



Province of Alberta

The 29th Legislature  
Fourth Session

# Alberta Hansard

Tuesday morning, May 1, 2018

Day 22

The Honourable Robert E. Wanner, Speaker

## Legislative Assembly of Alberta The 29th Legislature

### Fourth Session

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## Legislative Assembly of Alberta

10 a.m.

Tuesday, May 1, 2018

[The Deputy Speaker in the chair]

### Prayers

**The Deputy Speaker:** Good morning.

Let us reflect. As we embark on our deliberations for the day, let us always remember that all of us here in this House are trying to make Alberta a better place. It is only by truly listening to each other's ideas, regardless of whether we agree, that we will represent our constituents effectively and progress towards a shared vision for a prosperous Alberta.

Please be seated.

### Orders of the Day

#### Government Bills and Orders Second Reading

##### Bill 10

##### An Act to Enable Clean Energy Improvements

[Adjourned debate April 19: Mr. S. Anderson]

**The Deputy Speaker:** The hon. Member for Livingstone-Macleod.

**Mr. Stier:** Good morning, everyone, and thanks, Madam Speaker. A pleasure to be here today to speak to Bill 10, which is An Act to Enable Clean Energy Improvements. It's a pleasure, again, to rise here today. Bill 10 is an act that enables municipalities to create what's being called the property assessed clean energy, or PACE, program. Essentially, it enables municipalities to pass a bylaw, I understand, where they provide a mechanism for property owners to finance affordable energy efficiency, renewable energy, and water conservation projects or upgrades to their property. It does this, apparently, by allowing repayment to be collected through property owners' municipal tax bills.

It's commonly assumed that one of the biggest barriers preventing a property owner from upgrading their property's energy efficiency is the large initial investment required. There are very few people that can afford to spend tens of thousands of dollars these days installing solar panels, converting to geothermal, replacing their existing windows, et cetera, or upgrading their insulation. Bill 10 attempts to address these challenges, providing a unique financing tool which allows property owners and developers a mechanism to finance these kinds of improvements and upgrades to their property through the new tax assessment mechanism. Therefore, the repayment comes through monies collected through the owner's municipal tax bill.

When the government first tabled Bill 10, I was cautiously optimistic, actually. However, once I began to dig deeper into the legislation, I began to have concerns with the legislation itself. To begin with, I have concerns that a lot of details are being left, as usual, to regulations. We've dealt with this in the House on many different bills over the years, and it continues to be a problem and is very problematic in this one as well.

Another concern I have is: what requirements are being placed on property owners when they sell a property with a PACE program charge on their property tax? Obviously, there needs to be a level of buyer beware if this is implemented, and anyone looking to purchase property should be expected to do their own due diligence, as they should, before purchasing in order to understand what

obligations they are taking ownership of. But PACE programs are still not very common, and it's unlikely that a majority of Albertans will know they even exist for some time, I expect. Unfortunately, there's nothing concrete in the legislation itself that addresses the issue of notifying prospective property owners that a property has a PACE property tax obligation. This absolutely needs to be addressed.

While it might seem that I have nothing but problems with the legislation, let me say this. I absolutely understand the government for keeping this legislation optional to municipalities. One of the concerns I heard from my friends in the Rural Municipalities association was that the legislation would create an obligation on the municipalities. Bill 10, in fact, does not mandate or force any municipality that doesn't want to participate in this venture so far. However, the legislation is enabling in nature. It allows municipalities the ability to ultimately decide if they want to institute a program or not. If a municipality decides that it isn't interested, from what we understand so far, it's up to the council to simply decide whether they wish to do nothing or carry on with business as usual.

If a municipality decides that offering a PACE program to its citizens is something worth while, however, their municipal council will be enabled through this legislation to pass a bylaw establishing the program in their municipality. Nothing is mandatory, therefore, as is clearly stated in their information briefings that we obtained, and we do appreciate that.

As a former councillor I remember how technical, tedious, and time consuming bylaws can be to draft. Having legal counsel review all of the minor details that have to be perfected before a bylaw can even be introduced is often very tedious and sobering. There is a real cost, not only in human capital but in fiscal capital as well, to municipalities when they seek to make such major changes to an existing system, particularly an assessment that's been there for decades.

While many bylaws are relatively straightforward – for example, the property tax bylaw that is being used today – this is the first time that something like this has come to the province, and the technical nature of the program itself is fairly complex. I have concerns that municipalities that are interested in establishing this program will have to spend an inordinate amount of time, energy, and funds to develop and create a proper working bylaw for this purpose.

While there is PACE legislation in a number of U.S. states according to the ministry, it is not clear how transferable an American-style PACE bylaw will be, if it is transferable at all. I understand that they modelled a lot of the things in this legislation from the country to the south, so it remains difficult for us to really understand how well it's working and what the pitfalls may be. While the government has verbally committed to supplying interested municipalities with a bylaw template, there's nothing in the legislation, actually, that ensures that that is the case or even that the bylaw template will actually be workable for all Alberta municipalities.

Something I heard from a number of municipalities, actually, specifically small and mid-sized cities and some of the rural and smaller urban centres, was a concern that Bill 10 would result in municipalities being tasked with administering their PACE program. Many of these municipalities are already stressed or at the breaking point in terms of capacity. There are very few municipalities, if any, that would be able to take on all the additional responsibilities required to administer such a program.

Now, the government has said, in fairness, that municipalities shouldn't be concerned since the administrator that's being proposed here may be – and the operative word "may" is in legislation everywhere; it's in here today – the Energy Efficiency

Alberta agency. Unfortunately, I've been through Bill 10 a couple of times, and I can't find absolutely anywhere in the legislation where it refers to the Energy Efficiency Alberta agency or describes any specific rules on administering the program except under part 7, section 390.9(h), which states:

The Minister may make regulations respecting clean energy improvements, including, without limitation, regulations . . .

- (h) respecting clean energy improvement programs, including the administration of clean energy improvement programs.

Furthermore, section 4(b) of Bill 10 would amend section 252 of the Municipal Government Act to include the following:

- (2) For the purposes of subsection (1), a borrowing made by a municipality to pay for costs associated with clean energy improvements as defined in Part 10, Division 6.1 does not count against the debt limit or debt service limit of the municipality.

If Bill 10 isn't going to leave municipalities on the hook for administering the program, why would they need to have the ability to borrow to pay for costs associated with the program? This does not seem to compute. It's a little bit confusing. Basically, the government is asking for members of the Legislature, in this case, to trust it. Unfortunately, this government over the course of its current mandate has given members of this Assembly precious few reasons to trust it to do what it says. I'm sorry, Madam Speaker, but I will believe it when I see it, not a second before that.

Moving to another of my concerns with Bill 10, which is that municipalities will be getting into the lending business, during our briefing for Bill 10 the government was adamant that, unlike the existing PACE programs in Halifax and Toronto, where two cities are responsible for not only administering the program but financing it as well, Alberta's proposed PACE program will be funded through private lenders, apparently. The Toronto and Halifax models see PACE funding taken from those cities' operating reserves, in fact. This means that the critical services the citizens of those cities depend on possibly could be going unfunded.

#### 10:10

As I just mentioned, the government has told us that the proposed legislation being debated here today would see lending institutions as the financiers of the PACE program in Alberta. However, if we take a closer look through the legislation, it is anything but clear about who is actually responsible for the funding of the program.

Now, during the technical briefing that a lot of us attended, there was a slide presentation that indicated various things, but it certainly is not explicit in the bill itself. For example, referring to section 7 again, section 390.4(1) states:

A municipality and the owner of a property shall enter into a clean energy improvement agreement before a clean energy improvement is made to that property.

So they're talking about what kind of an agreement is necessary. Bill 10 doesn't say that the lending company and the property owner enter into an agreement; it says: the municipality and the property owner. It doesn't necessarily make it clear what we're talking about here. If anything, the legislation is stating, from what we can observe, that the municipality appears to be the lender.

Again in section 7, section 390.4(2) describes what a clean energy improvement really is, and I quote again:

A clean energy improvement agreement must, subject to the regulations . . .

- (c) indicate that the owner of the property will be liable to pay the clean energy improvement tax.

It also says that it has to

- (d) include the amount required to recover the costs of the clean energy improvement and the method of calculation used to determine that amount, [and]

- (e) state the period over which the amount required to recover the costs of the clean energy improvement will be paid.

Those terms I've just mentioned are commonly found in most lending agreements between a lender and a borrower. In fact, despite the government's insistence that municipalities are not responsible for lending, Bill 10, in fact, seems to state that they are. Unfortunately, once you have a chance to really dig down into the red meat of this legislation itself, it becomes apparent that Bill 10 is nothing more than an attempt to get government directly involved in a unique lending business for home improvement. There are already plenty of options for people who are interested in upgrading their property, including the CHIP home equity mortgages for seniors program and home improvement lines of credit in regular financial institutions.

I have a number of other concerns that I haven't had a chance to address today, including how this legislation will impact a property owner's ability to obtain a mortgage, concerning the likelihood of interest rates increasing, and the new, more onerous stress tests that have been imposed by the federal government.

