



Province of Alberta

The 29th Legislature
Fourth Session

Alberta Hansard

Wednesday evening, May 2, 2018

Day 23

The Honourable Robert E. Wanner, Speaker

Legislative Assembly of Alberta
The 29th Legislature

Fourth Session

Wanner, Hon. Robert E., Medicine Hat (NDP), Speaker
Jabbour, Deborah C., Peace River (NDP), Deputy Speaker and Chair of Committees
Sweet, Heather, Edmonton-Manning (NDP), Deputy Chair of Committees

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Deputy Leader of the Official Opposition
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Anderson, Wayne, Highwood (UCP)
Babcock, Erin D., Stony Plain (NDP)
Barnes, Drew, Cypress-Medicine Hat (UCP)
Bilous, Hon. Deron, Edmonton-Beverly-Clareview (NDP)
Carlier, Hon. Oneil, Whitecourt-St. Anne (NDP)
Carson, Jonathon, Edmonton-Meadowlark (NDP)
Ceci, Hon. Joe, Calgary-Fort (NDP)
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Alberta Party Opposition House Leader
Connolly, Michael R.D., Calgary-Hawthorn (NDP)
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Vacant, Fort McMurray-Conklin
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New Democratic: 54 United Conservative: 25 Alberta Party: 3 Alberta Liberal: 1 Progressive Conservative: 1 Independent Conservative: 1 Vacant: 2

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Legislative Assembly of Alberta

7:30 p.m.

Wednesday, May 2, 2018

Government Bills and Orders Committee of the Whole

[Ms Sweet in the chair]

The Deputy Chair: I would like to call the committee to order.

Bill 15 Appropriation Act, 2018

The Deputy Chair: Are there any comments, questions, or amendments to be offered with respect to this bill?

Mr. Cooper: Well, a very fine May evening to you. It's a pleasure to be here this evening to debate what I can tell you, Madam Chair, is a very important piece of legislation to the good people of the outstanding constituency of Olds-Didsbury-Three Hills.

An Hon. Member: Where?

Mr. Cooper: The outstanding constituency of Olds-Didsbury-Three Hills.

I might just add, Madam Chair, that while it's important, one thing that I can assure you is that I have not run into one – not one, not even one – constituent in that outstanding constituency of Olds-Didsbury-Three Hills who has encouraged me to support this particular budget. In fact, they have encouraged me to do the exact opposite of supporting a budget like this.

You know, I spend a lot of time connecting with the outstanding constituents of the outstanding constituency of Olds-Didsbury-Three Hills, and one of the things I found very interesting over the past number of years is that initially, when the government took office, they had some reservations about the ability of the Finance minister to deliver budgets that put Albertans first, and certainly they had some concerns about his ability to balance the budget. But I'll be totally upfront with you, Madam Chair. It's not the very first issue that they spoke to me about.

The good people of Olds-Didsbury-Three Hills over the past couple of years spent a lot of time talking to me about how they were concerned with the direction that the government was taking us in. They spent a lot of time warning me about the impacts of the carbon tax. They spent a lot of time being concerned about the negative impacts that the government's policy is having on small businesses, the way that the government is making an absolute disaster of our economy, driving investment away. That was their primary concern. I had the opportunity to speak to hundreds if not thousands of constituents in Olds-Didsbury-Three Hills, in fact to people all across the province but in this case predominantly people in Olds-Didsbury-Three Hills, and they were concerned about the actions of the government, but the budget wasn't the number one thing that they spoke to me about.

But, Madam Chair, all that changed. All that changed in late March, I think the 26th of March, whatever the budget day was. All that changed, and what very quickly became the number one concern of the good folks of Olds-Didsbury-Three Hills were the absolutely damaging impacts that this Finance minister's budget is having and will continue to have on our province over a very long period of time. [interjection] It sounds to me like the Finance minister is trying to distance himself from his own budget it's so bad.

The outstanding constituents of Olds-Didsbury-Three Hills have really highlighted this as their primary concern. Now, that's not to say that they have abandoned their distaste for the carbon tax, because I know that that continues to be a big concern. That's not to say that they haven't highlighted the major issues of the fact that this government has failed Albertans on pipelines, that they failed Albertans in so many capacities. [interjections] But what I've been hearing . . .

The Deputy Chair: Hon. members, I know we've just started the evening, but you're awfully noisy. If you can maybe just bring it down so that I can listen to the hon. member, I'd appreciate it.

Mr. Cooper: The hon. member does have some very interesting things to say, so I appreciate your attention, Chair.

An Hon. Member: That's up for debate.

Mr. Cooper: Yes, and you'll have your opportunity. The amazing thing about the Legislative Assembly is that we all get a chance to represent the folks that sent us here.

As I was saying, Madam Chair, those folks that sent the Member for Olds-Didsbury-Three Hills to this fine place have been expressing their major, major concern about the impacts that this budget is going to have over a very long period of time. You might say that they are setting off warning sirens, and I hope that the Finance minister hears their warnings.

