auditor General to measure and give his report on whether this program is on track, whether it is delivering the results or not, or if it is wasting the money. In that way, we can course-correct and make sure this program is successful.

I ask all members to support this amendment. Thank you.

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

Ms McPherson: Thank you, Madam Chair. Just in speaking to this amendment, I'm not going to support it. It's already under the Auditor General's purview to evaluate the expenditures of all ministries, so for that reason this amendment is redundant. As well, the act is going to be evaluated by the ministry on an ongoing basis, so there really is no reason to amend the act in order to ensure that this happens.

I would encourage all members to vote against this amendment. Thank you, Madam Chair.

The Chair: The hon. Member for Olds-Didsbury-Three Hills.

Mr. Cooper: Thank you, Madam Chair. I'd just like to speak in support of the amendment and address a couple of the comments. Of course, all expenditures that the government makes are under the Auditor General's purview. However, the Auditor General isn't required to report on certain sections of spending on an annual basis. You know, the Auditor General only has so much time and resources, and this is a new program, and it would be very beneficial if we could be assured that the AG would be reporting on it.

11:40

Certainly, we have proposed a number of amendments that would require accountability around this minister's office. I'm sure you'll remember Bill 1, where the minister voted against reporting back to the Assembly. He assured us that we would have regular updates on the successes of that bill and that those would be in the House. I continue to wait for those.

All that the member is suggesting is that we provide a certain level of accountability and transparency, and one of the great ways to do that is a tool that's already at our disposal in the form of the Auditor General. I'm a little disappointed to see the government continually voting against accountability to the Assembly. It's a track record that they are establishing for themselves that is similar to the previous government's track record with respect to reporting to the Assembly and things being done behind closed doors. Now, it's my hope that the Auditor General will undertake this on his own initiative, but we certainly had the ability to pass this piece of legislation, that would have required him to do that.

I hope that the members across will reconsider. We could have had three positive amendments moved and then three positive amendments passed. I look forward to the ongoing debate.

The Chair: Any other hon. members wishing to speak to amendment A4? The hon. Member for Bonnyville-Cold Lake.

Mr. Cyr: Thank you, Madam Chair. Well, you know, when it comes to spending large sums of money, we need to make sure that taxpayers are always at the centre of every dollar that we're responsible for. Now, by adding this amendment, we will ensure that there is transparency and accountability and ensure that some

things that may have happened in the past don't happen in our future.

Now, the problem here and the danger is that unless we have somebody just take a quick look at exactly what is happening and how the tax credit is functioning, there is a potential – and I know that no member here would take advantage of this – that we could end up with a tax break or cronyism for those who are either good at navigating or are friends. I am concerned that whenever we open up one of these tax credits, we need to be very sensitive to the fact that we just voted down a Wildrose amendment trying to broaden and ensure the fact that all of the areas are included within this bill and opening it up so that it's not just at the minister's discretion. When we start bringing stuff forward like this, I believe we try to work with the minister by saying: let's put in some definition of exactly who's going to be here, but we still will allow you the opportunity to add different industries should you need it. Well, the government voted that down, so this is our second step to try to add accountability to where this bill is going. Somebody needs to make sure that this goes.

Again, it comes to jobs at this point. I do believe the minister is looking to create jobs with this bill, which is why I plan on supporting this bill when it goes to vote. But it's the checks and balances, the transparency and accountability that bring the government awareness that there's somebody that's going to be checking to make sure that it is doing what it's intended to do. We have heard repeatedly from the government that they are open to transparency and accountability, yet in this case we're trying to bring that to the government, and it sounds like they're going to deny us on that. That is very tragic.

Thank you.

The Chair: Any other speakers to amendment A4?

Seeing none, I'll call the vote.

[Motion on amendment A4 lost]

The Chair: We're back on the main bill. Are there any further questions, comments, or amendments? The hon. Member for Calgary-Elbow.

Mr. Clark: Thank you very much, Madam Chair. I would like to bring an amendment which also seeks to compel the minister to bring a report but not to include the Auditor General. I will hand this to a page and await your response.

Thank you.

The Chair: This will be amendment A5.

Go ahead, hon. member.

Mr. Clark: Thank you, Madam Chair. Mr. Clark to move that Bill 30, Investing in a Diversified Alberta Economy Act, be amended to add after section 80:

Annual Report

80.1(1) The Minister must annually prepare a report by December 31 that includes the following:

- (a) the total costs associated with the administration, distribution and tracking of the tax credits provided for in this Act; and
- (b) the economic impact associated with the tax credits provided for in this Act.

(2) When the report is complete, the Minister must make it available to the public and shall lay a copy of it before the Legislative Assembly if it is sitting and if it is not, within 15 days after the commencement of the next session.

The rationale for this amendment, of course, is similar to the one previously brought by the Member for Calgary-Foothills, the

difference being that it is the minister, in fact, who must prepare the report, not the Auditor General. In fact, I agree with the minister that it is not appropriate, I think, to ask the Auditor General to prepare this report. I don't believe that is the role of that office. Ultimately, everything the government does will at some point be audited by the Auditor General.

A program as important as this one – I think that good data makes good decisions. I'm sure you've heard me say that many times in this Assembly. I believe that compelling the minister to prepare an annual report on the efficacy of this program will allow Albertans to know whether or not the program is, in fact, effective. That reporting will happen, not at the political whim of the government, whether it is to their benefit or not, but it will in fact compel the minister to do so annually.