To close, Madam Speaker, I simply have too many unanswered questions and concerns, and I'm unable to support this bill in the current form. Here we are at second reading, so I will be happy to hear what the members from the government side have to say regarding some of these concerns. Hopefully, during the Committee of the Whole process we'll be able to determine what is really behind this bill, what some of the answers are to the questions that I have just raised, and what kind of thoughts there are behind this legislation. As it is right now, we are not able to support this bill in its current form.

Thank you.

**The Deputy Speaker:** Any other members wishing to speak to the bill? The hon. Member for Cardston-Taber-Warner.

**Mr. Hunter:** Thank you, Madam Speaker. It's a pleasure to rise and speak to Bill 10, An Act to Enable Clean Energy Improvements. We are aware this bill is a measure to enable bylaws for property assessed clean energy, or, as the acronym states, PACE. These bylaws will allow property owners to finance green energy improvements and tie the financing to their property taxes. Well, I can say that I wasn't entirely surprised to see yet another bill from this NDP government that expands powers of taxation. If you can count on this government for anything, you can count on it to find new and creative ways to increase taxes on everyday Albertans. I'm sure the government will tell us that this is an entirely voluntary program. It will tell us that we are overstating what this bill will do, and certainly they will tell Albertans that this is not a tax increase. So let's get this out of the way to begin with and be clear about what we are talking about.

On the face of it, what PACE will enable is for property owners to finance energy improvements such as solar panels and pay back the cost through increased property taxes. Now, it is true that this will be a voluntary program. It will be up to property owners to decide whether or not they want to make these improvements, and in that sense it is not mandatory. This financing program is already available, Madam Speaker. I believe that through Enmax you can actually have them install solar panels on your home – I think the cost is around \$30,000 – and they will then amortize the payment of those solar panels back through the utilities. In reality we have a market-driven force that is already offering these services to Albertans, yet the government has decided to get involved in this. Once again, when we see the government getting involved in a program where the market is already willing and capable and

there's already demand for it, I question what the motives for this intrusion in the market are.

Now, it is our responsibility as legislators to look a little deeper and consider what the longer term consequences of this program may be. In doing this, we need to realize the implications of the fact that the financing of these projects becomes tied to properties rather than to individuals. If it was the other way around, it wouldn't be an issue. Individuals could seek financing for these energy-related projects, and they would be responsible for the costs and responsibilities moving forward. However, given that the financing becomes tied to the properties, the decisions made by one individual or entity under this program will need to be borne by any future property owners through their taxes, property taxes, I might add.

This raises a whole host of potential problems that we need to be cognizant of. Perhaps the biggest issue is the impact on property affordability for Albertans. In the challenging economic circumstances that we face, too many Albertans are struggling to pay for basic necessities, and we need to be very careful with any legislation that will increase this burden. I'm sure that the government would agree that we want to be careful not to cause nonmarket increases to the cost of property and housing in Alberta.

We also want to make sure that we do not increase the tax burden on Albertans. According to the Fraser Institute the average Canadian already spends more on taxes than they do on food, housing, and other basic necessities combined. While there is a worthwhile discussion on the benefits of green energy improvements, we need to ask ourselves whether it is wise to place these interests ahead of the affordability of life for Albertans. Ultimately, it doesn't matter if you own property or if you rent it. It doesn't matter if it is commercial or residential property. When the government encourages these improvements, the costs are ultimately passed on to businesses and consumers.

Madam Speaker, if individuals want to make decisions on energy-related improvements or other property improvements, then they should do so within the scope of the free market. To my mind, the government should not be using programs like this to influence the free market and unencumbered choices of individuals or other entities.

Madam Speaker, I would also like to address some of the concerns here surrounding the nature and conditions of the financing of this bill. Normally when a person seeks out a loan, they approach a financial institution, which will look at a variety of factors to determine whether or not it makes sense to issue the loan. Under the auspices of this proposed legislation, traditional factors such as income and credit are not considered; rather, loan eligibility is based on property information. This raises the question of whether the government has considered issues surrounding solvency of these loans. As it stands, some people find themselves in financial situations where they are unable to pay their property tax bills. These people are often Albertans who are struggling financially. Is it fair or compassionate to offer financing to these people that they may be unable to pay in the future? I think the government should refrain from taking actions that would extend irresponsible financing for nonnecessities that may place further burden on vulnerable Albertans.

10:20

You may notice a theme developing here. I've raised concerns around market intervention, concerns surrounding negative impacts in relation to property affordability, concerns surrounding unconventional financing conditions. In keeping with this theme, I would like to address the proposed market restrictions that would apply to those who would choose to access this program. Specifically, people who would want to make improvements under

PACE would be restricted to doing so through government-approved installers. Now, Madam Speaker, if the purpose of this government is to stimulate growth in the economy and get Albertans back to work, they have to ask themselves: how much is the cost to the government, to other taxpayers in order for them to do that?

I have always been an advocate, Madam Speaker, for allowing the conditions in the market to be able to increase the size of your economy through natural and organic measures such as stimulating investment, incentivizing foreign investment to come in. In this situation this is a government program that when taken away, those jobs will be in jeopardy. So it is a short-term fix to a long-term problem, and I'm not in favour of that and never have been.

Now, if the government's intention is to ingrain efficiency in this program, then they are doing the right thing. Through this government approval process they are restricting the market and trying to pick winners and losers. This is definitely a common theme with this government. If we really wanted to encourage the increased adoption of green energy improvements, then we would let the market work and let the market decide who the most effective and efficient installers are. Instead, this is just another example of the government-knows-best ideology that plagues this NDP government and, in fact, hinders the adoption of the very improvements that the government has placed a priority on, namely jobs for Albertans.

Madam Speaker, this legislation is simply not adequate in its current form. It is poorly thought out, it needs drastic improvements, and it leaves far too much to regulation. We live in a time when solar photovoltaics are less expensive and more accessible than they have been at any given time in the past. As in this case, with numerous other energy efficiency improvements available to property owners, I believe that in the future, as we increase our ability to provide those photovoltaics, there will be a time when there will be a natural gravitation by the market forces to putting these things in. But at this point the cost comparatives do not incent regular Albertans to be able to move to this. Yet here this NDP government is stuck in the past, thinking the answer is yet another government program. The future is brought to us every day by the free market, whether the NDP recognizes it or not.

It is for this and all these reasons that I have mentioned above that I cannot and will not support this bill.

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

Seeing none, any other members wishing to speak to the bill? The hon. Member for Highwood.

**Mr. W. Anderson:** Thank you, Madam Speaker. I rise today in the House to speak on Bill 10, An Act to Enable Clean Energy Improvements. Bill 10 allows municipalities to pass a bylaw creating a property assessed clean energy program. A property assessed clean energy program allows homeowners to finance energy efficiency, renewable energy, water conservation projects, and upgrades to their property. This is done by allowing homeowners to repay this investment through their property taxes.

I think most reasonable people would love to have major upgrades to their homes and have it be done. Every homeowner has projects that need to be done, and I'm sure people would love to save money on their energy bill by pursuing green renovations. The question becomes: who pays for these renovations? Is it the government's responsibility to encourage homeowners to invest in certain capital projects or to regulate the market to allow these renovations to take place? As has been the case with this government, taxpayers have traditionally been on the hook to pay

for energy efficiency upgrades. For example, one can look at the residential no-charge energy savings program put forward by this government last year. This program wasted taxpayers' dollars on hiring contractors to install LED lights and low-flow shower heads in homes across the province. While the goals of this program were notable, taxpayer money was wasted, which pushed us further into debt.

While many homeowners did see the benefits of lower utility bills as the result of this program, one can see that the cost to taxpayers just wasn't worth it, which brings us to the bill that is before the House right now, Bill 10. Now, Bill 10 is a better bill than some proposals that we have seen from this government previously. For example, the risks of this project are no longer on the taxpayer but on the private lenders. However, too many questions remain for me to support this bill.

One such risk is that the property assessed clean energy programs do not have to provide the same disclosures to homeowners that traditional lenders have to provide. This would cause financial problems to the homeowners down the line if they ever get overextended on their financial obligations, and we know that too much debt on a home is just as bad as too much debt on a government. As I said earlier, in this economy, with this government burdening families with their tax grabs, household debt is slowly and steadily increasing. Do we really want to create a program that would encourage families to go further into debt?

Another such risk is that homeowners that have used property assessed clean energy programs to finance projects have had a much more difficult time when selling their homes. This means that homeowners may be stuck living in homes until a payout is reached. Regulations and consultations can be done with realtors to mitigate this problem, but we never see the results of those regulations prior to the bill being passed. How do we know in the future that there will not be a large group of people who can no longer sell their homes? What do we do then? What do they do?

Furthermore, one should acknowledge the concern with organizations that do not pay property taxes. How can they access the funds to make improvements to their buildings? One would think that energy efficient projects would be just as desirable for nonprofits as they would be for homeowners. In my riding there are many nonprofits and charities that do amazing work. However, they often have big capital needs that need to be taken care of. Nonprofits and charities also pay for water and electricity. I'm sure they would love to be able to take advantage of this program. However, they do not pay property taxes, so are they excluded from this program? How can they get capital to finance much-needed improvements?

