



Province of Alberta

The 29th Legislature
Fourth Session

Alberta Hansard

Tuesday morning, March 20, 2018

Day 7

The Honourable Robert E. Wanner, Speaker

Legislative Assembly of Alberta
The 29th Legislature

Fourth Session

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Party standings:

New Democratic: 54 United Conservative: 25 Alberta Party: 3 Alberta Liberal: 1 Progressive Conservative: 1 Independent: 1 Vacant: 2

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Legislative Assembly of Alberta

10 a.m.

Tuesday, March 20, 2018

[The Deputy Speaker in the chair]

Prayers

The Deputy Speaker: Bonjour, mes amis.

On this International Francophonie Day may we consider and celebrate the mosaic of cultures and languages that make Alberta and Canada the remarkable community that we have the honour to serve.

Please be seated.

Orders of the Day

Government Bills and Orders

Second Reading

Bill 1

Energy Diversification Act

[Adjourned debate March 15: Mr. Mason]

The Deputy Speaker: The hon. Member for Athabasca-Sturgeon-Redwater.

Mr. Piquette: Thank you, Madam Speaker. I rise in the House this morning to add my own comments to the debate on Bill 1, the Energy Diversification Act. My colleagues from Calgary-Klein and Edmonton-Manning have outlined good reasons for supporting this legislation: adding ethane to a second round of the petrochemical diversification program and supporting partial bitumen upgrading. As they have both pointed out, Bill 1 has three components that act on the recommendations of the Energy Diversification Advisory Committee. I would like to speak to that third component.

The third area for energy diversification under Bill 1 has a long name, petrochemical feedstock infrastructure, so I'll break it down. The petrochemical industry relies on natural gas liquids. These liquids are mostly ethane and propane. They are called feedstocks because they're the building blocks for other products, products that make our modern life possible. From plastic in kids' toys to fabrics, from antifreeze and fertilizers to cellphone cases. That's the petrochemical feedstock part.

The infrastructure part is how feedstocks are collected. Mostly that's through straddle plants or reprocessing facilities on major natural gas pipelines. Straddle plants extract certain natural gas liquids, including ethane, from the transmission pipelines, and then they ship them to other processing or manufacturing plants. Bigger supplies of natural gas liquids are essential for industry to build and operate world-class petrochemical processing facilities right here in Alberta.

Bill 1 provides the authority to create a petrochemical feedstock infrastructure program to encourage construction of new extraction facilities that will provide new supplies of feedstocks for a growing petrochemical sector in Alberta. The program will provide incentives to attract investments into needed infrastructure such as fuel extraction, straddle plant construction, and fractionation or separation plants.

You see, Madam Speaker, a lot of ethane in our natural gas pipelines is not being recovered, and it needs to be recovered to add new world-scale manufacturing plants here in Alberta, to debottleneck the system, and to avoid sending all that ethane down the pipeline for others to recover and process and extract value

from. The new program under Bill 1 will help companies to build new ethane recovery infrastructure and grow Alberta's ethane processing industry. Bill 1 authorizes grants and loan guarantees up to \$500 million to help make this happen, and it also authorizes the Ministry of Energy, subject to the approval of cabinet, to direct the Alberta Petroleum Marketing Commission to use its financial tools to implement the program. That's a lot of support for a good purpose.

All of this dovetails very nicely with adding ethane to the petrochemical diversification program. My colleague from Calgary-Klein explained how Bill 1 expands that program to attract more petrochemical processing to Alberta. Building the infrastructure that recovers the feedstocks to be processed will be a major factor in building those petrochemical processing facilities. Long-time, stable, and competitive feedstock security is a major concern when industry is thinking about investing in petrochemical processing. Bill 1 is truly a strategic step to realize a more diverse energy industry.

Like my colleague from Edmonton-Manning, I also bring to this debate a personal understanding of the benefits of more feedstock infrastructure. I grew up mostly on a farm near Plamondon, Alberta, not too many years ago, and one of the individuals that I looked up to when I was growing up was my uncle Romeo. Now, my uncle Romeo was the oldest son of my grandparents. He had seven children, all born on the farm. He'd made a promise to his father that he would stay and work on the farm until their youngest child went to university, and he kept that promise. When he was about 32 years old, the youngest child of my grandparents started at the U of A. So he packed up his family, and he moved to Edmonton, and he became a worker for Celanese Canada.

Now, Celanese Canada was a huge petrochemical and chemical and fibre plant that was just on the other side of the river. It's out of Clareview. It actually was set up to take advantage of Alberta's feedstock. Ethane was one of the main components that they worked with. This provided stable, high-quality employment for him, that, you know, he was able to raise a family on.

When I graduated from high school in the late '80s, it was during the bottom of that bust. I mean, those were the bad years, you know, the last couple years of the Getty government and then the austerity under Klein. In the oil patch there was no work to be found. There was, really, almost no work to be found anywhere. The only decent opportunity I was able to find, because my uncle was working at Celanese, was to be able to get on there. That's actually how I got through school myself, working as a summer student for Celanese Canada, making cellulose acetate, which is, you know, a derivative from natural gas feedstock.

What's so important about that and why I relate that story is because this kind of explains why these types of projects are so important. When oil prices and natural gas prices are down, that's when petrochemical and chemical processing tends to be up. By investing in natural gas feedstock infrastructure, what we're doing is providing a supply for a robust Alberta petrochemical industry that can help ensure that, you know, when the next bust happens – it's always cyclical – we have some countercyclical elements of our economy to be able to keep those well-paying jobs, raise families, and go to school.

I think that this type of project is critical. It's in fact one of the main reasons that I put my name in as a candidate in 2015, my great frustration that the previous government had left us in a situation where we could go bust the way that we did. I mean, this is also something that I think has a lot of resonance in the communities that I represent. Of course, I represent a big chunk of the Industrial Heartland, and they're very strong proponents of this type of

infrastructure, for obvious reasons, and so are the communities that surround the Industrial Heartland.

You know, the previous administration didn't do everything wrong. I mean, one of the far-sighted projects that they brought forward was the North West partnership. That's really kept a lot of people employed that otherwise would not find work.

Of course, we have other great news coming out of there because of our own government initiatives. That's the Inter Pipeline, which is going ahead, and then we've got Pembina, that looks like it's going ahead. Then, you know, with any luck, there'll be a lot more projects going ahead there, too. This is also, of course, a critical part of the puzzle and something that's very welcome.

What does it mean? It means jobs that often do more than grow a community. They're jobs that can help a community survive by keeping the next generation closer to home, attracting new workers and their families, providing much-needed jobs to indigenous workers from nearby First Nations or Métis settlements. You know, for me and for many Albertans the best benefits will be local and personal. It means, you know, that my family members and my friends and the people that I care about will find decent employment.

In conclusion, Madam Speaker, I'm proud to stand in support of Bill 1. I'm excited by the vision of a growing petrochemical processing industry fuelled by a strong feedstock supply. I'm even more excited by the benefits to communities and families at the local level. I believe that when they consider the benefits to Albertans and to the communities they represent, my colleagues will share in my excitement. It's what Albertans want.

Thank you.

10:10

The Deputy Speaker: Under Standing Order 29(2)(a), questions or comments?

Seeing none, the hon. Member for Airdrie.

Mrs. Pitt: Thank you, Madam Speaker. Good morning. It's a pleasure to rise today to speak to Bill 1, the Energy Diversification Act, an act to diversify energy in Alberta. It's interesting that we're here today proposing all sorts of various goodies here in Alberta to offer to various corporations in Alberta in an effort to diversify our economy. The irony, that we are here handing out goodies to incentivize companies to invest here, is spectacular. There's an argument to be made, a very strong argument, that many Albertans share, that the reason why we're trying to incentivize to bring investment back to Alberta is because the NDP government has scared it away in the first place.

The economic damage caused by this NDP government is so significant that we find ourselves in a situation where we need to beg people to come back and invest here, but we can't do that without stability, Madam Speaker. We can't do that, and we've seen that very clearly with this pipeline struggle. Industry has recognized in many cases that this isn't a stable place to invest their money. You could listen to any investor, and they will tell you that they are pulling out of oil in Alberta. Why? Because it's not stable. It will not offer proper return on investment.

We find ourselves here, this government, trying to throw whatever they can in an effort to bring some jobs back to Alberta. I hope it works. I really do. My heart is quite saddened, listening to my constituents in Airdrie talk about job losses, now into two, three years of job loss. Madam Speaker, they can't find a replacement. They can't access the programs that this government says are there to upgrade their skills or change markets or, you know, that type of thing. It's simply not there.

I think there are a lot of things in Bill 1, the Energy Diversification Act, that are interesting, Madam Speaker. There are

some good things. You know, there's use of a mix of incentives to encourage the petrochemical industry to establish new long-term facilities and to grow in Alberta. Well, while I recognize that this is good, I still point out that we shouldn't have to be in this situation in the first place. There are challenges in this bill that need to be further investigated and expert witnesses brought in. I would certainly like to hear from this government's Energy Diversification Advisory Committee, that has reported back to the government that this is necessary. I would be curious to know . . . [interjection] Sorry. It's my floor right now, Minister. Thank you.