I know that the Finance minister hasn't paid much attention to Albertans, and he certainly hasn't paid much attention to the credit-rating agencies since he's taken office. We know that since this minister has had his hand on the public purse, we have seen six credit downgrades since the NDP took office, and now we are quite likely to continue to see that because Alberta's debt is projected to reach \$96 billion.

An Hon. Member: How much?

Mr. Cooper: Ninety-six billion dollars by '23-24. That, of course, has been confirmed by his officials.

You know, Madam Chair, as I was saying, debt and deficit were not the number one concern of the constituents of Olds-Didsbury-Three Hills, but this Finance minister has taken every opportunity to change their main concern, and that has now become the future of Alberta's finances.

The other thing that I can assure you of is that the people of Olds-Didsbury-Three Hills know that there is a better solution to Alberta's finances, and that is to have the Leader of the Official Opposition with his hand on the public purse guiding our future, not the Minister of Finance.

The other thing that I might add, Madam Chair, is the significant amount of interest payments that Albertans are going to have to pay because of the reckless spending of the NDP. Now, I anticipate that, like in other times in this place, the government members will stand on their feet and say: "Well, if you wanted this, then you shouldn't have voted against the budget. If you wanted that, then you shouldn't have voted against the budget." Let me be clear. There are things that the government spends money on that are good and important expenditures that we as Albertans need to see the government spending money on. But – but – just because one doesn't support this reckless spending plan, this reckless spending plan that this Finance minister has put before us, it doesn't mean that one believes that every single dollar the government spends is a dollar wasted. Now, let me be very clear. This government, this current NDP government, is wasting money. There is a significant

amount of opportunity for savings to be found within this very bloated budget that this government is proposing.

One of the big challenges that I hear from the good people of Olds-Didsbury-Three Hills is their concern around the long-term stability of Alberta's finances. If we look, Alberta is spending more than a billion dollars annually on interest payments on debt, and we are only going to see those debt-servicing costs increase in a dramatic, dramatic fashion: '18-19, \$1.9 billion; '23-24, \$3.7 billion. Madam Chair, I know that you know, because you are keenly aware of the spending of the government, that the total debt-servicing between 2018-19 and '23-24, if this NDP Finance minister is left holding the public purse, will be an estimated \$17.6 billion.

7:40

You know what's interesting other than the devastating impacts that that will have on our ability to do other good? It's interesting to hear what economists and others have to say about this particular issue, because they have major concerns. It's not just the opposition that's concerned with the reckless spending of the Finance minister and the cabinet of this government, this NDP government. It is folks at Moody's. It is their good friend Trevor Tombe, the U of C economist. He talked about – and I can quote him from March 24 – how there was a complete divergence between the public statements made by the Premier and the Minister of Finance and what Budget 2018 ultimately revealed, that if the government wanted to provide a plan, they could have, but they chose not to. A complete divergence, Madam Chair.

This government is very, very, very quickly becoming a say one thing, do another government, and they have a long track record now of communicating that to Albertans, and this is another example of just that. When we talk about getting back to balance, with this complete divergence between the public statements that the Premier and this minister made and what they ultimately delivered, when we talk about that plan, Trevor Tombe also said that the government needs \$66.3 billion in '23-24 to balance. Of that, \$10.4 billion they'll need from resource royalty revenues. But how much from income tax, carbon tax, gas tax, federal tax, and user fees? We don't know. We have no idea because of a lack of detail that this minister provides.

We all know, Madam Chair, that we can't trust this government. We can't trust this government because they implemented the single largest tax increase in Alberta's history without mentioning it at all prior to their election. We can't trust this government because we can't get a straight answer on whether or not they will increase the carbon tax, just as their close ally and friend Justin Trudeau has asked them to do. Not even their closest allies believe the things that this minister says, including the comment about a complete divergence from what they have said to what they are doing.

You know, if we look at what some of the other finance agencies have said, DBRS has talked about: "The [credit] downgrade reflects large operating deficits and rapid debt accumulation." Rapid debt accumulation. That is exactly what we see from this government, a significant commitment to debt. That is exactly what the Finance minister is committed to. He's committed to debt. He's committed. In fact, in his own documents it says that he's committed to \$96 billion in debt, debt that will disproportionately have a negative impact on the future of our province, and it is one of the many, many, many reasons why I won't be supporting this spending plan that the government has produced.

If there's one thing that I am confident of, Madam Chair, it is that today I will be voting against this budget. It is because the people of Olds-Didsbury-Three Hills have sent me with a very clear

message to deliver to this government, and that is that \$96 billion in debt is not a path that they believe is the best path for Alberta's future. They understand that long after this Finance minister is gone, someone is going to have to pay this \$96 billion back. It is not going to be easy, but it is going to be critical to the success of our province that we get our spending under control.