I don't believe it's the government's job to try and direct you to buy green energy projects. The government's job is to set the conditions so that private citizens can prosper, something this government has failed to do. The government's role shouldn't be to encourage you to buy one product over another or to pick winners or losers. Homeowners should be the ones making the decisions on how they would like to upgrade their house, if at all, and the government needs to stay out of it and focus instead on growing the economy and creating jobs. They could start by removing the job-killing carbon tax that has been burdening Alberta families for years.

I think there are too many questions on this bill right now for me to be supportive of it. The government is telling us to trust them, that they will get the regulations right. They're saying to trust them, that it will all work out. How are we supposed to trust them? We don't know what the regulations are going to be before the bill passes. It's just a little too risky. This may not work out at all, but

what do we do then? The last three years haven't worked out when Albertans have trusted this government, so why would it work now?

In closing, Madam Speaker, I'll be voting against Bill 10. While the goals of this bill are notable, I believe it is an overreach by the government, with too many questions remaining unanswered. But I look forward to a rigorous debate and conversation that, hopefully, will be able to conclude and maybe teach us what they really mean with this bill.

Thank you.

**The Deputy Speaker:** Questions or comments under Standing Order 29(2)(a)? The hon. Member for Airdrie.

**Mrs. Pitt:** Thank you, Madam Speaker, and thank you to my hon. colleague from Highwood for his insight into the conversation on Bill 10, An Act to Enable Clean Energy Improvements. You know, the hon. Member for Highwood made some interesting comments there and raised some significant concerns, and I do hope that we'll hear some significant dialogue from members of the government side in regard to the sort of intent with this bill and, certainly, why current financial institutions are not enough and why government intervention is necessary at this point in time to further this project.

I know there are a number of questions that my hon. colleague has, particularly around affordability for those entering the housing market and what an improvement or additional increase in property tax would mean to those trying to access capital to purchase their first home. We know that there are a number of concerns around that already given income-testing increases and the high prices currently in our economy, housing prices. Certainly, we know that having this caveat on the title in particular would create more challenges, particularly for young people, for millennials, I would say, right now entering the housing market and having access to that capital. That would work against them.

**10:30**

I know that, you know, my hon. colleague has some significant questions surrounding that because we've all got younger people in our life. I certainly am very close to the millennial area, and that would be definitely a concern for those in and around my age group. The hon. Member for Highwood has children and nephews and nieces and those that are going to be facing these, as many people do in this room. There are some challenges around that, so I hope that my hon. colleague from Highwood will get some answers to his questions, particularly as to why current financial institutions and the ATB bank in particular aren't necessarily the way to do this. Maybe it is. Maybe this is the bank that the government is choosing to facilitate this loan program through. I'm not really quite sure what the plan is.

I know my hon. colleague has concerns around that for those that default on paying their property taxes. Is the municipality now responsible for that? Probably that's the case, and in turn that puts some burden on the taxpayer, increased burden on the taxpayer in particular. Solar panels are a movable asset, quite easily movable. If a mortgage was defaulted on and a bank were to take over and those solar panels were to go missing, what is the process for that? Who is responsible? Does the caveat on the title still exist for those upgrades, or does the municipality step in? Does the province step in? There are a lot of questions in particular surrounding that area that I think my hon. colleague would need some answers on.

I'm just wondering if my hon. colleague from Highwood has any additional comments or questions that maybe would help further clarify questions to the government in getting some of these answers that I know he so desperately seeks as well as other members in the United Conservative caucus. I hope that the



Member for Highwood would be willing to offer some additional comment in regard to that just to help facilitate this conversation and this debate here today.

Thank you, Madam Speaker.

**The Deputy Speaker:** The hon. Member for Highwood.

**Mr. W. Anderson:** Thank you, Madam Speaker. You know, my colleague raises some interesting points. I mean, young families now who are just starting off – buying homes, getting mortgages – and putting themselves into a debt situation to start their futures, once again to try and take advantage of an opportunity, potentially could put themselves deeper into debt without their knowledge of it because it's going to be based on their assessment of their taxes. Again, their homes may not be marketable in the future, so there's another additional burden on these young people, and I hope my colleagues across the way will be able to explain what that means.

**The Deputy Speaker:** Any further speakers to the bill? The hon. Member for Spruce Grove-St. Albert.

**Mr. Horne:** Thank you, Madam Speaker. You know, Bill 10, An Act to Enable Clean Energy Improvements, is something that I was very happy to see come forward. Both out in the community and in talking to many stakeholders in my community, their biggest concern with energy upgrades has always been access to capital. Two examples of this came to mind when I first saw the legislation. One is a bit more personal.

You know, my dad has been talking about trying to put solar panels on his house for about 15 years now, and every time he looks at it, he just hasn't been able to both make retirement work and also put solar panels on his roof. An act like this is one more tool to make that accessible for him. Indeed, I've heard those concerns echoed by many of my constituents when I'm out in the community and knocking on doors, everything from somebody needing to replace a furnace, that could potentially fall under here, or new windows. There are so many improvements that can become very cost prohibitive if you haven't had the opportunity to plan for it long term.

The other stakeholder that immediately came to mind was, of course, my local food bank. They've been talking about how to reduce their bills for quite a while. Their concern was that there are a lot of rebates, but they need the start-up capital. For an organization like the food bank to get that capital, that means that it's money that they have to take away from their operating services, so they've been very hesitant on pursuing a lot of energy efficiency things. Of course, they already have LEDs and some of the most efficient freezers they can find, but to tackle energy efficiency further, they really need to start looking at things like solar panels and a new heating system. So I was very happy to see this come forward.

Now, of course, this legislation will only impact property owners. I haven't had an opportunity to talk to my food bank yet to determine whether or not they own their property, but it is certainly within the capacity of a not-for-profit that does or for the property owner on behalf of the nonprofit to pursue those energy upgrades.

I was very happy to see this, and, you know, this is legislation that will see more investment in green jobs here in Alberta. Certainly, I know this is something that the electricians have been talking about quite a bit, and I've been hearing them wanting something a bit more for a number of years now, so I'm happy to see that we are now starting to look at how we can make it more accessible for all property owners to pursue these types of investments in their homes.

I was very happy to see that. Of course, this is something that the municipalities will have to make the decision on to pursue. You know, very soon I would hope that we will see several municipalities move forward with that.

You know, I think that this is a great piece of legislation. I think it empowers a lot of Albertans right across the province, and we'll really start to see the investments right across the income levels. I was happy to see that, and I hope everybody will support this bill.

**The Deputy Speaker:** Under Standing Order 29(2)(a), the hon. Member for Cardston-Taber-Warner.

**Mr. Hunter:** Thank you, Madam Speaker. I was listening intently to the Member for Spruce Grove-St. Albert, and I just have a couple of questions that I'd like to ask him if he would be willing to answer. The first question. He said that this would make it more accessible. Well, we already have programs and already have the private market that are actually doing this. Enmax, as I said in my statements, has already offered the program for those people who want to buy in. My question is: is there a need for additional? Were there studies that were done? Was there an outcry or a demand by Albertans that this government received in order for them to be able to get this mandate to be able to move forward on this bill?

The second question I have. First of all, it's going to be downloaded onto municipalities, so they now become tax collectors for this type of a program, and they also become provincial government program deliverers. So this is a provincial government mandate that they are downloading onto the municipalities. The question that I have is: will they be compensated for this extended increase in scope and mandate?

If the Member for Spruce Grove-St. Albert could answer those questions, it would be very helpful to this side.

**The Deputy Speaker:** Spruce Grove-St. Albert.

**Mr. Horne:** Yeah. Thank you. To address the first question, of course, all of the current programs are mostly rebates or things that you need start-up capital for. What this legislation does is provide the start-up capital for these improvements so that things like the food bank don't have to fund raise for years and take money away from things like their programming that they already have and so that they can, you know, reduce their costs so that more of their expenses can go directly to programming. The same, of course, can be said of residents and constituents.

**10:40**

On the second piece, of course, the municipalities are already collecting property tax. Funding under this legislation will be collected with property tax, so they're already doing that. My understanding is that the administration will be under the climate office. While I haven't heard anything from the minister on whether or not there will be any expected costs to the municipalities, I can't foresee too much of a massive shift in their current operations.

**Mr. Hunter:** I appreciate the answer. First of all, to my first question, my question was whether or not the market is sufficient, and you said that it wasn't sufficient because other organizations might have to do fundraising to be able to do this. In reality, Enmax will come into your organization or into your building, and they will amortize it through the payment of your utilities. I said that this is already the case.

Once again, if the member could give us clarity on this side – it would be very helpful – if there was a need by the public or by Albertans to be able to have this expanded scope of delivery. If you could answer that, that would be very, very helpful.

**The Deputy Speaker:** Any further comments under 29(2)(a)?

Seeing none, any other members wishing to speak to the bill? The hon. Member for Calgary-Elbow.