Madam Speaker, while I continue with my time on this floor, talking about the damaging policies that this NDP government has put forward to scare investment away, now we are here with Bill 1, an act to diversify in an effort to try and bring them back. I hope it works. I really do.

I have some concerns about loan guarantees, some concerns about equity investment and grants. I have some concerns that these projects will even get shovels in the ground, Madam Speaker. We've seen that with the pipeline. We don't have shovels in the ground. Why? This government has done a very good job of scaring them away, actively supporting protestors against this pipeline in various parts of this province.

So we find ourselves with Bill 1, an act to diversify our energy industry, because investment has been scared away in many other areas by many members of this government, and right from the top, Madam Speaker. Investment is not stable in Alberta because of the NDP government. I can assure you that members of the Official Opposition will help aid this province during the reign of this government in doing what we can to help Albertans, to get them back to work so that they can take care of their families, so that they can buy groceries.

You know, it's sad they're going to pay more for these groceries thanks to the carbon tax in this province, Madam Speaker. I mean, any companies that they're going to attract here through this Energy Diversification Act are also certainly going to be paying the carbon tax, and that would need to be addressed. That will be a factor as to whether or not the money that the government will give them is enough in the first place to actually make money in this province. They're not coming here for government handouts that are not stable and not proper in the first place. But there's a case to be made that this bill should certainly be referred to a committee for further study.

With that, I would like to move an amendment. [interjection] Madam Speaker, I've been informed that it just became spring.

Would you like me to wait?

The Deputy Speaker: Yes.

This will be known as referral amendment 1.

Go ahead, hon. member.

Mrs. Pitt: Thank you, Madam Speaker, I will read it into the record. I move that the motion for second reading of Bill 1, Energy Diversification Act, be amended by deleting all of the words after "that" and substituting the following:

Bill 1, Energy Diversification Act, be not now read a second time but that the subject matter of the bill be referred to the Standing Committee on Resource Stewardship in accordance with Standing Order 74.2.

Madam Speaker, this should be a very simple amendment for the government to vote for because just yesterday – I've been informed 17 hours ago – this government moved two amendments, on a motion and a private member's bill, to refer to committee. It was very important that there was further study done. And, I must say, a very simple motion they had to refer to a standing committee. The

irony in this is just absolutely fantastic. The government takes issue with very, very tiny, little, simple motions. I get that it's hard and very difficult. I get that. Albertans understand that it's hard for this government to do the right thing, too. However, work needs to get done. It needs to be proper and it needs to be right and there needs to be an opportunity for members of this Assembly, all members of this Assembly, to hear from expert witnesses, hear testimony, to hear from the NDP government's Energy Diversification Advisory Committee on the creation of this.

Surely, Madam Speaker, after the speeches that the government members made yesterday over the importance of referring to committee and proper consultation and all the things that they find very difficult, they would the very next day have no problem supporting the opposition's amendment to refer to committee so that things get done properly. I do this out of concern for the government because they have a history of not consulting with Albertans and moving ahead with very risky ideological policies that put Albertans at risk, and I know the government does not want to put Albertans at risk. I really don't believe that they do. So I think that there would be no issue with members of this Assembly supporting an amendment to refer to the Standing Committee on Resource Stewardship. There should be no problem with ensuring that Albertans are being put first in the legislation of the government.

10:20

I'm concerned with Bill 1 in its effort to be a Band-Aid solution to the very real problems in this province. We know that for the past several years this NDP government has done almost everything possible to drive investment away. I don't know if Bill 1 is enough to get anything back, but I could be wrong. I could be very wrong. This is the kind of work that can be done in a committee, in an all-member committee, where we can all hear. I bet you, Madam Speaker, that most of the government members, the backbench, has not even heard from this government's Energy Diversification Advisory Committee or any other stakeholders that would be impacted by this legislation. Or perhaps, maybe, some of their friends are already lined up at the trough, and they'll be benefiting from this. [interjections] But I could be wrong. I could be very, very wrong. It sounds like industry has lined up here. [interjections]

I think if the government and the ministers who are speaking right now over me would like to put their money where their mouth is, they would prove it in committee. Perhaps if they would have moved the motion yesterday to study more than one thing in committee, we'd be really efficient in getting this thing done. But this government isn't interested in what Albertans have to say, Madam Speaker. This government isn't interested in respecting the constituents in opposition members' ridings. This government has a hard time with consulting Albertans and doing the right thing.

Madam Speaker, myself and my colleagues will always stand up for Albertans. We will always fight so that they are heard, that their voices are brought forward, and that this government listens. The members of the Official Opposition in the United Conservative Party have Albertans' backs. They know it, and they will put their money where their mouth is in 2019 at the polls, where it matters and when it matters, and this party and its members will take Alberta back. We will give it back to the people of Alberta. It will be prosperous. Families will be healthy. Families will be happy. Families will be working. There will be no carbon tax. Life will be more affordable, and life will be less hard because we've ousted this NDP government.

With that, I urge all members of this Assembly to vote for this referral amendment, do the right thing, bring the voices of Albertans forward. Let's debate this and hear expert testimony in committee.

Thank you, Madam Speaker.

The Deputy Speaker: Any questions or comments under Standing Order 29(2)(a)?

An Hon. Member: We're not speaking to the amendment?

The Deputy Speaker: Under 29(2)(a) first.

No questions or comments?

Any other members wishing to speak to the amendment?
Calgary-Klein.

Mr. Coolahan: Yeah. Thank you, Madam Speaker. That was interesting.

Okay. About this amendment, I mean, really I think that the Member for Airdrie made it clear that this isn't actually a serious amendment, the referral amendment. It's actually just sort of a petulant display of tit-for-tat on the fact that we referred one of their motions to committee. I think the member has an issue understanding the fact that this bill is actually round 2 of the petrochemical diversification program. Round 1 was extremely successful – extremely successful – and we want to continue on that success. We want to enhance that success.

The assertion that nobody has spoken to experts or the diversification committee is false. Actually, after the throne speech I spoke with the diversification committee, and what they said to me was: make sure that when you're talking about this bill, you add the fact that it was us along with industry that came up with everything in this bill, together. So it wasn't just the government putting this together or the committee at all.

If you don't want to believe the merits of this bill and why we should be moving forward, how about we listen to some of the industry experts? I was actually at the press conference at which these people spoke, and I'll give you a couple of quotes here, Madam Speaker.

Bob Masterson, CEO, Chemistry Industry Association of Canada, says:

This is an incredibly courageous move on the part of the Alberta government. We believe that governments at all levels in Canada need to work with industry to compete for new chemistry sector investments. To do nothing means that some other jurisdiction will use our energy resources as feedstock to create value. Taking a balanced approach to share risk and secure new investments here in Alberta will create wealth and opportunity for Albertans. It's the right thing to do.

I think we're on the right side, Madam Speaker.

David Chappell, senior vice-president of Inter Pipeline, said:

We are pleased that another round of this program has been announced because the incentives it provides, combined with abundant low-cost feedstock, place Alberta among the top locations to construct world-scale petrochemical facilities. Investments like Inter Pipeline's Heartland Petrochemical Complex will support strong communities and Albertans for many years to come.

Finally, Rod Frank, the mayor of Strathcona county, said:

We applaud the government for its decision to support more value-added processing. We know this will help drive major firms toward investing in our region, bringing new opportunities and benefits to the people of Strathcona County and communities around the Industrial Heartland.

Madam Speaker, I just want to say that I'm going to take the advice of these experts and the advice of the diversification committee. This government and this side of the House is not going to delay moving this forward, delay more investment in Alberta, by referring this to committee. It just doesn't make any sense. Let's read the bill, let's understand how successful the first round of this has been, and let's move this forward.

With that said, I will not be supporting this referral amendment. Thank you.

The Deputy Speaker: Under 29(2)(a)? The Member for Airdrie.

Mrs. Pitt: Thank you, Madam Speaker. That was interesting. It's interesting that this government is touting, bragging about their big corporate friends and the money that they are giving to them. You know what? That's the difference between this NDP government and the United Conservative Party: myself and my colleagues have the backs of Albertans. We care about the people, not the big money and the corporations. This government loves to parade around with their big corporations, not the people.

Where were the people? Where was one quote from a regular, average, everyday Albertan? Where was one quote from an unemployed – and there are many of them – average, everyday Albertan? I heard crickets from this government when it comes to talking about actual everyday Albertans, Madam Speaker, but when it comes to big corporations, these guys are hand in hand on stage, taking pictures every chance they get.

I don't know about you, Madam Speaker, but I know that Albertans are interested in what's going to support their families, what's going to allow them to buy their overpriced, carbon-taxed groceries, thanks to this NDP government, at the grocery store, not running around with their big corporate buddies in an effort – or maybe an "I'm sorry." I think it's an "I'm sorry," maybe. Maybe that could be the attempt. "I'm sorry for really, really messing things up the last couple of years, but I've got some grant money you can have now if you'll stand on stage and take a picture with me." I suspect that's how things are working, and Albertans are smarter than that, absolutely smarter than that. I don't think that the average, everyday Albertan is getting duped by this NDP government, but I think that's something we could figure out in committee, maybe.