Madam Chair, we have also seen inside this budget that this government takes significant risks on the revenues that will come from the Trans Mountain pipeline. And I want to be very, very, very, very, clear that I, like virtually every single constituent in Olds-Didsbury-Three Hills that I've spoken with, want to see this pipeline built. It is not only important to our province, but it is important to our nation, it is important to the strength of our economy, and there are a litany of reasons why Trans Mountain should be built.

Now, like many constituents in Olds-Didsbury-Three Hills, I have some concerns about whether or not that is going to take place. I have some concerns, particularly given that we are less than 30 days away from that announcement, that we have yet to hear from the Prime Minister on this, the close personal ally of the Premier. We have yet to see concrete action. I appreciate the fact that we're debating Bill 12 in the House and that we debated it earlier today. Certainly, some of the recommendations that have been made by the Leader of the Official Opposition, the Member for Calgary-Lougheed, are included in that particular piece of legislation, but I also have concerns given the fact that the Premier has in fact said in her meeting with Premier Horgan that she doesn't expect to have to use this piece of legislation.

But the big challenge here as it applies specifically to the budget is that there is significant uncertainty surrounding the pipeline, but the NDP is counting its revenue into their projections. I mean, a perfect example of the lack of action and the uncertainty is that the Premier won't even call upon Prime Minister Justin Trudeau, her close personal friend and ally, to limit nondiscretionary transfers to the province of British Columbia until we have all of the approvals in place.

So there is major uncertainty. In fact, less than 10 days ago, during the estimates process, the Leader of the Opposition was questioning the Premier at the same time that the president of Kinder Morgan was saying that in light of the developments, the project still may be untenable. Even given those strong comments by the president of Kinder Morgan, we see inaction on behalf of the Premier even calling upon the Prime Minister to act in the best interests of our nation and apply pressure to the province of British Columbia in the form of withholding nondiscretionary transfers. We see delay after delay, and all sorts of people, including the proponent of the project, expressing major concerns, yet we see the Finance minister essentially putting in his budget, that hangs in the balance of that pipeline getting built.

I think I was clear in my remarks that I believe that it is absolutely imperative for it to get built, and I want the project to get built. But putting our province's fiscal future on the Prime Minister, the close personal ally and friend to the Premier; and on the Premier of British Columbia, John Horgan; and on eco radical Andrew Weaver, the leader of the Greens, and hanging it on the balance of those outside influences to potentially get us back to balance in 2023 is reckless and inadvisable. I think it's important that the Finance minister take this opportunity to reconsider some of his decisions. It is absolutely unbelievable to think that the Finance minister would be putting our province at such financial risk based upon the actions . . .

7:50

The Deputy Chair: Thank you, hon. member.

Before we continue, just a reminder to both sides of the House. If you could keep the tone down, please.

The hon. Member for Calgary-Elbow.

Mr. Clark: Thank you very much, Madam Chair. Budgets are the ultimate document that tells us what the choices that a government is willing to make are. And a budget is about choices. It is about choosing which programs to fund. It's about choosing how to fund those programs. It's about either being realistic about the fiscal situation a province faces, or it is about burying your head in the sand or perhaps crossing your fingers and simply hoping that things turn around. I think we have seen how that has gone for previous governments who've tried that.

Unfortunately, we have a government who is in exactly the same position, who has based a budget this time yet again on hope, on the hope that the price of oil goes up, on the hope that we can get not one but two pipelines built. I sincerely and genuinely do hope that this is going to happen, but it is risky for the province to bank our fiscal future and our fiscal sustainability on that hope, not only hoping that the pipelines get built at all but hoping that they get built in some reasonable time frame.

I think that as we've seen from the incredible opposition to the Kinder Morgan pipeline in B.C., that is far from a sure thing. As we've seen recently, the Enbridge line 3 pipeline has faced some setbacks in terms of its likelihood of moving forward in an expeditious manner. I sincerely do hope that those projects do move ahead and they move ahead quickly, but I have some grave concerns. I wouldn't say that it is responsible for a government to budget on the assumption that those projects are going to go ahead. Their purported plan to balance the budget is really nothing more than fantasy, pure fantasy. When I saw the budget, that was the first word that came to my mind was that this budget is pure fantasy. It is a hope; it is not a plan.

I wish that the government had found even a tiny modicum of savings. One of the most remarkable things to me in talking with stakeholders in the rotunda after the budget speech, on March 22, when the budget was brought down, was the number of stakeholders from either funded agencies or even internal departments within government – and I won't name names or talk about which departments, but I can tell you that it was more than one – that said: "You know, we don't mind receiving an increase this year. I guess we'll take the money. Of course we will." But they were genuinely concerned, Madam Chair – genuinely concerned – about the sustainability of that funding. Was it actually going to be there a year or two down the road? Because the more money that was put in and the higher the debt loads, as those stakeholders realized, the more likely it was that there would be a change of government as a result of the terrible fiscal mismanagement on the part of this government. They were worried that perhaps a far-right-wing government would come in and bring in '90s-style cutbacks. It was a genuine concern, and I share that concern.