**Mr. Clark:** Thank you very much, Madam Speaker. It's a privilege to rise to speak on Bill 10. I just want to make a few comments, address some of the questions that have been raised by some of my colleagues on this side, and also address something I think I heard from the other side as well.

Generally speaking, the Alberta Party caucus is supportive of renewable energy. We're supportive of programs and initiatives that make not just renewable energy but home energy efficiency improvements more affordable to Albertans. These, I think, should be seen generally as good things. Of course, we always have to be prudent and cautious in terms of how we go about implementing such programs, and with this particular bill I do have some questions. My general inclination and I think the general inclination of our caucus would be likely to support the bill, but again we do have a few questions and want to dig into a few things.

Just in terms of first principles and the fundamentals and basics of the bill I would note that what this bill does is simply enable municipalities to choose to pass a bylaw that would establish a property assessed clean energy program, or a PACE program. That does not compel any municipality to do so.

In terms of the question that was asked by Cardston-Taber-Warner about whether this is something that is a result of demand from Albertans or just something the government dreamed up all on its own, this is something, as I understand it, that is a result of consultation with municipalities, with home builders, with Albertans who have said, you know, that this is the kind of thing that they'd like to see. I take the government at their word that, in fact, municipalities are asking for this. This is not a unique program that is the first ever conceived of here in Alberta. In fact, we're by some measures a little bit late to the game on this and catching up in implementing such legislation.

In terms of impact on the municipalities themselves one of the things that I think is important to note in the bill is that Energy Efficiency Alberta could administer the program on behalf of a municipality if the municipality so chose. I think that's an area that smaller municipalities may find compelling. They may not find that they have the sufficient expertise internally or would choose to want to ramp that up, spend the money to do so. I'm pleased to see that.

You know, in terms of the model itself it's not unique. When my neighbours approached us and said, "We thought maybe it might be a nice idea to pave our back alley, make it asphalt instead of gravel, reduce the dust so that the kids have somewhere to play," we had the option to pay for that through our property tax over time as opposed to having a significant capital outlay in the beginning. We pay a small bit of interest in doing that, and it comes out of our property taxes every month. It also, I would strongly suggest, enhances the value of our home and all the homes on either side of the block. I look at this program as something quite similar.

I also would note that it isn't just solar. Eligible improvements under section 7 of the bill include, yes, solar power but also upgraded insulation, windows and doors, high-efficiency heating and cooling systems. It's more than just solar panels on the roof.

You know, one of the questions I believe it was the Member for Airdrie asked: "Well, let's say that there's a foreclosure, heaven forbid. What happens if the solar panels that were on the roof go mysteriously in the middle of the night?" Well, the same thing that would happen if someone were to foreclose on their home and decide to take fittings and fixtures that are part of the house. If you took all the interior doors with you when you foreclosed, I can assure you that the bank would not look upon that very favourably

and would come after you for that. I can only imagine that the same things would apply for solar panels or your upgraded windows or anything else. So I would say that that as an objection to this bill is a spurious one.

Speaking of the UCP, I would ask them: what is their plan for renewable energy? What is their plan as it relates to climate in any way, frankly, aside from doing their version of crossing their fingers and hoping it isn't really a problem? I would suggest that this is the sort of thing that as a government we ought to be considering: ways of reducing energy costs, reducing heat leakage from our homes in our 10-month winters that we seem to suffer here. Whatever we can do to insulate our buildings, both commercial and residential, in a more efficient and effective way should be seen as a good thing.

So to the degree this bill achieves that, I'm certainly quite interested in supporting these sorts of initiatives, in fact, if they do meet those objectives.

When I go and tackle a bill, the first thing I do is that I look for data. I look for the evidence. I found a very interesting study out of the United States done by the director of the Housing Finance Policy Centre at the Urban Institute and a senior financial methodologist at the same institution. They did a study and determined that after taking financing cost into account, the return on a PACE program for residential homeowners in the United States ranged from \$199 all the way up to \$8,882. In their words: "That is, the homeowner recovered more than their investment."

The other very interesting and noteworthy thing is if we think about, you know, what if we were to want to sell our house. Let's do a kitchen reno. Let's renovate the bathroom. That's going to increase the value of the house. They compared those types of renovations, other home improvements like kitchen and bathroom remodelling. Recent studies showed that the homeowner recovers only 60 per cent or so of that cost. The data that I'm seeing tells me that a PACE program is far superior to other renovations that homeowners would undertake, so it tells me there's likely to be a positive return on that investment.

The other thing I would say is that these types of programs, although they have existed in the United States for some time, are still relatively new, so mortgage lenders and homebuyers are just learning how exactly to value these sorts of things in the property market. What this study concludes is that perhaps there may be in fact increased value beyond what is currently understood, that it's more likely that this would go up than down in the future in terms of value. I think that's intuitive in the sense that if we were to ask, "Are homebuyers 10 years in the future more or less likely to want an energy efficient home? Are they more or less likely to want a home that already has solar panels installed and a means of paying for that through the property tax?" my gut feel tells me that it's more likely. This study would suggest the same thing.

I do have some questions, of course, devil in the details. When we have a bill that would put regulation as the first step – we'll write some regulation and let you know in the future – that always raises some questions for me. Municipal Affairs is particularly good at tabling bills, doing substantive consultation, and coming back and passing the legislation. That's what we're doing with Bill 8. I would wonder if that may have been a model they could have adopted for Bill 10. I would perhaps give them a pass on this if there is some urgency in seeing this move forward. We may not necessarily want to delay, so I could understand that.

**10:50**

The other concern I have is that when we're doing these sorts of things and we want to create a situation where Albertans use less electricity in particular and find some savings there, as this

government moves to a capacity market, less and less and less of Albertans' electricity bills will be the cost of energy, and more and more and more of those bills will be fixed for administrative charges, for transmission. The way the capacity market is being dressed up as transmission could mean that in fact there's really no incentive to shut the lights off because your electricity bill is going to be what it is. The cost of electricity has been capped at 6.8 cents, which is a shell game to Albertans. They see that number, but of course all of us as taxpayers will ultimately foot the bill for that. There's substantial concern there.

The question is: will we actually be in a situation in two and three and five years down the road where it even matters whether we have solar panels because the cost of electricity is so high that we're bumping up against that cap for the next four years? It really doesn't make a difference. That's a real, real concern that would be a potential unintended consequence – I hope unintended – of the changes that are going on in the electricity market but would actually serve to potentially undercut the value of a bill like this. Why would we bother installing solar panels when, frankly, it makes no difference in terms of our electricity bill and would make no difference in terms of the electricity generated on the grid and therefore would make no difference to carbon emissions?

The changes that this bill is bringing in and the opportunities that it presents do need to be seen holistically. Unfortunately, because of the real hash that this government has made of the electricity market generally, the good intentions of this bill and the good mechanics – this seems like something that really can work – may not actually serve the purpose that this government intends because of other mistakes they've made, because of other paths they've chosen that are, frankly, ill-advised and unnecessary. It's a shame because there are other ways of ramping down coal. There are other ways of putting more renewables on the grid. There are other ways of encouraging natural gas electricity generation that didn't involve literally \$1 billion or more of lost money to taxpayers, of additional money this government has had to borrow. It's a real shame. It didn't have to be that way, and here we are. I hope that that is not the case.

Given what we know now, I can tell you that the Alberta Party caucus is inclined to support the bill, but we certainly do have some questions.

Thank you, Madam Speaker.

**The Deputy Speaker:** Questions or comments under Standing Order 29(2)(a)? Cardston-Taber-Warner.

**Mr. Hunter:** Thank you, Madam Speaker. It's actually not a surprise to hear that the Alberta Party, a.k.a. the liberal party of Alberta, is deciding to support another government program. But you know what? He did actually bring up some very good points here.

One of the points that I thought was important to bring up – I don't know whether or not he could answer this question. Maybe members from the opposite side who have been quite quiet on this issue here today could stand and speak to this. The question that I have is: so solar panels are installed. They're now being collected by municipalities in terms of property taxes. If a house was sold and a person was to take those solar panels, because they can be removed fairly easily, who would then become the collector of that asset? Who would become the repossession agent in this situation? Would it be the municipalities? Would it be the Department of Municipal Affairs? Would it be third parties?

You know, these are the types of things that someone has a substantial investment, and those solar panels are now an investment and an asset. If someone was to actually take those and remove those from the home, now you have them taking an asset

that is supposed to be amortized over a 10-year period or however long it is. Who would be involved in making sure that that asset is reclaimed so that it isn't a writeoff on the government books? This is the question that I think we need some clarity on.

Now, I recognize that the member is not government, that he is in the third party – and I appreciate that – so I don't know whether or not he or the members opposite could answer this question. I think it's a pertinent question, that I'd love to see someone give us some answers on.

Thank you, Madam Speaker.