10:30

I think we should bring in these corporations that the government likes to hold hands with. Let's ask them what this means for Alberta families, what this means for Alberta jobs. That's not what anybody in the government has said anything about yet. We've been talking about big corporations that this government likes to partner with.

An Hon. Member: My case in point.

Mrs. Pitt: Sorry. Give money to.

They considered success in a previous piece of legislation by the amount of money they actually gave out. That's insanity, that you're successful because you gave money to corporations.

Well, you know what? My constituents in Airdrie are not going to be happy to hear that, Madam Speaker, my constituents who are selling their homes, moving into a rental property to pay rent just to get by because there are no jobs, no good, mortgage-paying jobs. This government doesn't care about those people. This government doesn't care at all, and it's very evident by this debate. I'm saddened – I'm saddened – that the government of the day has the backs of big business, big corporations, and not the backs of Albertans. It's unfortunate. It's more than unfortunate.

Again, like I said before, there is hope. There is hope in the 2019 election when we wipe this NDP government from this government and replace it with a government that has the backs of Albertans. I hope that the rest of this debate will be focused more on Albertans than the friends of the NDP government because that's the debate that should be taking place in this Assembly. It's about Albertans. It's about moms and dads. It's about kids. It's about grandmas and grandpas. It's about Jane and Joe and Sue and Bobby. It's about

being able to pay for hockey, Madam Speaker. It's about being able to pay for swimming lessons. It's about being able to afford to get them there as well. It's about being able to afford to give to the food bank for those that really are less fortunate. Unfortunately, food bank rates are at an all-time high in this province, an all-time high, thanks to this . . .

The Deputy Speaker: Any other members wishing to speak to the amendment? The hon. Member for Little Bow.

Mr. Schneider: Thank you, Madam Speaker. I rise today to discuss this amendment put forward by my colleague from Airdrie. Now, this amendment, which asks the Legislature to refer this bill to committee, is another in, well, I guess I would say, a long line of bills that probably should have been referred to committee. It's a good idea, seeing how eager the government is to send things to committee as of late. So the timing on this couldn't be better.

Now, this bill sets out certain goals that the government certainly believes in, and in order for this bill to achieve the goals that it sets out, it really should be sent to committee for scrutiny. As seems to be typical practice of this government and its legislation, this particular bill runs true to form of either being purposely vague or being an omnibus bill. I think we can safely say that this is not an omnibus bill, so we default to what else it could be, and that is that this bill seems to be a little bit vague. It's a robust eight pages long. To be perfectly honest, Madam Speaker, this bill reminds me of what a minister of the province of Alberta's job description might look like. It is veiled in under 10 pages but is known as the Promoting Job Creation and Diversification Act.

A good portion of this bill, quite frankly, appears to be mostly redundant, as the Government Organization Act already gives ministers the ability to create programs. Let's just see here. I believe I have a preamble to what the Government Organization Act actually allows the minister to do. The Government Organization Act provides for the establishment of government departments, including the designation of ministers, the appointment of deputy ministers, the hiring of staff, procurement of expert services, and the formation of boards, committees, or councils to advise on and/or carry out matters under the minister's administration. The act also addresses matters such as the delegation of powers and duties, the development and delivery of programs and services, the formation of agreements, collection of fees, provision of grants, and acquisition and disposition of property. Ministry specific powers, duties, and functions are outlined in the accompanying schedules of the act.

Clearly, a minister can create programs, create services, create agreements, et cetera, et cetera, as outlined in the Government Organization Act. The point is, once again, that there seems to be some redundancy here with Bill 1.

Now, that being said, I yield to the fact that there is some substance here. It's merely a question of what that substance amounts to. Since industry met behind closed doors with the EDAC, or the Energy Diversification Advisory Committee, it's clearly nearly impossible to say what industry and government talked about during those meetings, when, in what we could consider collectively, they came up with the framework for this bill.

That, as it turns out, is an important aspect to the amendment that we have put forward here today, the amendment to refer this bill to the appropriate legislative committee. Now, that would give the committee the opportunity to have a conversation with this Energy Diversification Advisory Committee so that we could all hear about the decision that was made. The committee members could ask questions of the advisory committee, could ask questions of that committee about if they believe that the bill as presented covers the

discussions that they had with government. The committee could also ask if there were discussions about ideas that could have also been added to Bill 1 but were not included in the bill.

It's, for lack of a better term, a bit of a consultation that includes members from all facets of this Assembly. The public, too, would likely be interested in being involved and have questions along with opposition parties of every stripe and would benefit from the insight and thought processes that led the consulting industries to believe that this is a good bill. That, Madam Speaker, is what this amendment is all about. It gives the opportunity to explore and ask questions that the government may or may not have thought to ask or discuss during their meetings.

After all, Members, we are accountable to the public. I think my colleague from Airdrie made that clear. I note, thus, under section 4(1) of this bill that it states: "The Minister shall annually, and more frequently if the Premier directs, report to the Executive Council on the Minister's progress in establishing and implementing any programs under section 2." Anyway, I guess, if the public disagrees with the direction that this bill takes us, we will see that determined in about 18 months.

I would like to touch on one of the main aspects that this bill hopes to achieve, that being potential investment in partial upgrading of our resources. Now, I have to admit that the cynic in me wonders if this bill is nothing more than a plan B of sorts, you know, in case the government's much-touted and trumpeted social licence ideology fails. What if this social licence, that we hear about on a regular basis, fails to produce the actual completion of the pipeline or pipelines? Pipelines that have been completed under the federal government, that this government doesn't like to hear about, are the Kinder Morgan anchor loop; the Enbridge Clipper, that was completed in 2010; the TransCanada Keystone, which was completed in 2010; the Enbridge line 9B reversal, which was completed in 2015. Hopefully, to be perfectly honest, the cynic in me is wrong and this diversification is a roaring success.

You know what? With a downturned economy, Alberta could use some of that kind of language. But like I've said already and my colleagues will also say as well, I'm sure, I and many Albertans would feel more confident if we could ask industry what they think through a referral to the standing committee as in the amendment that my colleague from Airdrie has made.

10:40

I think it would be fair to say that there are some outstanding questions on this bill that need to be asked. For instance, does partial upgrading in fact increase the price per barrel of Alberta oil by \$10 to \$15? Does partial upgrading free up pipeline capacity since diluent is no longer needed to make the round trip? I guess the question here would be: why are we considering investing in partial upgrading in order to free up pipeline space when perhaps the discussion should be about investing in full refining instead? That seems to be an important aspect here as there are questions about what the actual economic benefits will be.

The Alberta Chambers of Commerce, however, has a number of concerns. First, the chamber states: "The full mechanics and economic modelling for the announced funding are not fully understood at this time. We do not know which recommendations made by the advisory committee to the Alberta government have been adopted." Bingo. The Alberta chamber feels that it cannot see the good or bad implications of this announcement for Alberta business and the provincial economy without complete information and understanding of the implications of the announcement. It's a message that we try to give here on a regular basis, right back to consultations in 2015 on Bill 6. We ask for economic impact studies

of every kind of bill that passes through this House, and now the Alberta chamber is stating the same kinds of things.

The comment made by the Alberta chamber adds more credibility to the fact that this bill should be sent to committee. The chamber states that it is "not aware of any economic analysis that conclusively demonstrates . . . greater economic benefit to Alberta as a result of refining here."

The chamber is also blaming "the cost environment [as] the primary reason private investment has not invested in upgrading and refining capacity" in Alberta already. They go on by suggesting that

the cost environment in this province continues to become less competitive as a result of layering costs arising at all levels of government, the provincial government included. These costs take form in regulatory complexity and regulatory delays, cost of labour and labour regulation, and taxes.

The words of the Alberta chamber.

Another reason for this bill to be sent to the appropriate committee is that the chamber raises a lot of good points. How would members of this Assembly ever know if those good points were ever raised in discussions between government and the EDAC? Members of a committee could be asking those types of questions so that Albertans could understand that what is being proposed here is good for all of us.

Not of less consequence is another comment by the chamber.

Limited pipeline capacity is the number one barrier to securing full value for Alberta and Canada's natural resources. That means securing Albertan's future is best achieved by building transportation infrastructure. Furthermore, for taxpayers, building pipeline infrastructure is the most effective and fiscally prudent approach to energy economic development because business takes all the risk.

What a great comment.

Even a noted economist cautioned that the citation of a University of Calgary study estimates the impact of partial upgrading could be worth up to \$22 billion in GDP growth for Alberta over a period of 20 years; however, that economist prefers to refer to a lower number, somewhere in the region of \$9 billion, which removes the economically induced effects instead. So here we go again: economists that are on opposite sides of whether or not upgrading, partial or not, is of any value to the economy.

Another additional factor to consider is how the newly launched U.S. tax reform bill changes what we know or what we think we know. This change that has occurred south of the border now means that Alberta is no longer the most competitive jurisdiction before incentives are even factored in.