The good news is that we in the Alberta Party stand here with a real plan. We brought forward our shadow budget. Our plan would not slash front-line services but would bring in reasonable cost savings, that compassionate belt-tightening that the government signalled so strongly leading into the budget. That was the great surprise that I heard from stakeholders, that: "We were ready. We were prepared to do some minor economizing and belt-tightening, but the government didn't even ask us. They signalled that they were going to do it, and we were ready to do it. We were able to find a way, but we didn't have to, so I guess we didn't."

That really told me that there are many, many areas – and I think we know of many areas – where we could find savings without having a tremendous negative impact on front-line services. In fact,

there may be areas – I suspect there are – where we can ask the tremendous public servants in our province to innovate in how they deliver those services and to have an incentive to do so because they realize they have to do more with those scarce resources.

So what's the impact of this whole plan? The impact, of course, in the absolute best-case scenario is \$96 billion in debt by the time this government's purported plan to balance would actually happen. The fascinating thing, of course, is that – and I hope this comment isn't out of order – that number is nowhere in the budget. That \$96 billion number is nowhere in the budget. We all had to do a little bit of arithmetic and ask the department and cajole, and eventually it came out that, well, it's going to be \$96 billion by the time we actually think we might possibly balance. Remembering that that, quote, unquote, plan to balance is really based on an awful lot of things going right, an awful lot of things going well.

One of those things is the personal income taxes and corporate income taxes going up substantially over the next five years whereas under this government the tax take, notwithstanding the fact that the taxes have been raised by this government, the actual take to the treasury, has gone down every year. It's lower than it was when this government took office because of the cumulative impact of all of the negative policies impacting the investment climate in this province. So to think that those corporate and personal income tax rates are going to go up by 40 per cent or more is fantasy.

So here we are \$96 billion in debt, at the very best. The government has tried to dress that up by looking at not debt to GDP like they've done in past budgets, but they've gone to net debt to GDP, again trying to pull the wool over the eyes of Albertans. I remember cracking open the budget in the embargo, and the first thing I went to look for was the debt to GDP numbers, and I couldn't find them. This budget was different. This budget is net debt to GDP. The table on page 11 is net debt to GDP this year, and last year it was debt to GDP. If I had the budget documents here, I would gladly show the Finance minister exactly what I'm talking about. That was yet another attempt to really hide the true scale of the problem.

It looks like my hon. colleague from Olds-Didsbury-Three Hills is sharing a copy of the budget with me, so as I talk, I can flip the pages, and we can go through it and actually have a look for it. Unfortunately, the one volume I need isn't in this pile. The fiscal plan, Olds-Didsbury-Three Hills, if you could bring that. He tried to be helpful. Not that helpful. I appreciate the effort, though.

Then was it just a week or so ago that the Auditor General released his leaving report? It is a fascinating read. I would hope that every member has had an opportunity to not just read the summary but to read the entire document. One of the things the Auditor General talks about is the scale of the debt problem we're going to have by the year 2021, not even by 2023, when this government purports to possibly, maybe, sort of, hopefully, possibly, maybe balance the budget.

The Auditor General talked about that to pay off the amount of debt that this government will have accumulated by 2021, we would need to have a surplus of \$3 billion a year for 25 straight years, and we would need an additional \$1 billion or \$2 billion over and above that to simply maintain the level of infrastructure that we currently have, not to add more, just to maintain it. So that would be surpluses of \$4 billion to \$5 billion for 25 straight years. That is the scale of the problem that we have in this province, so we have a day of reckoning coming, unfortunately, sooner rather than later.

The only plan I can think of that may be worse than the government's plan would be the UCP's plan, except that we don't really know their plan because they haven't shared a plan with us. They have done a lot of arm waving and made a lot of noise about

it, but we don't know what their plan is. They're unwilling to share that with Albertans. I've said it many times in this House, and I'll say it yet again. The job of those of us in opposition is not just to oppose government, not just to stand up against every single thing the government does. That is half the job. The other half of the job is to propose ideas. The Alberta Party has always been very, very clear about what we would do. We bring our shadow budgets out. We share with Albertans what our ideas are and allow those Albertans to then tell us what they think. That's what I think good governance and good opposition is.

8:00

This government has firmly kept us on the resource revenue roller coaster. Now, they talk about getting us off that. The problem we have in this province is not so much an economic diversification problem. Alberta's economy, if you look at the actual underlying numbers, is one of the more diversified economies in the country. We actually have a relatively well-diversified economy. We certainly do very well on the oil and gas side. We have a lot of tremendous economic activity, a lot of jobs created in the oil and gas sector, and that's a wonderful, wonderful thing. Long may it continue, and long may that growth continue. But our economy in Alberta is relatively diversified. What isn't well diversified are government revenue sources, and this government has done nothing to grow the pie.