**Mr. Clark:** Well, lucky for all I'm not a lawyer, so I can't answer that question. Perhaps the one lawyer who I believe is in the House at the moment, the Minister of Justice and Solicitor General, could offer an opinion. I understand that this would be the sort of thing that is not likely to be on the plate for the municipality. If a mortgageholder defaults on that mortgage and then starts stripping things out of the house before they take off, I am quite certain the bank would come after them and chase them down. Banks don't tend to be gentle about that sort of thing.

You know, it's a fair question. I suspect that there is a process for that. Actually, if the minister would like to weigh in or if there's anyone on the government side who has some insight into how that would work, I do think it's a fair question, especially if there's potential risk for cost to taxpayers. I'm interested to know if the minister happens to have any insight as to how that may work.

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

Seeing none, any other members wishing to speak to the bill? The hon. Member for Calgary-Foothills.

**Mr. Panda:** Thank you, Madam Speaker. I rise to speak to Bill 10, An Act to Enable Clean Energy Improvements. I know our colleagues in the NDP have this campaign to push the green energy sector in every way possible, and there's nothing wrong about that, being green or believing in anthropogenic climate change like I do. Bill 10 is one of those excellent ways to help homeowners who want to be green afford to be greener. I bet there are hundreds if not thousands of Albertans who want to buy solar panels for their homes to generate electricity, heat their water, and heat their homes in winter.

Actually, a couple of years ago, Madam Speaker, when I visited my colleague the Member for Chestermere-Rocky View, I observed that there were solar panels on her rooftop. Like that, I have many friends who could afford to have those solar energy panels.

The NDP have made this so simple. Just apply to the property assessment clean energy program – the acronym here is PACE – to be run by your municipality. The municipality will get reimbursed through Energy Efficiency Alberta, who administers the program. Repay for those solar panels over time through your property taxes, which are administered by the municipality. In exchange you get a caveat placed on the home.

PACE seems to be supported by stakeholders, including Build Alberta, the Alberta Construction Association, and the Pembina Institute. It's not out of place to mention here, Madam Speaker, that our environment minister has good friends at the Pembina Institute. Former Ontario Liberal minister Glen Murray is the executive director there. If you recall, Glen was around the cabinet table when disastrous policies were brought into Ontario trying to force the green economy. He has a team of 44 people working for him at their think tank and a board of nine people.

The Rural Municipalities of Alberta are rather mute, though one could see large barn owners wanting something like this. The

Alberta Urban Municipalities Association had this to say: “This program will make it more affordable for Albertans to upgrade their properties without having to put money down, and gives municipalities another tool to make a positive environmental impact and help address climate change.” Did you hear that, Madam Speaker? No money down. What is this, some kind of furniture commercial for The Brick or Leon’s or easyhome? I don’t get it.

11:00

The NDP government introduced easy solar – no money down, 10 easy payments over 10 years – but there’s a real danger here of people getting overextended in the amounts they owe to get solar up and running on their homes. Albertans already have the highest gross personal debt per capita in all of Canada, and that is before we talk about the \$96 billion debt that the NDP will have created before 2023. People with PACE tax assessments have difficulty selling homes. Who wants to buy something with a caveat on it and still be paying out the solar installation? These are genuine concerns, Madam Speaker. I’m not trying to be critical here. I’m trying to be practical and ask reasonable questions, hoping they’ll make this bill better to get everyone to support it. But as it is presented today, there are so many concerns.

Maybe the solar installation is botched and the home leaks water – and the buyer and seller don’t know that – and there is massive mould growing up in the attic. That could be another possibility. Or maybe the solar gets installed, and the home seller walks away with all the equipment, leaving the new buyer with a bill and possible repairs.

Only government-approved installers get to work on these projects. That’s another problem, Madam Speaker. It means that Energy Efficiency Alberta is picking winners and losers again.

What about condo corporations? I see nothing here about them.

It’s very much buyer beware going into this PACE program, Madam Speaker. What about the financing? Is it coming out of the carbon tax? Someone has to answer that. Meanwhile we have debt piling up. That’s not common sense. I get that people want to install solar panels on their homes, but the reality is that solar panels remain expensive and out of reach for the vast majority of people. I can’t see the difference here between PACE and taking out a bank loan to do the job. They are both financing schemes, and ultimately it is the homeowner who pays.

Bill 10 is a niche boutique program for a small group of people who can afford it. Not everyone can afford it, Madam Speaker. This is not something that Martha and Henry want. Martha and Henry just want to make sure that they can be in the same continuing care centre together and not be divorced by nursing home. Martha and Henry want to make sure that their fixed incomes will pay the property taxes, the insurance, the utility bills, the groceries, and put gas in their truck. Martha and Henry won’t be running around out there installing PACE solar power on the roof of their house. It will be only the people who have a little more money than Martha and Henry, who could probably go to the bank and do it already. They may be already doing it.

With that, Madam Speaker, I would ask to adjourn debate.

[Motion to adjourn debate carried]

### Bill 11 Lobbyists Amendment Act, 2018

[Adjourned debate April 19: Ms Gray]

**The Deputy Speaker:** The hon. Member for Olds-Didsbury-Three Hills.

**Mr. Cooper:** Thank you, Madam Speaker. It’s a pleasure to rise and speak today to Bill 11, the Lobbyists Amendment Act, 2018. As you know, the more open, the more transparent a government can be, the better off the people are. Things that we can do to ensure that we have an open and transparent government are all steps in the right direction when it comes to being more accountable, being more accessible to the population that we serve.

Now, I think it’s interesting that we’ve seen the government introduce a number of pieces of legislation over the last couple of years to try to move the needle. Some of those things have been quite helpful, some of them not as helpful. Some of those things have required a lot of push-back from the opposition before the government chose to listen to the people, and I think that, on balance, there have been some positive steps. I think that the Lobbyists Amendment Act will be one of those things in the end. That’s not to say that everything within the Lobbyists Amendment Act is perfect. I think there are some unintended consequences of the Lobbyists Amendment Act that I hope to address this morning. I think it’s important that we have some fulsome discussion around those sorts of things so that we can do our very best to make sure that we get the best piece of legislation moving forward.

You know, accountability is absolutely essential to a healthy democracy. It’s so critical, and it’s critically important that as elected officials there are some checks and balances in place in our system to ensure that the interests of Albertans are always put before any sort of personal interest either of a politician or, in fact, a lobbyist. From time to time lobbyists get a bad rap, if you will, for the work that they do, but many of those individuals do very, very important work that actually helps to make our democracy stronger and more healthy. I know that they can be a great resource to folks inside this Chamber when it comes to understanding issues and sometimes quite quickly.

You’ll know, Madam Speaker, that this government has a very poor track record when it comes to sending pieces of legislation to committee so that the opposition and other members of the Assembly can get the sort of feedback directly from Albertans or directly from stakeholders. In many ways lobbyists actually play that role, under the current confines of our system, so that we can reach out to them, get information about a piece of legislation that specifically affects their industry. So they are an important part of the process.

Not all lobbyists are bad although there are some that aren’t ideal. That is exactly why we need to have things like Bill 11, the Lobbyists Amendment Act, so that we put the checks and balances in place for the safeguarding, most importantly, of Albertans. It’s for the protection of Albertans that we have legislation just like this, so I am, on balance, pleased to see it come forward. I’ve received some very good feedback from stakeholders as well as the office of the Ethics Commissioner.

Madam Speaker, you’ll know that this legislation in many ways comes to us twofold: one, the requirement to have the Lobbyists Act reviewed; and, two, through committee, where there were a number of recommendations that were made with respect to changes to the Lobbyists Act. So this particular piece of legislation has had some opportunity to have discussion. That’s not to say that there might not be reasons for additional discussion specific to the changes, but at this point it certainly has started off from the committee making some recommendations and from receiving input from the Ethics Commissioner.

11:10

I’d like to spend a little bit of time discussing the change in the reporting threshold for organizational lobbyists. As we know, this legislation will bring the threshold down from its current 100 hours

of meeting time to only 50 hours, which also will now include any preparation time that an organization may or may not take in order to get ready for the meeting hours. While I do agree that a set amount of time is important given that there is some significant confusion in other legislation in other jurisdictions – I use Nova Scotia as a bit of a case – when lobbying time is defined as 20 per cent of the time at work during a three-month period, it's very difficult for anyone to determine what that 20 per cent might be. So, on balance, I think that in having a set period of time like we see existing and like the recommendation being made of 50 hours, having very clear-cut guidelines is important.

Having said that, 50 hours when you're including prep time is certainly not a great deal of time for an organization. My concern, Madam Speaker, doesn't fall with the large organizations: the unions, the larger pro-business advocacy groups that are also considered to be lobbyists, or the professional lobbyists. My concern is with a lot of the smaller organizations that may only have one employee.

Specifically, I'm thinking of organizations that are part of a larger organization. A good example of this would be the Chambers of Commerce. The Chambers of Commerce provincially is a large organization. It has all of the capacity to deal with the lobbyists registry and the act and understanding all of the ins and outs of that. But there are literally hundreds, almost 200, I guess, much smaller and medium-sized chambers that maybe only have one or two employees. If they engage in the larger organization's efforts, you know, come to their annual general meeting, where there would be training and discussion around lobbying efforts, come to their political action committee – Political Action Day, I think it's called, where members will meet with them here in Edmonton – and now with any prep work that they did to get ready for those meetings, the 50 hours can come quite quickly for these smaller organizations.