Low natural gas prices have spurred the petrochemical industry globally. The first wave of investment in North America totalled \$240 billion Canadian, with 62 per cent foreign direct investment. Canada's share, however, was only 2 per cent, not the historic 10 per cent. That was due to co-ordinated and comprehensive investment attraction programs offered throughout the United States in the order of 10 to 15 per cent of the capital cost of projects. According to IHS Markit, Alberta has been the most competitive jurisdiction for the petrochemical sector. This has been eroded by incentives in other jurisdictions now.

Despite having the lowest feedstock costs and the low-tax environment, the market spoke, and Alberta and Canada have lost their historic share of petrochemical developments for a variety of reasons, including no incentives to counteract the high labour and capital costs; lower productivity due to winter, which we cannot avoid; regulatory complexity delays; labour relations; in other words, red tape. I have a member, that sits just in front of me, from Cardston-Taber-Warner, that has been on this red tape file for two

years and pushing and pushing and asking questions of the government to reduce that complexity, and it goes unnoticed.

Taxes, of course. The U.S. tax reform bill now means that Alberta is no longer the most competitive jurisdiction before incentives are even factored in. These are long-term global projects, with highly skilled, well-paying jobs, that are being lured to Texas, Louisiana, and Pennsylvania and not Alberta because of investment incentives in place in those states like performance-based grants for land and/or infrastructure improvements, job training and facilities, industrial tax exemptions, modernization tax credits, payroll rebates, performance-based incentives, and on and on. These are incentives that are being offered across an invisible line, that are making a big difference in the industry itself in North America. The United States is proving that they are interested in business coming and doing business in their country.

That's something that we've lost. We need to try and . . .

The Deputy Speaker: Questions or comments under 29(2)(a)? The hon. Member for Battle River-Wainwright.

Mr. Taylor: Yes. Thank you, Madam Speaker. You know, I was really enjoying the speech from our Member for Little Bow, that came as a result of our Member for Airdrie bringing this forth, this amendment. I felt like he had some more thoughts that he would like to be able to share. He just didn't have time to finish, and I wonder if he would be able to finish these thoughts.

The Deputy Speaker: The Member for Little Bow.

Mr. Schneider: Thank you, Madam Chair, and thank you to the Member for Battle River-Wainwright, or whatever it's going to become.

Yes. As I was saying, the United States is proving that they are interested in business coming and doing business in their country, something that we've lost here. I mean, a lot of this can be blamed on the Trudeau Liberals as well. There are a lot of changes being made that actually add red tape, and as I was saying about my colleague from Cardston-Taber-Warner, red tape in any country is certainly – certainly, regulation is required. We have as good a regulation here in Alberta regarding environment as there is. Adding a regulation and taking one away, one for one, has always been a good idea. I know there are places in this country that actually remove two for every one that's added.

An Hon. Member: Quebec and B.C.

Mr. Schneider: Quebec and B.C., I guess.

The fact that the States is incentivising business to come is a reality in what we face in this global economy, Madam Speaker.

While I reiterate that I hope sincerely that the goals of this bill are achieved as, obviously, any benefit that could help spur industry and job creation, quite frankly, in this province would be considered a good thing, I can't help but wonder, given the last almost three years of this government's guidance, whether these goals are actually achievable.

10:50

That, again, is why I believe it is so important that we now make sure that we get this right, I guess, and refer this bill to the proper standing committee for some more study, ask questions of government, ask questions of industry, the EDAC, find out what those discussions were. You know, there's always a chance that there could be ways to improve this bill. That's what our ultimate goal here always is, to try to make the bill as palatable as possible for all Albertans because clearly there's a lot at stake here.

We can look at each other's sources of economic numbers with regard to how many jobs have been displaced in Alberta, about how policies have driven business out of Alberta rather than into the fold, I guess. We've heard the Alberta chambers suggest that complications to business are unknown because they aren't aware of any economic study to tackle that question.

We can again consider the voice of business in Alberta, which is the Alberta chambers, that talked about limited pipeline capacity being the number one barrier to securing full value for Alberta's and, quite frankly, for Canada's natural resources. That means that securing Alberta's future is best achieved by building transportation infrastructure. Furthermore, for taxpayers, building pipeline infrastructure is the most effective, according to the chamber, and fiscally prudent approach to energy economic development because business takes all the risk.

We need this bill to get to committee so that a bunch of other great questions and a bunch of other great ideas that are out there, that this bill raises can be looked at more closely on behalf of all Albertans so that every member that represents every political stripe on the committee is represented and can ask those questions and, hopefully, move forward with – maybe the bill is exactly where it should be. That's always a consideration. It's just that as we stand here today, I've just named what the one organization called Alberta chambers – and that's kind of the voice of small business in the province – sees as a problem here.

I think that's all I wanted to talk about. Thank you, Madam Chair. I encourage all members . . .

The Deputy Speaker: Any other members wishing to speak to the amendment? The hon. Member for Calgary-Mountain View.

Dr. Swann: Amendment?

An Hon. Member: On the referral.

Dr. Swann: Oh, no. I'm speaking to the bill.

The Deputy Speaker: Okay.

Any other members wishing to speak to the amendment? The hon. Member for Barrhead-Morinville-Westlock.

Mr. van Dijken: Thank you, Madam Speaker. I rise to speak to the amendment on Bill 1, the Energy Diversification Act – and I believe it is a good amendment – to send Bill 1 to the Standing Committee on Resource Stewardship. We know that industry has been speaking to the government through the Energy Diversification Advisory Committee, who has come up with 36 recommendations. Why not give industry the opportunity to come before the Legislature and tell us, through committee, why Bill 1 is so important to them and why the programs the minister is announcing are essential to the growth of the economy and the future of Alberta? I do believe that it's important that all members of this Assembly are fully informed on the decisions being made here, and having the opportunity to witness through committee and hear from stakeholders in committee would give us that understanding.

You know, the implications of this bill are not small. There's a potential of \$2 billion in play here in grants and loan guarantees, so I think it's important that we recognize the size of the commitments that are being taken here and that we fully understand the direction that this minister and the Executive Council would like to go. You know, I don't know about you, Madam Speaker, but \$2 billion to me is a lot of money, and I don't take that lightly.

So I want to hear from industry, the natural gas industry and particularly those who are involved in the different fields at play, the Duvernay and the Montney, and to understand why they need

programs such as this to actually move into a diversification model and why we aren't already stripping the liquids out of the gas before shipping to Chicago. Is it crucial that this type of a program come forward in order to get that work started and continue to evolve our energy industry? I would like to hear that from industry and get an understanding of that. I want to hear from industry and why they need those grants and loan guarantees to construct straddle plants needed to strip the liquids.

Bringing industry into committee ensures that we can eliminate any biases from the decision-making. Currently we're faced with a bill that would allow the minister to proceed with loan guarantees and grants. It does puzzle me a little bit, why we are strapped, why the minister or Executive Council is not able to move forward tax credits. That's probably a logistics thing, but the fact that the minister and Executive Council can move forward with grants – I would like some clarification on how we're going to ensure that bias is left out of the equation and that we are moving forward with the best projects for all Albertans.

After all, Madam Speaker, as much as myself, members of the UCP would like to meet with, say, Alberta Federation of Labour on important matters, do we really trust the agenda of its president and the co-chair of the Energy Diversification Advisory Committee, who is known to be an NDP operative? I think everybody here could recognize that there are concerns from this side of the House with regard to the co-chair on that committee in that there could be some bias there. I believe that by bringing it to committee with some industry witness there, we could possibly remove some of that concern of bias in the decision-making. And doing that, sending Bill 1 to committee, then helps to restore trust in the process, I believe.

But it's not only the upstream oil and gas that is of concern here. We have the petrochemical industry, who is very much chomping at the bit to get all that cheap and plentiful feedstock to their plastic plants. You know, I was able to, during our break, partake in the Industrial Heartland Association's annual stakeholder engagement session, where they report to the community, essentially, the projects that are being proposed, the updates on how things are going in the heartland. We also had an opportunity, as many of the government members – the MLAs were also invited for some elected-official engagement and went on a bus tour. I felt that that was very good engagement and helped me to learn more about the different stages of where things are at in the Industrial Heartland, part of where some of these projects will exist.

The Member for Calgary-Klein talked about the first round of these programs being very successful. What I did learn is that I believe it was Inter Pipeline has projects started. We drove right past there with the bus, a project that I believe is going to be good for the continued evolution of the energy industry within Alberta. In my view, that project may have gone forward without the incentives. It may not have. They came to a final investment decision because they were at that stage in their project development. The other project: the way I understand it right now is that that final investment decision will be made later on in the year. So we don't know exactly where the success of these programs really is until many years later.

11:00

You know, there are parts of Bill 1 that I fully endorse. There are other parts that I have concerns with, so I think that it is important that we are able to digest some of that through committee work and ensure that we are being very responsible with the resources that Albertans have entrusted to us and that we do the fiscally proper thing on ensuring that we are, from my standpoint, not just allowing our Executive Council to make these decisions for us and trusting them but that we get more information for ourselves.