The principles of transparency, of openness, of good data making good decisions I think ought to be paramount for any legislation that we pass in this Assembly. For something that could potentially be as beneficial as this is to Albertans, this could be a good-news story for the government. They get to prepare an annual report and let Albertans know whether or not it's being effective. Frankly, if it is not effective, I think we should know that as well. I would imagine the government would like to know that as well and also what the costs are of this program. While there may be benefits, I think it's also important to know what the costs are.

That's why this amendment is balanced in that it both seeks to compel the minister to provide a report associated with the costs of administration, distribution, and tracking but also the economic impact and to let all Albertans know that in a systematic, structured, predictable, and regular manner. I believe that is most appropriate to be done from the minister's office, not necessarily from the Auditor General.

With that, I look forward to hearing the minister's response, and I would encourage all members to support this amendment. Thank you, Madam Chair.

The Chair: The hon. Member for Calgary-Mountain View.

Dr. Swann: Thanks very much, Madam Chair. I'll be brief. One of the big questions about this government's policies has been accountability. There's a lot of spending, a lot of borrowing, and a lot of investments that need transparency and need accountability. Given what I've seen from this minister so far, I'm very encouraged that he will indeed want to both say that he stands for transparency and accountability and demonstrate that he stands for transparency and accountability.

It's one of the constant bugbears of governments everywhere that there's a difficulty in showing us the books and demonstrating both the costs and the benefits to Albertans and, in this case, small businesses, employment, diversification. Show us the impacts of these what look to be, on the surface, excellent incentives, excellent investment stimuli.

I'll certainly be supporting this, and I'm hoping to see a positive response on the other side as well. Thanks, Madam Chair.

11:50

Mr. Panda: Madam Chair, I am rising in support of this amendment for the reasons explained by both members from Calgary, Calgary-Elbow and Calgary-Mountain View. I mean, like the previous speaker said, the devils are in the details. Most of the time, you know, it's all great on paper – it all looks great – but the effectiveness of these programs is hard to measure unless we have thorough checks and balances. We should have periodic reporting by the minister. I know he didn't want the Auditor General – he didn't support that – but at least this is reasonable. The minister's

department should be able to support him with this report every year, with the results of this, whether we are spending taxpayers' dollars wisely or are wasting the money.

I hope the minister will consider it. It's a rare occasion today, actually. The member for Calgary-Mountain View, in fact, supported my reasonable amendment earlier this morning to bring clarity to this program, but the minister said no. I hope he will listen to all concerns raised by the opposition and consider this one. It doesn't cost him anything.

Thank you.

The Chair: Any other members wishing to speak to the amendment?
The hon. minister of economic development.

Mr. Bilous: Thank you, Madam Chair. I will thank the member for this amendment. I appreciate, you know, the intention of this amendment, although I can assure this House that it is my job to on a regular basis update Albertans as far as how our programs are doing, the number of jobs that are being created, investment that's being attracted into the province. I will continue to do that on a regular basis and, therefore, will not be supporting this amendment.

Again, this is something that Albertans are very interested in knowing. We will be doing an ongoing review of both tax credits to ensure that not only are we getting maximum value but, also, that there is a decent amount of uptake and that it is in fact supporting our small to medium-sized businesses, helping them grow. Of course, they then increase their number of employees, hire more Albertans, which is exactly what we're looking to do.

For those reason, I will not be supporting this amendment.

The Chair: The hon. Member for Olds-Didsbury-Three Hills.

Mr. Cooper: Well, thank you, Madam Chair. I think it's more than a little bit disappointing that the government members are about to vote against accountability, vote against providing information to this Chamber that is vitally important. A significant, substantial report is different than the minister just coming and saying: "Don't worry. The sky is blue, and everything is perfect." It's more than about disappointing, but I do look forward to the government continuing down this path of a lack of accountability and a lack of respect for the Assembly.

The Chair: Any other hon. members wishing to speak to amendment A5?

Seeing none, I'll call the question.

[The voice vote indicated that the motion on amendment A5 lost]

[Several members rose calling for a division. The division bell was rung at 11:54 a.m.]

[One minute having elapsed, the committee divided]

[Ms Jabbour in the chair]

For the motion:

Clark	Gotfried	Smith
Cooper	Orr	Starke
Cyr	Panda	Swann
Drysdale		

Against the motion:

Babcock	Jansen	Miller
Bilous	Kazim	Miranda
Carson	Kleinstauber	Nielsen
Cortes-Vargas	Larivee	Payne
Dach	Littlewood	Piquette
Dang	Loyola	Renaud
Drever	Luff	Rosendahl
Feehan	Malkinson	Sabir
Fitzpatrick	McCuaig-Boyd	Schmidt
Goehring	McKitrick	Sucha
Hinkley	McLean	Turner
Horne	McPherson	

Totals:	For – 10	Against – 35
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[Motion on amendment A5 lost]

The Chair: The hon. Deputy Government House Leader.

Mr. Bilous: Thank you, Madam Chair. I move that we rise and report progress.

The Chair: It's automatic under Standing Order 4(3).

[The Deputy Speaker in the chair]

Mr. Dach: Madam Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports progress on the following bill: Bill 30. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

The Deputy Speaker: Does the Assembly concur in the report? Say aye.

Hon. Members: Aye.

The Deputy Speaker: Opposed? So ordered.

The Assembly stands adjourned until 1:30 this afternoon.

[The Assembly adjourned at 11:59 a.m.]

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For inquiries contact:

Managing Editor

Alberta Hansard

3rd Floor, 9820 – 107 St

EDMONTON, AB T5K 1E7

Telephone: 780.427.1875