Mr. Ceci: PITs and CITs.

Mr. Clark: The minister is asking me about corporate and personal income tax. Although you've raised the rates, Minister, the actual amount of money that's being brought in by PIT and CIT is lower than it was when you came in. It has had a negative effect. [interjections]

The Deputy Chair: Hon. members, I know we started in committee, but if we could please respect the speaker and at least keep the tone of the conversations down.

Thank you.

Mr. Clark: Thank you very much, Madam Chair. I'll conclude by saying that notwithstanding the fact that I will be voting against the appropriation bill, I'm voting against the budget as a whole because I don't think the budget in the aggregate took the right tack.

I will say proudly that in the Alberta Party caucus we did vote in favour of four ministries. The budget for Children's Services: I was very pleased to see that that was increased quite substantially as a result of the work we did on the Ministerial Panel on Child Intervention. The Education budget: interestingly, Madam Chair, the Alberta Party in our shadow budget would actually spend more on K to 12 education than this government has proposed. Having said that, I did vote in favour of the Education budget because I think that if there is anything we ought to be doing, it's investing in education. The same applies, then, to postsecondary, which is why we supported that.

Perhaps the most curious line item of the budget that the Alberta Party supported and that the UCP did not was Justice. The UCP has talked a lot about the rural crime crisis, and it is a crisis in many communities. There has been more money put into the budget. Whether it's enough, that remains to be seen. I can tell you that that is a huge challenge all around the province. But we in the Alberta Party voted in favour of the Justice budget because of the fact that additional investments had been made to try to address rural crime in particular.

Those four ministries we can support and did support, but overall the opportunities to find even a modicum of savings, particularly in health care, which is by far the largest budget – and if we want to tackle the fiscal challenges facing our province, we must find savings in health care. We must find meaningful efficiencies, and we must move towards wellness, with less focus on acute care. At the same time, we need to address waiting lists. We need to address the challenges posed by ensuring that seniors are healthy into later life, also recognizing that as we age, we will use more health care services, and how we can keep people healthier longer in community as best we can. I didn't feel that in this budget there was nearly enough emphasis or focus on that.

I didn't feel that there was nearly enough emphasis or focus on housing. Very interestingly, in estimates we discovered that the vaunted five-year plan to spend \$1.2 billion on affordable housing has turned, magically, into a seven-year plan because the government just simply hasn't been able to organize itself well enough to get those dollars out the door on the housing side. Same thing on the long-term care side. The government has taken a government-first approach as opposed to partnering with the not-for-profit community. That not only costs us more tax dollars in the short term, tax dollars that we don't have – so we have to borrow – but it also takes longer to build. I can tell you that it greatly frustrates the not-for-profit community, which you would think would be a natural ally of this government. Unfortunately, they have really left those groups in the lurch.

In the end, Madam Chair, as much as we did support four areas of this budget, we're unable to support it in the aggregate. Thank you very much.

The Deputy Chair: Thank you, hon. member.

Are there any other members wishing to speak?

Seeing none, are you ready for the question on Bill 15, the Appropriation Act, 2018?

Hon. Members: Question.

[The clauses of Bill 15 agreed to]

[Title and preamble agreed to]

The Deputy Chair: Shall the bill be reported? Are you agreed?

Hon. Members: Agreed.

The Deputy Chair: Opposed? Carried.

The hon. Deputy Government House Leader.

Mr. Feehan: I think it's time for us to rise and report.

[Motion carried]

[Ms Sweet in the chair]

The Acting Speaker: The hon. Member for Wetaskiwin-Camrose.

Mr. Hinkley: Thank you, Madam Speaker. The Committee of the Whole has had under consideration a certain bill. The committee reports the following bill: Bill 15.

The Acting Speaker: Thank you, hon. member.

Does the Assembly concur with the report? All in favour, please say aye.

Hon. Members: Aye.

The Acting Speaker: Opposed, please say no. So ordered.

Government Bills and Orders

Second Reading

Bill 10

An Act to Enable Clean Energy Improvements

[Adjourned debate May 1: Mr. Panda]

The Acting Speaker: Are there any members wishing to speak to Bill 10? The hon. Member for Grande Prairie-Wapiti.

Mr. Drysdale: Thank you, Madam Speaker. I rise today to speak to Bill 10, An Act to Enable Clean Energy Improvements. This bill creates the property assessed clean energy program, which I will call by its acronym, PACE. Bill 10 will let municipalities approve a bylaw to put a PACE program in place for their communities. Basically, it's a home improvement program. If a homeowner were to take advantage of it, the repayment would be collected through their municipal tax bill.