I spoke about Inter Pipeline. Inter Pipeline does believe that with their production of polypropylene products, they have a chance to change the global market and that it will change the fundamental nature of the plastics market. What we quite possibly are going to see here is that other parts of industry will come to Alberta, primarily for the low feedstock costs. That's one thing we did learn with the engagement sessions. What is bringing investment to Alberta right now is the low feedstock price. We also learned in the Alberta's Industrial Heartland Association's stakeholder annual report that that's not enough, that there is concern over the tax regime that's within Canada as opposed to the North American market at this time. There was a gentleman there that showed very effectively how that tax differential made a significant difference on the return to investment and tipped the scales in favour of the United States market at this time. Those types of decisions, those final investment decisions: they're long-range decisions, but they do take into account what's happening currently in each of the marketplaces.

We have low feedstock costs in Alberta. There's no doubt about it. The world recognizes that, but they also recognize that we also have winter here. Low productivity in winter is a concern with capital builds. The other concern – and I know the chamber of commerce has spoken to this – is the fact that we have significant complexity to our regulatory regimes and to some of the approvals that need to be sought and the timelines that it takes to get those approvals in place.

We talk about Inter Pipeline, recognizing that there's a potential to change the fundamental nature of the plastics market across the globe and that the world could rush to Alberta. With the cheap feedstock, there's also potential that other industries will be coming here, and we can look at the manufacturing of maybe car parts in Nisku or what can start to evolve from these types of projects. It's only left up to the imagination. Then we have to ensure that the infrastructure is in place to allow that economy to actually thrive with proper transportation, whether that's pipeline, rails, marine, road, air travel, and ensure that that's all there.

For many MLAs Bill 1 and also the announcement from the minister are possibly the first time they have heard of the partial upgrading technology, and I believe that if we move this into committee, we could learn more about that. We are asked to make an informed decision. The experts have not come in to actually explain what it is and how it works and the benefits of why the investment community, Wall Street, Bay Street, and so on are not able to get the money for it and get some understanding of why the loan guarantees are a necessity of Bill 1 and how that can – is this necessary to overcome that hurdle, or is this something that is not necessary and that would not put an extra liability on the bottom line of our balance sheet?

Let's get MEG Energy also in here to tell us the values and virtues of partial upgrading, and let's learn how it is different from full upgrading to synthetic crude or to western Canadian select, whichever. Maybe industry can tell us about only doing partial upgrading instead of full refining to the final product. There's, you know, much debate about the potential of full refining in Alberta. It's very important that we fully understand as legislators here that if we are going to get involved with directing private investment, let's say, incentivizing private investment, we fully understand the implications of those decisions so that we can have a better understanding of the consequences of those decisions.

I understand that the cost of capital in Alberta is higher, absolutely. That possibly gives us an explanation of the higher cost of public construction. But the question is: why? We need to get a good understanding of that. Is it the regulatory red tape, or is it the transportation of the steel? Is it the low productivity and high cost

of our labour? Is it winter? Yes, winter does have an effect. Will these programs give the support needed to overcome that cost differential? The only people that are able to tell us that are the investors themselves.

Like I said before, you know, we can't consider success of a program based on uptake and applications. The success of a program is going to come many years down the road. But we as legislators are required to try and make the decisions that will allow us to stay as competitive as possible in the global market without overreach.

We also need to hear from diluent shippers and producers and how this will impact them, if it is going to change their operations in the industry. We should be concerned for their business viability also and how that will affect it because that is a consequence of the decisions being made here. When we take public funds to incentivize a competitor, which would be partially upgrading and removing the need for diluent, we have made a decision here that's going to significantly impact that investor's decision-making and his past decision-making.

The Deputy Speaker: Under Standing Order 29(2)(a), Calgary-Hays.

Mr. McIver: Yeah. Thank you, Madam Speaker. I appreciate the opportunity. I was interested in what the hon. member said, but I wanted to ask him to reflect on a few other things. For example, in the bill itself and the discussion around the bill what's missing for me is the evidence that the government has made the effort to know what's gone on in the past for diversification. For example, during this session – not this session but, rather, this term of office; the session just started a week ago – we've tabled documents. One chart comes to mind particularly, one that talks about Alberta's economy in 2004 – the size of Alberta's economy back then was in the neighbourhood of \$60 billion – and the fact that back then, when Alberta's economy, GDP, was about \$60 billion, the oil and gas industry occupied about one-third of that. So by those rough numbers the oil and gas industry was about \$20 billion and the rest of Alberta's economy was about \$40 billion.

On the document that was tabled in the House, it shows that Alberta's gross domestic product 10 years later, in 2014, was in the neighbourhood of \$660 billion and that oil and gas had dropped to 25 per cent of that total. Again, backing up the math as best I can standing on my feet here, you figure that at a quarter of that \$660 billion, the oil and gas industry, then, had grown from about \$20 billion to something over \$160 billion in those 10 years. Of course, Madam Speaker, that really indicates that there was diversification, probably, even within the oil and gas industry.

11:10

If you look at the rest of Alberta's economy – and I know that the government likes to say that nothing happened before 2015 – the fact is that on diversification of Alberta's economy, the non oil and gas part of Alberta's economy back in 2004 was in the neighbourhood of \$40 billion. Using the numbers that I described earlier, it means that the non oil and gas part of the economy was somewhere in the neighbourhood of \$500 billion, just short of that or just around that. In other words, Alberta's economy outside of oil and gas had grown from about \$40 billion to about \$500 billion during those 10 years, which, of course, included a dramatic amount of diversification.

Now, I know that the government doesn't want to understand that, they don't want to believe that, and they don't want to agree with that because they like to tell Albertans that there wasn't any diversification before they earned the right to be government, but

the fact is that there was a tremendous amount of diversification that had happened before the current people in charge of the government had arrived as people in charge of the government. Of course, since then they have done their best to undo that good work by driving 35-plus billion dollars of investment outside of Alberta and, really, undoing the horsepower that actually drives diversification, because nothing makes diversification easier than when money is flowing like water and there are different businesses in all sectors of the economy making money. A lot of it is spinoff from oil and gas, surely, but it actually provided a lot of horsepower for other industries, of course, and a lot of diversification that took place.

When we're thinking about this amendment, I want to know how the hon. member feels about these really important aspects not being discussed and potentially being ignored by the government and about the value of discussion in committee, where we actually talk about these things and actually talk about different industries. The \$500 billion from 2014: obviously, it's a little bit different now. Certainly, some elements are probably smaller since this government arrived, with all the investment that they've driven out, but the fact is that there are probably some areas that have survived as well. You know, before we start offering the incentives and the subsidies, I think it would be, in my view, better if we actually took some time to demonstrate that we had a better understanding.

As the hon. member speaking said, there are certainly good projects coming forward, the Inter Pipeline project to take the liquids out of the natural gas and create plastics and other things. Of course, under this government's time in office that will actually be harder to do because energy costs have gone up because of the carbon tax, and that will actually make it harder for people to buy the energy to melt the polypropylene and to make plastic products. That will actually make it harder for diversification.

Nonetheless, the government indicates they're making an effort through this bill, so I just wonder, to the hon. member that was speaking, you know, whether he thought . . .

The Deputy Speaker: Any other members wishing to speak to the amendment? The hon. Member for Calgary-Mountain View.

Dr. Swann: Thank you, Madam Speaker. In general I think there's strong support for diversifying our economy. We would argue in the Liberal caucus that there is a fundamental redesign, though, needed in our tax system to actually provide the incentives so that we have sustained change in our economic diversity.

These subsidies will provide less sustained and less viable and more risky stimulus. One of the areas that we have advocated for some time was a carbon levy that's revenue neutral, thereby shifting taxes that would enable the province to reduce its revenues from personal and corporate income taxes but would stimulate, again, more of the economy. This is something that taxpayers really care about and, relative to lowering corporate taxes, would encourage economic diversification more organically instead of the interventionist approach, which doubles down on corporate subsidies.

We need to challenge in the same way the Energy Diversification Act on the grounds that this act is largely unnecessary. As everyone knows, the minister can implement such policy measures at any time and indeed did so prior to the bill being tabled. There was a list of about six different kinds of programs to be established, with some specific, such as the petrochemicals diversification program, and some general, to increase access to capital. If the intent is to compel the Energy minister to establish certain energy diversification programs, I'm unclear why this would be necessary, again, since the minister is already doing this.

Bill 1 is also silent on a timeline for when the Energy minister is supposed to establish certain energy diversification programs, without specifying that this would be immediate or soon or as soon as practicable. The minister's obligation to establish programs really ends up being an open-ended one. Suddenly the requirement that "the Minister shall establish programs" starts to sound a lot more like the minister may establish programs without a timeline. The simple fact is that the government already can and will establish programs that it considers priorities and not because a statute of its own creation says that it has to. The standing legislative authority is provided in section 8 of the Government Organization Act, which deals with ministerial powers and states very clearly that "a Minister may establish or operate any programs and services the Minister considers desirable in order to carry out matters under the Minister's administration."