As such, there is a fair amount of work in terms of semiannual returns and recording the activities as well as the information that they might communicate to their membership in the form of grassroots communication. So I have some reservations around this particular requirement in the legislation being moved from 100 hours down to 50 hours and then also adding the prep time.

Now, I recognize that the Ethics Commissioner has made this recommendation and that the office of the Ethics Commissioner is in support of limiting the hours to 50, but that's not to say that it's actually a great fit for smaller organizations. Perhaps the minister would consider a hybrid of options like: if you have one or fewer employees, you would be allowed to advocate on behalf of your organization up to 100 hours, and if you have three or more or whatever, then you would fall under the new legislation of 50 hours, including the prep time.

I look forward to discussing this particular matter further with the minister. As well, I wouldn't want to presuppose a decision of the Assembly, but my guess is that when this passes second reading, I look forward to passing an amendment around this as such.

I just want to highlight some concerns from the Alberta Chambers of Commerce that they have highlighted with respect to Bill 11. I think that it's fair to do so. I know that the minister has also heard these concerns as this was a letter that the Alberta Chambers of Commerce CCed me on and that is, as noted, to the minister. I'll be more than happy to table it in the House because I intend to provide some content from it.

The letter suggests that they represent over 25,000 Alberta employers in the province and that the Chambers of Commerce is writing to express some concerns regarding Bill 11.

The proposed changes to the reporting thresholds requiring registration with the Alberta Lobbyist Registration would have unintended consequences not in the public interest.

Reduction of the lobbying time threshold, from 100 to 50 hours, and the inclusion of "preparatory time" and "grassroots communication" as lobbying activities, would dramatically change the reporting requirements for many community-serving organizations. In turn, the proposed requirements would increase administrative burdens on organizations with limited staff resources, including local chambers.

Changes to the reporting requirements may force chambers to limit activities which benefit their local community by connecting government with constituents. Organizing traditional community activities like luncheons with elected officials is one important example [that may be affected]. Developing and circulating regular newsletters to local chamber members and community partners is another.

This is the grassroots communication portion that they have expressed some interest in.

Often, at the request of government, these communications include educational content and resources directed at the business audience.

It is essential that government engage with business at the local level. Grassroots communication is critical to that engagement. As such, in amending legislation, it is critical to avoid the creation of red tape that could unnecessarily limit healthy communication activities which support an informed and civically engaged public.

I think it's important that we heed some of the feedback from the Alberta Chambers of Commerce. Obviously, they represent an incredible number of employers as well as business members and also active community members. I think that it is very, very important that we strike the right balance between ensuring that lobbyists who have that as their main function are required to do all of the necessary reporting under the act and that smaller organizations, who may not actually have a paid lobbyist but have paid employees who do lobbying work, aren't actually limited in their ability to communicate with their membership. I think that by moving the definition of grassroots communication, we run the risk of having a chilling effect on those who want to engage in the political process but have some reservations about whether or not they'll be a lobbyist.

Now, for clarity's sake, the organization that is encouraging the grassroots communication is the one that's required to report the grassroots communication plan or efforts, not necessarily the individual. But, you know, I have significant reservations around moving the definition inside the act and, as such, having a chilling effect, where organizations may or may not be aware that they are engaging in an activity that should have been reported. You have smaller organizations who now have some reservation about that same sort of thing.

We need to be very, very, very cautious about how we engage with this 100 to 50 hours and make sure that we get that right. You know, I can think of some other examples of stakeholders, from my time as a member, who may be affected. I want to be clear that nonprofit organizations remain exempt, but I also am acutely aware of some of the confusion that can happen as a result of this legislation.

**11:20**

I think of individuals who have been engaged in grassroots communication personally because of an issue that has become important to them, whether it's advocating on behalf of a child, advocating on behalf of individuals with developmental disabilities, or whatever the case may be. They've wound up as a fierce advocate, and they are regularly trying to create change. I can think of one example, a constituent who, after discovering that their child had a disability, set up a support group, and that support group then

pooled resources, and those resources were then used to advocate on behalf of that organization.

My concern is that we put in legislation that may have a chilling effect on cases just like this, whether it's on behalf of a disabled child or it is inside the education system or the health system or several policy drivers where they felt the government wasn't serving them well, and that their engaging in grassroots communication would then somehow become a lobbying activity. We need to ensure, we need to go to great lengths to encourage people to engage in grassroots communication and speak up for issues that are important to them and make sure that we do everything we can to communicate exactly where the Lobbyists Act applies and where it doesn't. I can see many situations where people may believe that the Lobbyists Act applies because of the language that has been used inside the legislation specifically around grassroots communications and exactly what that means and does not mean.

We need to do what we can to encourage individuals to speak up, to speak out, particularly on issues where the government has been coming up short. You know, Albertans are the key part of the democratic process. This whole thing isn't about us; it's all about them. We need to make sure that the legislation that we pass has clear guidance, direction and does not have a chilling effect in any way, shape, or form or even the appearance of a chilling effect for those who want to engage in grassroots communications.

I also am concerned that from time to time other organizations that may have wanted to engage in grassroots communications but are concerned that the 50-hour threshold will then become an issue for them because of the people advocating on their behalf will then elect not to have some of those larger social media campaigns, letter-writing campaigns, whatever it may be, and then we'll actually have a net negative of people engaging in the process.

You know, I think that, specifically about the reporting and the biannual reporting and signing up to be a lobbyist in the lobbyists registry, it's often easy or easier for us when we engage in this process on a very regular basis. We get to know the system, and we understand how it works, but we can also forget that it's often overwhelming and confusing for those that don't have to engage in or think about it every day. That's particularly why I think of some of the smaller organizations. I think of, as I've mentioned, the chambers. I haven't mentioned them yet, but I think ag societies are a good example, and there are some organizations that are closely associated with ag societies who are not actually nonprofit, who would then fall under these guidelines and the act.

I think that, on balance, you know, larger ag societies – I think of the Calgary Stampede, that gets 12 million bucks a year or whatever the grant is, which is a significant amount of money. They have massive capacity to engage. But I think of the Acme ag society in the constituency of Olds-Didsbury-Three Hills, and my concern is that this legislation may have a chilling effect.

**The Deputy Speaker:** Any other members wishing to speak to the bill? The hon. Member for Chestermere-Rocky View.

**Mrs. Aheer:** Thank you, Madam Speaker. As always, it's such a pleasure to stand in the Legislature, and I'm honoured to be able to rise and speak to Bill 11, the Lobbyists Amendment Act, 2018. I have to say that when I was first elected and put on the Resource Stewardship Committee, this was one of the first bills that came across our desk at that time. Fast-forward to this point now, where we're finally being able to deal with this, and it gives you an idea of the complexity of the bill, the complexity of the issues that came down from the office. It also gives you some idea of how difficult it is to be able to balance the desire of people to be able to get to

government and to be able to get to the opposition to be able to influence decision-making in this House, which is Alberta's house. We don't want to ever stop people from being able to access us and bring their concerns forward.

As my colleague has mentioned, the importance of democracy and accountability can't be underrated. We have such a privilege in living in a country where as representatives we are elected by our constituents to represent their interests in this Assembly, so we have a massive duty to them and to all our Albertan families. Our actions and choices in this place need to be representative of their interests and not our own, so our actions need to live up to the incredible amount of trust that is placed upon us, that voters gift us with.

I'm pleased that we have legislation such as the Conflicts of Interest Act and the Lobbyists Act, which aim to ensure that our actions in here are all above board and that those groups that are lobbying the government are also responsible and transparent with the information that is coming across our desks and the privilege of being able to influence government. When you think about other governments around the world where democracy isn't an option – you know, Russia and Libya and Cuba and Saudi Arabia – I feel so privileged to be able to stand in this Assembly and support measures that create a space where government is held up to the expectation of transparency and accountability.

With regard to the bill, Madam Speaker, there are a couple of legislative changes in the bill that I'd like to highlight. I think these are some very positive changes. The fact that consultant lobbyists will no longer be able to establish contingency fee payment arrangements is a really positive step. We know that the legislation currently allows for contingency payments as long as they are disclosed on the lobbyist's return, but the fact remains that the job of a lobbyist is to act as a facilitator and as an advocate on behalf of their clients. The desire, of course, is always to help push for strong public policy for the betterment of Albertans, and the fact that a lobbyist may only be paid for their time and hard work if they're successful at actually engaging with government and having government react in a way that moves forward their proposal I really think sends the wrong message.

I mean, I've been involved with a ton of different groups, especially with not-for-profits, and we want to make sure that the access to government is never just an elitist act. We're talking about people here who have a vested interest in a particular situation. There are a bazillion of them that come up, and we want to always make sure, for those that are being paid to bring those ideas forward, that all of that hard work, the research, the time, the outreach, and quite often bringing a perspective to government that we may not have had – I can honestly tell you that in my three-year journey here I've learned more about things from the people who have come into our offices to tell us about those particular things. You just never would have had access to the institutional knowledge that comes from those people, the anecdotal information and lived experience through all of those kinds of things. So it's absolutely imperative that they are in actuality being paid for their hard work and time and that that actually happens and not as a result of the outcome with government. It really sends the wrong message.