[The Speaker in the chair]

Madam Speaker, that sounds simple, but it's not. In fact, it can come with all kinds of problems, and I would argue that it is inadvisable and completely unnecessary as well. Thankfully, PACE is not mandatory. Municipalities can choose not to create the enabling bylaw, and there's little compelling reason for them to do so. Bill 10 is vague, and that means municipalities may never know exactly what they are signing up for with PACE. Bill 10 claims that Energy Efficiency Alberta, the agency that brought us the free light bulbs and people who will come to your home and screw them in for you, will administer PACE. But nowhere in Bill 10 is Energy Efficiency Alberta mentioned. Like with almost every other detail, administration will be filled in later in regulations, which occur in the department and are eventually approved by cabinet.

One thing that is clear in Bill 10 is that PACE involves an energy improvement agreement between the municipalities and the property owner, and the municipality collects it through the homeowner's property taxes. What happens if the homeowner can't pay the taxes due to the PACE assessment? Will the municipality be on the hook to cover the tax deficit? And if the municipality isn't ultimately responsible, if, say, a financial lender is, does the municipality have to come up with the funds if the homeowner can't?

8:10

There's always the possibility that the municipality will have to put the home up for a tax sale to recover the money, and there are a whole lot of other costs involved for the municipality in doing that. These questions just aren't answered in the bill. Any time there is a potential cost to a municipality, there's a risk to taxpayers. Thankfully, most municipalities are cautious guardians, and for that reason they're unlikely to subscribe to this newest NDP program.

Let me also point out that there must be a risk to municipalities because Bill 10 exempts municipal borrowing from its debt limit. So somehow the loans must count as municipal debt. Once again, that means a risk to local residents.

Because we know nothing about how this program will work, let's also look at the possibility that it is totally administered through the province, with no risk to the municipality. Should homeowners default, the losses would have to be picked up by the province, which means all Alberta taxpayers. So does it really make any difference where the risk falls? It ultimately falls to taxpayers.

Furthermore, PACE is unnecessary because homeowners have many options for borrowing to make their home energy efficient. Just like any home improvement program, they can do it through

their mortgage or get a line of credit or a loan through their banking institution. In other words, we do not need PACE.

Its only purpose might be to assist homeowners who cannot get a line of credit, a loan, or extend their mortgage through their bank. In that case, the homeowner may not be in a financial position to be requesting it. If the financial institutions won't lend them money because they haven't got the means to pay it, it doesn't give them the means to pay it on the taxes. Then they'll default, and the municipality will be, again, on the hook for all the extra costs that go with that. If they can afford to pay it on their taxes, they can afford to pay it on their mortgage, in fact even more so because PACE is only over 10 years whereas with a mortgage you could spread it over 20 years, so it would actually be a smaller payment. So if they can't afford it on their mortgage, they can't afford it on their taxes, for sure. Once again, that points to the likelihood of not being able to pay it back and leaving the taxpayer on the hook.

Mr. Speaker, this NDP government does not seem to respect the intelligence of Albertans to know what's best for them. Albertans know that energy efficiency in their home is beneficial both financially because it lowers their costs and because it's the right thing to do for our environment. They have lots of options for making it happen. Let's just respect them and let them make their own choices.

Thank you.

The Speaker: Are there any members under 29(2)(a)? The Minister of Municipal Affairs.

Mr. S. Anderson: Holy moly. I respect the individual across the way immensely. Where do I start? There is a lot to unpack in that. I'll try to be fairly straightforward.

First off, I respect the opinions and the intelligence of the ratepayers and the people of Alberta, especially since they asked me for this. Municipalities across the province have asked me for this. Builders, developers, contractors – you name it, Mr. Speaker – have asked me for this consistently.

You can look to see different jurisdictions across North America where this has happened. Ontario has it – we're going in a little bit different way than they have – and the same with Nova Scotia. Down in the United States 33 states have it; that's Democratic and Republican states. They have brought in I believe the figure is over \$6 billion in economic development down there.

When we're talking about PACE, we're talking about the opportunity for everybody to be involved in energy efficiency. The member talked about not having the ability. Great point. Great point. You know, some people talk about solar and how it's expensive. Well, guess what? It's gone down a lot because China has put hundreds of billions of dollars into it and brought it down, which is beneficial to us. That being said, it's still pretty expensive, and the upfront costs are usually the problem with these types of programs. It's really hard to get involved. With PACE, not only are you able to get involved with solar but energy-efficient windows, insulation, water conservation. There's a multitude of things that you can do with this. It's spread out over a long period of time, and it stays with the property, which actually ups the resale value.

Speaking of resale value, recently I've been talking to a lot of realtors who are quite excited about this. Honestly, Mr. Speaker, they know that building in the future, in 2030, I think – I might have the year wrong – is going to be net zero. Realtors are excited about it, builders are excited about it and contractors because it gives them an opportunity to get a leg up on other provinces.

The Speaker: Hon. minister, you're going to direct your question to . . .