It's also worth pointing out that the Energy Diversification Act wasn't required for the government to make its first announcement of \$500 million in royalty credits for the petrochemical diversification program back in February 2016. Yet now Albertans are being told that such visionary legislation is needed to launch a second round of the petrochemical diversification program. This is another example where the government has chosen to extend a program, for example the summer temporary employment program, and this they did by simply renewing funding for it, without the need for a massive theatrical production.

It's interesting that the former leader of the NDP was quoted in the 2015 provincial election declaring in relation to the Sturgeon refinery: "I think it's a mistake to get directly involved in loan guarantees and government financing of private projects," which is a complete reversal of where they are now. This was from the *Calgary Herald* of April 2015. In the case of the Sturgeon refinery we know that the government's decision to backstop the project was largely a political one made by a very small number of bureaucrats and Edmonton region Conservative MLAs. In reality, the decision and any future ones that involve energy diversification should be evidence based and guided by truly independent expert opinion. That's hard to come by under these kinds of political influences.

This brings us to the recommendations of the Energy Diversification Advisory Committee. Was that committee co-chaired by the Alberta Federation of Labour president, a close ally of the NDP and vocal supporter of more government-backed value grants, loan guarantees, royalty credits, and equity investments? Was that advice political, or was it expert? How do we distinguish between the two?

It's interesting that the preamble of the Energy Diversification Act includes a kind of disclaimer that essentially says: the Energy Diversification Advisory Committee told us to invest more public money in energy subsidies, so that's what we're doing, but don't blame us if it goes wrong.

In 2018 the University of Calgary School of Public Policy revealed that Alberta already spends more than any other province in Canada on business subsidies, which, of course, includes all those financial tools – grants, loan guarantees, tax credits – that the NDP felt compelled to re-endorse the use of in the Energy Diversification Act. If Alberta's per person subsidies to business are already the highest, wouldn't that suggest that the province is already making considerable use of these financial tools even without the Energy Diversification Act being enforced?

11:20

Again, the School of Public Policy reported, "Alberta also stands out by having the least transparent public reporting of business subsidies." That lack of transparency persists under this new Energy Diversification Act and actually seems to become more

entrenched through section 4. Section 4(1) requires the Energy minister to annually report directly to the Executive Council on progress made in establishing and implementing programs that enhance economic growth and energy diversification. Section 4(2) requires the Alberta Petroleum Marketing Commission to annually report directly to the Energy minister on any projects supported by the commission. Why are the Energy minister and the Alberta Petroleum Marketing Commission not being required to report to the Legislature? This looks a lot like secrecy or at least a lack of transparency.

The Auditor General has also raised concerns about the lack of information available to taxpayers to be able to assess the risks and rewards of government involvement in energy diversification. Most Albertans would be surprised to learn that the Alberta Petroleum Marketing Commission doesn't prepare a business plan or make its annual report public. Why is this, and why aren't these glaring deficiencies being addressed in the Energy Diversification Act?

Bill 1 also borrows a bit from the Redford government's Bill 34, Building New Petroleum Markets Act, which was passed in the fall of 2013 but never proclaimed. It does so by stating that the Energy minister may direct the Alberta Petroleum Marketing Commission to use any financial tools available to the commission and to the Petroleum Marketing Act. Well, the NDP obviously believe that this needed to be formalized.

We know that the Alberta Petroleum Marketing Commission is already accountable to and receives policy direction from the Minister of Energy in alignment with government policy. For example, even without the Energy Diversification Act we know that the former PC government was firmly in control of the Alberta Petroleum Marketing Commission's financial involvement in the Sturgeon refinery. The Alberta Public Agencies Governance Act also requires the commission to make all reasonable efforts to fulfill its mandate in alignment with government priorities. It's also required to participate with the Energy minister in setting its long-term objectives and short-term targets.

I'm not sure, Madam Speaker, what would be accomplished by referring what is essentially a fait accompli to committee. It's clear that this government has already embarked on and intends to continue with significant subsidies to the industry at the same time as they're talking about diversifying, so I will not be supporting the amendment.

Thank you, Madam Speaker.

The Deputy Speaker: Any questions or comments under Standing Order 29(2)(a)?

Seeing none, any other speakers to the amendment? The hon. Member for Lacombe-Ponoka.

Mr. Orr: Thank you, Madam Speaker. It's my privilege to rise today and speak to Bill 1, the Energy Diversification Act, and particularly to the referral motion on the floor, which is what we're discussing at the moment. I guess the reason for the urgency of referral is, in fact, that the outcomes of the bill are quite unclear. As has already been discussed all morning long here, there are lots of concerns, lots of potential issues, and while the bill may have great intentions and may be trying to accomplish some positive results for Albertans, the actual achievement of that clearly is in question.

If industry needs anything, it needs clarity of policy, and this does not give that. It is clear in some respects that – I mean, the intentions here are positive in that, you know, it's intended to diversify our petrochemical industry. It's intended to try and improve our pipeline capacity. It's intended to include First Nations and Métis groups in employment and some of those kinds of things, but there are also a lot of issues, as has been talked about.

As has been mentioned earlier by the members from across the aisle here, the question of success is not clear either. Is success just handing out money? Are we successful if we hand out so many millions of dollars? And in the process who do we benefit? I find it reasonably interesting that people who are beneficiaries of massive handouts of money would stand up in praise of a bill. Why wouldn't they? But, really, are these handouts benefiting regular Alberta taxpayers, or are they benefiting shareholders? The definition of success here is clearly unclear. Today I really think we need to realize that while there are some pros, potentially, to the bill, we don't really know what success is going to look like.

Tragically, over the last three years we've had an NDP government that has repeatedly brought in harmful fundamental policies to our economy that have had the very clear effect of driving investors out of our province. In essence, the policies that they've brought forward, the fundamental economic policies, have told investors that they were, quite frankly, better off investing somewhere else. Everything has been done to make sure that they receive that message. Now, three years later, we're beginning to see some of the results of that, some of the harm that those policies have caused. It kind of looks like we're trying to just create a bandage here for the problem. That's what the bill is, a Band-Aid.

Albertans find it hard to trust the ideas pushed forward by this government. They can parade guys up who they hand out money to on a stage and get them to give all kinds of praise and good statements to it, but who do regular Albertans want to trust? They're not being listened to. The Alberta government's policies have made Albertans' lives harder, not better, and it's no wonder. This government deceived Albertans about their intentions when they ran their last election campaign. They implemented the largest tax increase in Alberta's history. They openly mocked anybody who wants to challenge their tax-and-spend regime. The impact has been negative both on the lives and the businesses of Albertans across our province. Since the 2015 election this government has enacted a suite of policies that serve only their ideological agenda and not the best interests of everyday Alberta families.

Albertans just don't believe that the worst of the recession is somehow behind them. Just because spring has arrived this morning, it doesn't mean that spring has arrived economically for our province or for the people of our province. The reality is that there are tens of thousands of families across our province still struggling to make ends meet, and that's true in the energy industry directly. It's also true in many of the spinoff industries. The Hotel & Lodging Association has been very clear about the fact that while only the mountain parks are prospering, the rest of the province is struggling. A slight uptick maybe in room usage, but a decrease in room rates able to be charged, so the benefit is muted.

Home sales are struggling across the province. I met with some of the major home builders just recently. Restaurants are saying the same thing. There may be a little bit of increase in demand, but the reality is that the increased costs of carbon tax and labour legislation and wage legislation and all these other things have really put them in a very, very difficult place. The industry, to quote them, is not healthy.

The government would like to legislate this new bill. In reality it's a conundrum because in one respect it offers insufficient guarantees and grants to draw the much-needed investment back to Alberta, considering the massive size of investments that are needed. On the other hand, it's going to be a significant cost to Alberta taxpayers, and Alberta taxpayers are going to pay the burden for it. What they really need to do is fix the problems they created in the first place. They'd be better off repealing many of those harmful policies instead of choosing a Band-Aid or an interventionist approach to try and somehow create a few winners

who will stand on a stage with them, yet the rest of the province struggles and languishes and experiences difficulties.

We have huge concerns about a government that's deeply in debt, spending \$800 million in loan guarantees for partial upgrading, another \$500 million in guarantees for feedstock infrastructure programs, and another \$200 million in grants for partial upgrading. These are huge expenses to come out of the taxpayers' dollar for people that are already struggling.

The challenge is that some of it is still quite experimental, and the economic studies to justify the whole thing haven't happened yet. Commercial-scale partial upgrading is actually a bit of an unknown. I mean, do we put 50 per cent into the cost of upgrading partially and get back 10 per cent of the benefit? How is that going to be helpful at all? Financial markets don't like risk, and we don't know what the risk here really is yet.

We can't afford a Band-Aid to try and make things look better for this government as they're coming up to an election. Really, the government should have listened to common-sense solutions before pushing forward all of their ideological agenda. It would have prevented the investors, many investors, from leaving.

11:30

We could possibly support some of these efforts of diversifying the economy and support growing our petrochemical centre, but when the government is consistently implementing these kind of ideological policies that hurt the economy overall, hurt Alberta employment, hurt Alberta families, we have to take a stand and challenge the impacts of some of that sort of stuff.