**11:30**

I'm also pleased that the current contingency fee arrangements will be grandfathered in for the next 24 months. I do realize that there are people already out there that are in the process of already working with government that could very easily be left high and dry as a result of legislation that doesn't grandfather them in. That's very thoughtful and is a really good piece of this legislation. I'm very grateful that that was done. I think the lobbyist groups will actually benefit from the change, but in the interim I think it's very

important that those who have already worked very hard to get a voice in with the government have that opportunity and the opportunity to get paid if things work out for them to their benefit.

Another measure that I was pleased to see was the addition of the indigenous elders that are recognized by their communities in the list of individuals that are actually exempted from the Lobbyists Act when acting in their official capacity. Elders in these communities serve as essential leadership for their roles in the communities, their prominence, their wisdom, the lived experience, the earned respect that an elder has within their own communities in order to receive that designation. There's consistency and balance and harmony and, again, history, historical spirituality, and institutional knowledge as well about particular nations. That is an imperative piece that shouldn't be penalized with paperwork. It's absolutely imperative to ensure that the voices of those populations are represented and that they're elevated and amplified to government. This change actually recognizes that leadership and the impact that those elders have on their communities, and it's absolutely something worth supporting. I'm very grateful that that has been put in there.

I think also that the implication of that First Nations piece may be worth the government looking at other cultures and other new Canadians and other groups like that as having the ability to have a similar designation as far as that goes. The great thing about speaking about elders in the communities is that it's actually a designated leadership position within those communities. If you're looking at new Canadians and other leadership roles within other communities, I think it might be worth the government actually taking a look at the legislation to see if that designation doesn't also need to be applied to other groups within those communities. Their lobbying is actually based on a cultural perspective and an understanding of what's happening within those cultures and the communities that are growing within those groups. I think it would be a very, very useful tool for government to have that designation potentially extend towards those groups.

I'm not sure how you would designate leadership within other cultures because it's not a specific designation, but it might be worth looking at it in the broader sense to see if there's something that we can't do in order to – whether that's maybe a religious leader or community leader. I'm not sure how that would work. It would have to be a broader definition. But I think this is a really good start in understanding how culture plays a part in lobbying government. I think it's a really good start, and I think it would be worth looking at it in a broader context.

I also want to highlight a change from an administrative standpoint that is incredibly important, Madam Speaker. Lobbyists will now be required to state in their return filings the end date of the lobbying project they are reporting on if possible. I would love to understand the definition of "if possible." I think that's a very interesting position to put in a piece of legislation. Again, opening some interesting doors. I get it. Now, I don't know if it can be designated that, instead of if possible, extensions can maybe be asked for if they're not meeting their 30-day requirement or whatever that is. It might be something that the government wants to look at. That's a very broad opening, if possible. I don't know. How do you apply for if possible? I don't think it's really designated within the legislation. Just something to think about.

Currently lobbyists already have to state the start date for a lobbying project, obviously, and they're also reporting on or also required to inform the lobbyist registry, the office, when they will be completing or terminating a lobbying project within 30 days of doing so. So within that 30 days, is that the if possible? Does it go beyond that? Is it an extra 30 days? Is it a year? You know, what is it?

I think that for the office there needs to be some clarity, too. That's a tremendous amount of paperwork already, and then if you have this open-door policy of when you can end, I think that it could be very difficult for the office to be able to bring that all back together and make sure that all of their paperwork is in order. Again, we are dealing with some professionals, but we're also dealing with, you know, some smaller organizations. That could be a very broad definition, and I would suggest that maybe some regulations or some information regarding that be put in there.

The new legislation will help the office to monitor if lobbyists are complying with the notice of termination. If they don't know the end date of the lobbying project at the outset of their registration, that would be very, very difficult to monitor, I would suspect. If the lobbyist complied within the 30-day requirement to file a notice, there is a termination that comes to remove the registration from the active registry. So that compliance is the most important piece – right? – to ensure that the registry is up to date. I can't even imagine how many. It would be very, very difficult to track, update, organize, and get everybody to make sure that those registrations are terminated if the date of termination is left up to if possible. This is an issue of public access and transparency and accountability, and for the sake of all of those things I think that that might be worth while looking at to clarify it a little stronger.

I also support the change that will give the lobbyist registrar the authority to terminate the registration of a lobbyist if they fail to file a semiannual return to renew their registration, file particulars or changes to previous returns, or file their notice for the end of the lobbying activity. I think, again, you know, you want to simplify the process, for sure, to make sure that lobbying groups have access, but there do need to be some hard-and-fast rules as to how this job ends. I would also assume that in terms of the group that's lobbying as well, it's always better to know your start date and your end date. You get your work done. You have your process. I think that for government as well in terms of efficiency this is incredibly imperative.

It would be interesting actually to find out – I don't know if anybody can answer this for me – how many open-ended lobbyist groups we have right now that haven't filed for termination, to see what is necessary. Maybe it's not that big of a deal. Maybe they terminate fairly regularly, and that's why it's such an open-ended piece. If somebody could maybe give us some information on the numbers of that, I think it would be a very interesting look at how the lobbyists are terminating their registrations, how that works, if it's been fairly consistent, if they're following the times. I think that might be very helpful, again, in clarifying the legislation.

I think that we can all agree that the jobs of the lobbyist registrar and the office of the Ethics Commissioner are incredibly complex and difficult and that they are what play the essential role in transparency. It's very difficult to ask them to do this job properly if they have no recourse to enforce that mandate. Again, if there's information, you know, opposing that, showing that that's not necessary, I'd love to find out a little bit more about that.

There is one piece in here that I'm not quite sure that I understand, and that's that the office of the Ethics Commissioner has a recommendation for the registrar to be given the ability to issue interpretive bulletins and advisory opinions, Madam Speaker. It's not included in the legislation. The Ethics Commissioner already has the authority to do this, but feels that given the fact that the registrar regularly provides advice and opinions on the very, very complex and broad world of the Lobbyists Act, on interpretations of the act to the lobbyists as part of their duties, they should also be given the authority to use the bulletins and the advisory opinions. In a study of the crossjurisdictional pieces many other jurisdictions actually lean really heavily on these advisory

bulletins as important tools for providing clarity to lobbyists rather than creating new legislation.

Thank you, Madam Speaker.

11:40

**The Deputy Speaker:** Questions or comments under Standing Order 29(2)(a)?

Seeing none, any other members wishing to speak to the bill? The hon. Member for Vermilion-Lloydminster.

**Dr. Starke:** Well, thank you, Madam Speaker. It's a pleasure to speak on Bill 11 today with regard to amendments to the Lobbyists Act. I'd like to preface my comments by saying that in broad terms I support the notion of registration of lobbyists and that I think it is important for transparency of government that we know who has registered themselves to talk to whom within the government.

But I will also say that, in my view, the increasing role that lobbyists play in our democracy is in some ways a testament to a failure; that is, the notion that individuals or, for that matter, business entities or other entities indeed need to engage the services of lobbyist firms in order to open doors, in order to exert influence on decision-makers. The fact that there is a market and, in fact, quite a lucrative market for these organizations to exist to me exemplifies that there has been a failure at some level within our system whereby it is no longer possible for private individuals, for business entities, for nonprofit organizations, or for groups advocating a certain position on a certain issue – they now need to have other parties act on their behalf.

That being said, the reality of it is that we have these entities that exist within our democracy and that they do perform an important role. I agree with the comments made by my hon. colleague the Member for Olds-Didsbury-Three Hills, stating that the activities of lobbyists should not necessarily by default be viewed as being in some ways bad or nefarious. The activities of lobbyists, in fact, are to provide sometimes a navigator, if you wish – maybe I shouldn't use that term specifically – to provide a person to help steer through the shoals of government, to open specific doors, to assist in getting face-to-face meetings with people that, you know, require the access to people who will make decisions. From that standpoint I think that the activities of lobbyists are – I don't even like to use the term "necessary evil" – a necessity within our current democracy.

But if we're going to have that, I think it is important that there be certain parameters in place to make sure that we can have a level of confidence that the activities of these lobbyists are such that we're not seeing undue influence being exerted. In that context, Madam Speaker, I'm a little disappointed in Bill 11 because despite the good work that was done by the Resource Stewardship Committee, despite the long and laborious review process, in my view there are still holes in this legislation. I will certainly be proposing amendments during committee stage that will try to make this legislation a little bit more robust, make it a little bit stronger, but there are still holes within the legislation.