Mr. S. Anderson: Through you, Mr. Speaker, to the member. I'm trying to enlighten him on some of the things. Like I said, I respect the member immensely. He's a fantastic individual, but I think he's been given some information that's not quite correct, to be honest with you.

The other thing about this is that he talked about choice. There was a comment about choice. What this is about is individual choice of the property owner. Pretty simple. It's not the government mandating; it's the government enabling municipalities to bring forward a bylaw that will let them do this. I mean, it is pretty simple, to be honest.

That being said, there are some things that we have to work out. This legislation is the framework. Do we have a decent amount of the information worked out? Sure, because there are a lot of people around the world that have been working on this type of legislation, so we have great examples. But as Municipal Affairs always does – and we've been told that we have the gold standard of consultation, which I'll take every day of the week and I continue to push my staff to do – we are going to consult with builders, homeowners, realtors, everybody who this touches, contractors. You name it, and we're probably going to be talking to them. All those finer details on what I've said initially are going to be worked out through the coming months so this legislation can be brought back in the fall to do it right the first time, as my dad always said.

If there are some other questions or some other things that the opposition members would like to know, great. Ask the questions. But I would appreciate it if they didn't disparage what the program is – it's a great program – on lack of information. This is a nonpartisan conversation, Mr. Speaker. It really is. This is something that's going to benefit all Albertans. It doesn't matter if you're in an urban area or a rural area. Farmers, builders, property owners of all sorts are going to benefit from this.

I would gladly like to hear their questions, and I would really appreciate standing up and giving them some answers when I can. If I don't have the answer, as I've always said to people, I will find it for you. I have no issues with that.

Thank you.

The Speaker: Hon. member, any additional comments?

Mr. Drysdale: I think there was a question there. I'll try and respond. I have respect for this minister, too, but we're still in . . .

The Speaker: The hon. Minister of Advanced Education.

Mr. Schmidt: Thank you, Mr. Speaker. I really appreciate the look of delight that comes across your face when I stand up to speak in this House.

The Speaker: You should see it in daylight.

Mr. Schmidt: Yeah. The sense of calm and peace and relief that comes over your face just brings me joy.

It's my pleasure to rise to speak in favour of Bill 10, An Act to Enable Clean Energy Improvements. First of all, I want to thank the Minister of Municipal Affairs for bringing forward this piece of legislation and for passionately defending it. I know that he got a little excited in his response to the Member for Grande Prairie-Wapiti's speech, which is unusual for the Minister of Municipal Affairs. He's not normally a very excitable person, Mr. Speaker.

But on this issue he has been passionate. In fact, I remember the first time that I ever sat down and had a one-to-one conversation with the Member for Leduc-Beaumont, the current Minister of Municipal Affairs. He and I talked about what was important to him. What did he want to achieve in his time in office? The first

thing that came to him and that we talked about was energy efficiency and clean energy development. This is something that the Minister of Municipal Affairs has worked on from day one. I am so proud of him that this bill is before this Legislature and that he's going to make a significant impact on the development of clean energy and energy efficiency measures in this province. He will leave behind a strong legacy of renewable energy and energy efficiency in this province. He should be proud of the work that he's done. His children should be proud of the work that he's done. It will have a significant positive impact on the people of this province, so I'm grateful that he's done such good work on this issue.

8:20

I'm also grateful because I represent the constituency of Edmonton-Gold Bar, which is the most humble constituency in the entire province of Alberta, Mr. Speaker. One of the things about the neighbourhoods that I am privileged to represent is that these are urban neighbourhoods that were constructed between the end of World War II and the middle of the 1960s. Certainly, the baby boom generation and their parents were the ones who built and lived in these neighbourhoods originally. What that means is that we have thousands of single residential dwellings that were built between 1945 and 1965 that aren't exactly up to the standards of energy efficiency that we would expect from a new house these days. There are thousands of individual bungalows that have poor insulation, maybe some leaky, drafty basements, leaky, drafty windows, not much insulation in the roof.

Certainly, Mr. Speaker, the first house that I bought in the neighbourhood and currently, to be honest, the house that I still live in is not particularly energy efficient. My family and I undertook to improve the energy efficiency of the house that we lived in. It was built in 1952, a small bungalow, a humble bungalow that didn't have much insulation in the walls, didn't have much insulation in the roof, and certainly had no insulation in the basement. It was uncomfortable to live there in the wintertime. It was draftier than the wind from the opposition side of this room and often got very cold. We undertook to improve the energy efficiency and the capacity to heat the house in the wintertime, so we upgraded the insulation in the walls, we upgraded the insulation in the roof, and we installed insulation in the basement. What a difference that made to not only my energy bills – my cost for heating and electricity went way down as a result – but the house was much more comfortable to live in as a result, especially in the wintertime.

But, Mr. Speaker, that undertaking came at considerable financial expense to my family and me. It was thousands of dollars to hire an energy efficiency expert to come in and do the assessment.