Madam Speaker, this is clearly a political exercise more than anything else, meant to distract from the NDP's record. In less than three years this government has increased Alberta's debt by \$45 million, and then just last December, days before Christmas holidays, when everybody was distracted, they quietly authorized a staggering \$37 billion in borrowing. Then just last week supplemental supply. They made a budget, a huge deficit budget, yet they still needed more, another billion and a half dollars on top of that that they didn't account for. Right now Alberta is spending a billion dollars a year just on the interest payments. That's a horrendous loss of resources and benefits and services to Alberta's people.

Unfortunately for Albertans, this bill is just an attempt to cover up some of their previous ideological agenda. This legislation will enable the minister to use any financial tools available, and I stress the word "any." Albertans should be very conscious of that and very careful. They are essentially saying that they can do without limits whatever they want here. It reminds me of the beginning of this term where, first of all, they raised the debt ceiling, then they immediately removed the debt ceiling, and then they immediately plunged us into an endless process of deficits and debt, which has not yet stopped growing and, by this act, will continue to grow. Therefore, it does need to go to committee and to be talked about.

These programs are questionable at best when we start handing out credits and grants and free money and gifts all over the place. A huge piece of this legislation which is a cause of concern for me is that there's no real accountability here. The government just reports to itself. Nothing is made public. This is public money. By democratic principle the public should have the opportunity to have clear reporting. Just to allow the minister and the Premier and the Executive Council to do this is dark corporate money, Madam Speaker. It needs to be transparent, and it should be publicly reported. To not report it is shameful. It's a pattern and a practice that should not be used in this day and age. The people of Alberta have a right to be consulted. They deserve to have a report because

it's their money that's being contributed to this. I think that needs to happen.

I'd like to talk a little bit about the petrochemical diversification program if I could. The first two rounds, of course, were out there. The claim is that they created 4,000 new construction jobs and 200 full-time operating jobs. That's interesting because last month alone the province reports that we lost 10,500 full-time jobs in this province. We have a negative net loss of 6,500 jobs, and these interventionist government programs to a few select individuals so that they have a good story to go to the electorate with just simply don't solve the problem systemically across the province for all the people of our province. It's just not appropriate.

I'd like to share a little story with you of the consequences, the real, personal-life-experience consequences of some of these kinds of interventionist policies. I received an e-mail the other day from a person in central Alberta who is concerned. He says this:

I think you should know that the new 2018 employment standards have hurt not helped my employment situation.

Here's an Albertan who has actually been hurt by some of this government's policy.

He says:

I am a serviceperson (journeyman tradesman) . . .

He works actually for a kitchen cabinet company.

[I've] always had a flex time agreement whereby I would bank hours and take them off when convenient and helpful.

I mean, everybody has to go to the dentist or take their kids somewhere or one of the many things that are just life.

He said:

The old rate was hour for hour.

And that benefited both: I could take time off, my employer was happy with it, and nothing was lost.

The new standards changed that rate to one hour equal to one-and-a-half hours. This moved me beyond what the company and industry can afford to pay so I have now lost all overtime and extra hours. I now lose pay when [I have to take] time off.

This has not benefited this particular individual.

He goes on and says:

The thought might be [that] the company could just pay more.

I mean, I know; it's the evil corporate guys. They always have money, right?

But we are in a highly competitive industry [where] the profit [level] has been at or below zero for a few years. Much of our competition is either . . .

Get this.

. . . out of province or out of country.

Do you know where most cabinets in this province come from these days? They come from either the U.S. or China. Many of them are shipped in and installed here. You're competing on an international market.

He says:

So they do not have the recently added burden of the carbon tax.

And I could add labour legislation and a bunch of other things.

So we are already at a cost disadvantage and there is simply no room for more input costs like [jacking up] overtime wage rates.

Because of the competitive nature of the industry there is also no room to pass [it] on to [consumers].

He goes on and says:

[The] government may have intended this move to be helpful to working people,

Now, listen to this. I found this really enlightening.

but while intentions may be nice, they are really irrelevant in the final outcome.

The final outcome is that this guy is losing money because of the realities of that bill.

He says:

Incidentally, because the company is not realizing a return on their investment,

which is profit,

the reduction in the business tax is also [quite] irrelevant.

His final statement is:

I write only with the hope that in the future policies will actually help instead of hurt.

Here's a guy from central Alberta who has been hurt by this government's policies. We've had endless numbers of these policies that have actually hurt our economy, hurt families, hurt individual workers, and they're speaking up about it. This government cannot tell us that their policies systemically and generally across this province have been helpful or have benefited Albertans, because this one right here is very clear that it has not been, and he has suffered the consequences of it.

These policies are in fact hurting families and hurting businesses. Calgary currently has the second-highest unemployment rate in Canada amongst major cities. Edmonton is tied for third place. These are indications of the fact that things are not going well for our Alberta citizens.

The Deputy Speaker: Any questions or comments under 29(2)(a)?

Seeing none, any other members wishing to speak to the amendment?

The hon. Deputy Government House Leader.

Ms Ganley: Thank you, Madam Speaker. I move that we adjourn debate on this matter.

[Motion to adjourn debate carried]

Bill 2

Growth and Diversification Act

The Deputy Speaker: The hon. Minister of Economic Development and Trade.

Mr. Bilous: Thank you very much, Madam Speaker. It's my honour to rise today and speak to Bill 2, the Growth and Diversification Act.

Bill 2, Madam Speaker, would enable the continued success of two of our tax credit programs, the investor tax credit and the capital investment tax credit. I can tell you that already these two tax credits, from when we first rolled them out, have resulted in thousands of jobs, in hundreds of millions of dollars of investment on the investor tax credit side. On the capital investment tax credit side we have conditionally approved in the first two rounds of intake about \$62 million worth of tax credits that are leveraging \$1.2 billion worth of investment. I can tell you that companies not only here in Alberta but around the globe are even more interested in investing in our province. They are doing exactly what they were designed to do, and that is to spur investment right now while our economy is recovering. They are part of the reason that our economy has recovered at the pace that it has, and despite the gloom and doom that the opposition spout about, I can tell you that last year Alberta led the country in growth, at 4.5 per cent, and that – guess what? – Alberta is on track to lead the country this year again in growth.

In the past year the economy has created over 90,000 full-time jobs. These are new full-time jobs, Madam Speaker, and most of them are in the private sector. Once again, I know the opposition likes to talk about, you know, that these jobs are all created through the public sector, which couldn't be further from the truth.

11:40

The other thing that the tax credits have done and why I'm so proud to be sponsoring this bill is that they will continue to help diversify our economy. These tax credits are programs that have existed in other provinces, in some provinces for decades. For example, the investor tax credit has existed in the province of British Columbia since 1985, Madam Speaker. Companies, entrepreneurs, businesses have asked government after government, PC governments, to introduce these tax credits to help diversify the economy. Previous PC governments wouldn't give them the time of day, said, "No, no, no; we don't need to do this." That's part of the reason that our economy is so reliant on a single sector.

We listened to our entrepreneurs around the province. They asked for these programs. We took the best practices from other jurisdictions, designed a made-in-Alberta tax credit program to support our companies. There are a number of incredible success stories of companies that have taken advantage of this program, and I'm quite excited that we are building on our success. Through Bill 2 we will continue to diversify the economy.

Now, for those members that maybe are a little less familiar with our two different tax credit programs, the investor tax credit is a 30 per cent refundable tax credit for eligible companies. They simply register. They get the green light that they can go out and, as they're raising capital, issue tax credits, 30 per cent tax credits that, again, have helped companies scale up.

In Alberta, Madam Speaker, we have a number of different programs delivered through entities like Alberta Innovates that really are designed to help our start-ups. There are a number of incredible incubators and supports, whether it's through TEC Edmonton, Startup Calgary, and our regional innovation networks around the province that support our start-ups. One of the areas that we heard from companies that they could use more support is when they are in that scale-up stage. They've already used, you know, friends' and family's money; they've used their savings. Now they need to scale up. That's exactly what the investor tax credit does. It allows Albertans to invest in companies in their own backyard and helps derisk some of their investment.

The other aspect of the investor tax credit that I very much appreciate is the fact that it is sector-wide. This doesn't just apply to one sector or another. This is open to companies in all sectors. We've heard from a number of companies that have received the investor tax credit who have said: you have helped Alberta companies be even more competitive with our other jurisdictions, our neighbouring provinces. Again, what we've done is encouraged Albertans to invest in companies within the province.

The capital investment tax credit, again, has allowed for a significant amount of investment to occur. Right now we've seen and heard of many different companies that are investing at the moment. One of them, a successful candidate of the capital investment tax credit, is Aurora Cannabis. They are constructing a state-of-the-art cannabis manufacturing facility that's 800,000 square feet. It's probably one of the largest in the world that they are constructing, that essentially will be a facility that will manufacture cannabis here in Edmonton that will then be distributed internationally. Aurora Cannabis signed an agreement with the government of Italy. They have agreements with the government of Germany. And all of the manufacturing is taking place here in Edmonton out at the International Airport. That facility will employ up to 330 people when it's finished construction. These are good-paying, long-term jobs, Madam Speaker.