Now, this government in the past has certainly prided itself on stating that it is advocating on behalf of open and transparent government and that it wants its legislation to represent the gold standard of legislation in Canada. Well, this particular legislation, although it is an improvement over the existing Lobbyists Act, at very best wins a bronze or maybe just an honourable mention, thank you for coming. It is a long way away from being the gold standard because, in fact, it falls short of many of the requirements within the federal lobbyist act, which requires much more stringent reporting on behalf of lobbyists, not just the start and the end date of their lobbying activities. Indeed, they must report on when meetings are held, who these meetings were with, and what the

broad-based subject matter was, and that information is accessible to the general public.

The current registration, which basically just says who is lobbying, whom they're going to lobby, and what the broad subject matter is, like I say, is a good start, but this legislation does not do anything to make that more robust. It includes some additional provisions, which have already been outlined by previous speakers, but it does not really go to the extent of the federal legislation, which is certainly, in my view, more stringent, more strict, and a better representation of what we should be aiming for if we are indeed aiming for the level of transparency that this government ascribes to.

One example where this legislation will fail – and it is an example I'm particularly familiar with, Madam Speaker – is the example of lobbying that is done on behalf of tobacco firms. Now, this legislation does nothing to solve a problem that is ongoing and that this government used to rail against when they sat over here in this corner, and in about a year's time they will be relegated to this corner once again. This government railed against the influence of big tobacco, against the former government with regard to issues like higher tobacco taxes and specific tobacco reduction initiatives.

Well, you know, it's sad, but the truth of the matter is that right now there are no fewer than four different firms and 10 different registered lobbyists representing big tobacco that have registered to meet with and to lobby various departments and divisions of this government, including the office of the Premier, the Minister of Health, Executive Council, Alberta Health Services, the Ministry of Treasury Board and Finance, the Ministry of Justice and Solicitor General, and the Legislative Assembly as a whole.

Now, people say: well, what's the problem? Well, the problem is that those lobbying activities are in direct contravention to a framework from the World Health Organization that Alberta and Canada have been signatory to since 2004. The framework convention for tobacco control is an international convention, an international treaty that Canada signed on to in 2004. It was one of the first international treaties of this type. Article 5, section 3 of that framework specifically enjoins government officials from having closed-door meetings with tobacco lobbyists. Yet we have 10 lobbyists, including, I might point out, one lobbyist who has very close ties to this government, who have filed the appropriate paperwork to allow them to lobby this government on issues, including tobacco reduction, including tobacco taxation.

While most of the groups are lobbying for a reduction in tobacco use, most of the people who are interested in preventative health care were encouraged by the early steps of this government, including adding menthol to the flavoured tobacco legislation, which was a positive step, and increasing tobacco taxes in their first budget, in October 2015. Since that time this government has done nothing to move the needle forward on tobacco reduction, on encouraging the reduction in tobacco use amongst our youth, and, in fact, is leaving unproclaimed large sections of pieces of legislation that would be very effective in reducing tobacco use, especially amongst vulnerable youth.

One has to ask the question: why? Why has all that momentum, all that hubris of the halcyon days, the early days of this government, ground to a halt? One must only surmise that it is because of the backdoor, behind-closed-door activities of lobbying firms who are well financed. Big tobacco has lots of money, and they have lots of vested interest in making sure that the measures to reduce tobacco use amongst Albertans – the single most effective measure that could be taken to reduce overall death and disease in this province is to reduce the use of a product that causes the death of 3,800 Albertans every single year, more than 10 per day. This



government has done nothing to act on legislation that has already been passed to reduce tobacco usage.

11:50

It's baffling, Madam Speaker, why that wouldn't happen. Not only would it reduce the pain and suffering associated with the negative effects on health by tobacco usage, but it's baffling that they wouldn't do it simply for no other reason than the fact that they are interested in bending the health cost curve, which I've yet to be convinced of. But if they are in fact interested in that objective, then why are they not going after the low-hanging fruit that is represented by a reduction in tobacco usage? One can only surmise that the reason they aren't is because big tobacco has been actively lobbying this government behind closed doors in direct contravention – in direct contravention – of the framework on tobacco control and has been influencing the government in that way. Bill 11 does absolutely nothing to stop that, absolutely nothing.

If this government is really interested in fixing the problems, if this government is truly interested in taking a look at what is deficient in current legislation and actually addressing it in an effective way, surely one of the things that should be included in this legislation is a clause, a section that specifically enjoins government from participating with lobbyists in contravention to a signed international convention or treaty. I looked through Bill 11 for that specific clause, and it isn't there. From that standpoint and from the standpoint that Bill 11 lacks a reference that would make it as robust as federal legislation that's already on the books and that requires lobbyists to log individual meetings with individual members, whether they are MLAs or senior members of the bureaucracy – that's not required in this piece of legislation. That is required under the federal legislation but not here.

More specifically, because of the failure of this legislation to address an activity that is not some theoretical activity, that isn't something that might happen, that in fact is happening, that this government refuses to take on, the issue of dealing with powerful lobbyists, you know, one would have to ask the question. We're involved right now in a \$10 billion lawsuit with big tobacco, trying to sue big tobacco, as are all nine other Canadian provinces, for health care costs that are a direct result of tobacco usage by our citizens. You know, one would have to ask: if we're involved in a legal case, why does big tobacco have four different firms and 10 different lobbyists registered to lobby? The people we're suing. That's one of those questions that I don't think has an answer, but it's certainly baffling as to why that would go on.

In addition, Madam Speaker, one would have to ask the question: why has this government been so inactive, so disappointingly inactive after its initial promising phases to actually do something positive about tobacco reduction? It's not like they had to come up with new legislation of their own. All they needed to do was proclaim the existing legislation, that has already been passed and is already on the books, yet they refuse to do it.

In addition, Madam Speaker, this government is not acting on legislation that has an expiry date. Some of these pieces of legislation, if they're not proclaimed within the next year, will in fact expire. Once again one asks: well, why are they waiting? These pieces of legislation were passed in most cases with all-party support within this place because the benefits of having measures to reduce tobacco use were widely recognized. For some reason influences on this government have stepped forward and stopped this government from its forward progress. And now that we're dealing with cannabis, of course, it seems that tobacco has taken a back burner position because of the urgency of bringing in cannabis legislation.

Madam Speaker, I am concerned that there are deficiencies in Bill 11. I will be raising amendments that I hope will be supported by the government side in order to address those deficiencies, but in its current form Bill 11 certainly has got significant problems. Though it's well intentioned, it does not meet the needs of Albertans.

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

Seeing none, any other members wishing to speak to the bill? The hon. Member for Calgary-Glenmore.

**Ms Kazim:** Thank you very much, Madam Speaker. It is my pleasure to rise to speak to the second reading of Bill 11, Lobbyists Amendment Act, 2018. These changes capture something that Albertans have known about and been concerned about for far too long. For far too long powerful interest groups made backroom deals with the previous government, that were made for private interests, not for the public good. These deals weren't always made transparently, and that's why Albertans wanted change. That's why from day one our government has worked to renew democracy for Albertans.

Now, the Lobbyists Act, which came into force in 2009, allows Albertans to see which individuals and groups are seeking to influence government decision-makers and on what subjects. The act recognizes that lobbying public office holders is a legitimate activity but seeks to bring transparency to this activity. When we formed government, we promised to ensure that transparency, honesty, and fairness would be more than buzzwords for us, and we have been fulfilling that promise from day one with our historic reforms to the way that corporations and unions interact with the democratic process.

We are continuing in our commitment to the principles of transparency and openness by modernizing and updating the act. Our changes are informed by the work of the Standing Committee on Resource Stewardship in its review of the act and the office of the Ethics Commissioner's recommendations. The all-party committee found the same thing we did, that there were a number of important changes that could be made in order to update our lobbying legislation and ensure that we had the same transparency measures that exist in other provinces.

The amended Lobbyists Act will restrict lobbyists from giving money, gifts, or other items that would place a public office holder in a conflict of interest. These rules would match the existing conflict-of-interest standards that govern the conduct of all public office holders. This is so important as it will ensure that the old backroom deals, the old gifts in exchange for influence will be prohibited. We believe in transparency, and we believe in good government. At the same time, we are ensuring that lobbyist legislation doesn't capture those that it is not meant to capture.

On another note, public servants in other levels of government are not considered lobbyists and neither are members and employees of indigenous governing bodies. We are proposing that indigenous elders acting in that capacity should not be considered lobbyists. This is in line with exemptions that currently exist as public servants in other levels of government are not considered lobbyists and neither are members and employees of indigenous governing bodies. In their traditional capacity indigenous elders are very much public servants in their communities as they represent their people, not personal, business, or financial interests. I'm very excited to ensure that we continue to learn from the wisdom of our elders and to ensure that they aren't inadvertently caught up in lobbying legislation.

I'm very pleased about our proposed changes to the threshold requirements. Organization lobbyists under the current act are required to register if they, combined with anyone else in their organization, lobby for a total of 100 hours in a year. That's a huge amount of time when you think about it. How many phone calls, how many golf games, how many meetings can you get in before hitting that 100-hour threshold? Our threshold was out of step with

other provinces' thresholds, and we are taking action to bring us in line to ensure greater transparency and openness.

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

[The Assembly adjourned at 12 p.m.]

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