As well, Seven Generations up in Grande Prairie was another successful applicant of the second intake. They've been

conditionally approved, and they are building a natural gas processing facility in the Montney-Kakwa River area, creating about 150 construction jobs and dozens of direct permanent jobs once it's operational.

You know, it's very encouraging to see, Madam Speaker, the number of applicants, the uptake that these programs have secured. There is a real desire and interest. We see that the programs are working, which is the reason that our government is continuing to work with industry to diversify the economy.

Despite what the opposition says, there is a role for government to play. I can tell you, Madam Speaker, that when I talk to companies around the province and internationally, they recognize that there is a role for government to play. What we are doing through these programs is levelling the playing field between Alberta and other jurisdictions. Despite how the opposition may frame it, I can tell you that there are programs like this that exist in other jurisdictions, and because Alberta has not had these programs previous to our government, it left Alberta and Albertans at a competitive disadvantage. So what we've done is levelled the playing field.

In Bill 2 as well we have introduced the interactive digital media tax credit, which I'm very, very excited about. As you know, Madam Speaker, Edmonton and Alberta are home to a company called BioWare, an incredibly renowned digital media gaming company, that has been asking, again, government after government for a program that will help level the playing field. I can tell you that the provinces of British Columbia and Quebec have significant programs to support their digital media sector. Alberta has not, and because of it we've lost a lot of our talent. We have incredible postsecondary institutions here in the province of Alberta. We have incredible graduates that come through our programs. Unfortunately, a lot of companies haven't stayed in Alberta because, again, they can receive support in other provinces.

Through Bill 2 we'll have an interactive digital media tax credit program, Madam Speaker, that will offer a 25 per cent refundable tax credit on eligible salaries and wages of employees of IDM companies. They've told us over and over again that their biggest cost is labour. Again, these are very well-paid jobs and positions. These are permanent full-time jobs that, again, are good mortgage-paying jobs. We want to encourage companies to stay in Alberta. We want to encourage companies to start up here in the province. Standing with me as we introduced this program, should Bill 2 pass through this House, were a number of companies with BioWare, like Beamdog and others, that have said, you know, that they are thrilled that the government has listened to industry.

This is one of the ways that we are diversifying our economy. I can tell you that in the 1990s there was only a handful of studios that existed here in the province of Alberta. We now have 55 studios around the province. We want to see them continue to grow.

There are approximately 540 full-time workers in this sector at the moment. We know that this tax credit will help companies grow even faster. But I can tell you, Madam Speaker, that the salary that the average worker at these interactive digital media companies earns is about \$70,000. That's a very, very good wage. We, again, want to see more Albertans have the opportunity to work at these companies, to start their own company. I can tell you that the digital media sector contributes between \$50 million to \$80 million to Alberta's GDP. We know that that can continue to grow.

With this bill, a number of tools that we are introducing or continuing will help us continue to diversify the economy. My hope is that it will be supported by all members of this House in that, you know, our government has made it clear that we stand with business. We are playing our role in supporting them. Those are the job creators, Madam Speaker. Feedback has been very, very

positive on our programs. Again, I'm proud of the work that our government has done, our MLAs have done, going out and engaging with the business community throughout the province, who has said: "These programs are exactly what we need. Please continue them." We've listened, and we're doing just that.

Again I encourage all members to support this bill. Our government is not only talking about diversifying the economy; it is through actions like Bill 2 that we are supporting diversification of our economy and our businesses. I'm proud of the work that we're doing. Again I encourage all members to support Bill 2 and to continue to support the economic recovery that we are seeing around the province.

Thank you, Madam Speaker.

11:50

The Deputy Speaker: Any other members wishing to speak to the bill? The hon. Member for Fort Saskatchewan-Vegreville.

Mrs. Littlewood: Thank you, Madam Speaker, for the opportunity to speak about Bill 2, our second economic investment tool that we have proposed this session. We have here poised a bill that will help stimulate investment and growth across the province. This bill grows off two highly successful tax credit programs, the capital investment tax credit and Alberta investor tax credit, to ensure that companies with the potential to grow have support available for investment attraction to our province.

The new interactive digital media tax credit would encourage the growth of the digital media industry through a 25 per cent tax credit for eligible labour costs and includes support for 3,000 tech spaces in our postsecondary institutions across the province for the next five years. New scholarships would help grow a future of a much more high-tech workforce. Currently in Alberta we do have the youngest, best educated workforce in the country, so we are very proud to be able to continue to support that.

The bill would also include provisions to allow for more work on unmanned aerial systems research, which would of course open the door to new technologies and sector growth. We had the opportunity, with the Minister of Economic Development and Trade and the Minister of Municipal Affairs, to visit Aerium Analytics, which is headquartered in Leduc, near the Edmonton International Airport. We can see that Alberta has players that are already finding success in this industry. They have been able to produce drones that are part of a wildlife management system that includes habitat relocation, pyrotechnics. What this is is a live falcon that actually comes in to assist in helping to keep airport runways safe. Each one of these is hand painted to look real and lifelike, is able to circle the airport and keep other birds away. The program also provides jobs that are controlled by workers from their station. So it creates new jobs in a new sector that helps support local economic development.

Of course, the capital investment tax credit and the Alberta investment tax credit programs have helped stimulate the economy, together incenting more than a billion dollars to be invested right here in Alberta. Of course, that investment is the key driver of growth and diversification, which we need to continuously strengthen in Alberta for attraction process.

The government learned from the Amazon bid that there are areas for improvement if we are to continue to attract big investment. If we can really capitalize on these two very successful tax credit programs, we can continue to send those signals to investors that Alberta remains open for business for the long haul.

With the Alberta investment tax credit we see that \$30 million in tax credits has helped secure \$100 million in investment. Also, investing \$60 million in tax credits through the capital investment

tax credit has been able to stimulate more than a billion dollars in capital projects between manufacturing, processing, and tourism infrastructure within the province of Alberta. Of course, as we see our economy start to improve and recover, we need to make sure that we continue these programs that help support our job creators in the private sector.

Of course, there is incredible opportunity in the sectors for women and other underrepresented groups because we do see that there is so much potential to help incent companies to better engage these workforces in the province. We're doing that through enhancing those tax credits. So if someone has the majority of their board of directors and their CEO made up of members of underrepresented groups, then we know that they are not only showing a commitment to inclusion and diversity in their business, but also we know how that helps create better, more financially stable businesses. We know that the inclusivity and making sure that we are bringing in more women – when we look at Fortune 500 companies, those with the highest representation of women on those boards significantly outperform other businesses that have the lowest percentages of women on those boards, so we know that it actually just makes good business sense to incent companies that will identify and hire those women to come and be a part of it.

I like the quote of Arlene Dickinson. I'll have to paraphrase it, but she tweeted something along the lines that capable women are not unicorns. It's just a matter of finding those women and knowing that they're talented, they're capable, and they can help be a part of Alberta's economy. Of course, that is what truly represents good governance on these boards, bringing in people with diverse experiences and having companies that actually represent what Alberta looks like.

Part of the bill that we're talking about here is the interactive digital media tax credit program. It would offer a tax credit on eligible labour expenditures to companies that develop interactive digital media products in Alberta. These eligible expenditures would apply to technical and creative staff costs. We know that this is important because we have been disadvantaged compared to other jurisdictions in Canada and the United States where they offer similar programs. When the talent here gets to a certain ability to develop or be involved with these industries, we lose them to other jurisdictions where they have been able to grow beyond what we have been able to do here in Alberta. While these companies are amazing, they would actually be able to not only retain but attract the best talent.

We see that Alberta has been doing a really good job of growing our knowledge economy. We see that Google selected the University of Alberta for its DeepMind project. It's a small industry there right now, that is developing, but we know it has incredible potential. It allows us to leverage companies that are interested in doing high-tech things, whether it's in food processing or manufacturing. We need to have these incredibly well-educated and talented people within Alberta to grow that economy here.

We also know how important that diversification is to growing our knowledge economy. We know that our natural resources are absolutely a strength of ours. We are showing that commitment through Bill 1. We know that that will be a part of our economy going forward, but we have to be able to look towards the future and see how we continue to compete across multiple sectors as opposed to just one sector.

I think it's also good to talk about how we can support good Internet connectivity when we look at how this is going to roll out because, of course, to have good digital media talent, we have to look across the province. So this, coupled with how we develop Internet connectivity in rural Alberta, I think, will be really important to work together.

We know that the growth has been incredible. Back in the '90s there were just a few studios, and now there are 55. They employ 540 full-time workers. They make an average of \$71,300, so these are good family-supporting jobs, and the industry contributes between \$50 million and \$80 million to our GDP. We have been talking to these stakeholders, and they've been advocating for a long time because they know that we have been unfortunately disadvantaged compared to places like San Francisco and Quebec and Ontario, where we have been losing some of our best talent. So

through this program we will be able to, as a province, through a policy, be able to better support these industries.

With that . . .

The Deputy Speaker: I hesitate to interrupt the hon. member, but pursuant to Standing Order 4(2.1) the House stands adjourned until 1:30 p.m.

[The Assembly adjourned at 12 p.m.]

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