You know, just for the edification of the members of the House, we actually applied for grants from the federal government to upgrade energy efficiency measures in our house before the Member for Calgary-Lougheed and his wrecking crew had the opportunity to actually remove those grants. It's no surprise to me that the members opposite are opposed to this legislation. They have a storied history of defeating energy efficiency measures at the federal level and certainly not taking any action on it at the provincial level, so it's no surprise to me that they're doing so in this case.

But back to my story. We applied for some federal grants and city grants that allowed us to lower the cost of the energy efficiency upgrades that we undertook in our house, but it was still quite expensive. In fact, before we left that house, I'm not certain, Mr. Speaker, that we even earned back the investment that we made through savings on heat and electricity bills.

That's why it's so critical to have this kind of program, this PACE program, Mr. Speaker, because people can undertake the energy efficiency improvements that they want to take, but they don't have to pay the bill if they leave the house. That is one of the critical barriers that a lot of people in my neighbourhood face when they're considering making this kind of investment, because the payoff period for these energy efficiency investments is quite long, 20, 25 years, and in our modern, mobile age people don't tend to live in houses for that long. This way, people can choose to invest in these energy efficiency measures, and the bill is paid for as long as the people live in the house regardless of who the owner is. The benefits of those energy efficiency measures will stay with the owner of the house and will be paid for by the owner of the house.

Mr. Speaker, like I said, there are thousands and thousands of houses in my constituency, families who live in those houses in my constituency, who will stand to benefit from the implementation of this legislation because they're sitting on the fence right now. They're not sure if they can afford to make energy efficiency investments. You know, we all know that our government has made significant advances in making energy efficiency and clean energy more affordable for people of Alberta, but still it's tough for a lot of families in my neighbourhood to make all of that upfront investment to reduce their energy bills and to increase the energy efficiency of their homes.

This piece was the final missing piece – right? – to bring it all together. We can have a municipal loan program that will make it finally affordable and reduce the upfront cost, spread that out over the 20 or 25 years or however long the PACE loans are going to last so that families can go ahead and make these energy efficiency, renewable energy investments today, benefit from lower energy bills, lower heating bills, lower electricity bills today, and contribute to the development of renewable energy in our province today. The citizens of my riding have been talking to me, demanding this kind of legislation ever since the day I was elected, Mr. Speaker, and I'm proud that we're finally delivering on that promise because this is going to make life for the citizens of Edmonton-Gold Bar significantly better. I'm looking forward to seeing the number of energy efficiency upgrades and clean energy projects that will go up on residential properties as a result of this legislation.

You know, it will be interesting to just remind people of Edmonton-Gold Bar that all of this is at stake if the members opposite have the chance to form government at some point in the future. They've gotten up; they've spoken against this, right? I have no doubt that they are dedicated to repealing this as well as every other energy efficiency measure and every other clean energy measure that this government has undertaken for no reason other than they just don't think that it's the right thing to do. Like I said, they have a history of tearing down those programs when they made the federal government, when they comprised the federal government. They took no action on this issue when they were the provincial government, Mr. Speaker, and I'm sure that they would be more than happy to take the wrecking ball to all of these programs if given the chance.

The citizens of Edmonton-Gold Bar won't stand for it. They stand to benefit significantly from these kinds of programs that our government is undertaking. That's why they sent me here to do this job. That's one of the reasons that they sent me here to do this job, and I'm proud to say that we've done a really good job in representing their interests.

Mr. Speaker, I'm giving the whip the cold sweats, so I will take my seat, but I'm just proud to say that on behalf of the citizens of Edmonton-Gold Bar I will be voting in favour of this legislation.

The Speaker: Are there any questions for the hon. member under 29(2)(a)? The hon. Member for Chestermere-Rocky View.

Mrs. Aheer: Thank you, Mr. Speaker. I just wanted to give the Minister of Advanced Education a chance to just maybe clarify a few points. One thing: the minister said that in his own situation or in his own personal anecdote his solar panels or whatever it is that you've installed don't pay back for 25 years. As I understand it, this program is a 10-year-long program. Then you were saying as well – well, you can clarify it when it's your turn. Just to be clear, you won't see anything back or it doesn't pay back, if I'm quoting correctly – sorry; you can correct me – for 25 years because it won't reduce the bills in that amount of time. I'm not sure. There were a couple of contradictions.

Then at the same time, you're saying that the program that you're putting in, Mr. Speaker, is actually going to reduce people's bills but not in your particular situation for at least 25 years. It's a slight contradiction. I mean, if the Minister of Advanced Education was selling this to me, I would be very concerned because when he's speaking about it – again, they'll get their chance to correct me. If it's over a longer period of time, I apologize, but I just wanted to make sure.

8:30

On one hand, the minister is saying that the folks of his constituency will benefit from lower energy bills but not for 25 years. That's exactly what I heard. Then you said that the money won't come back to you. At one time you're saying that it's sufficient, that you're going to save money on that but that you won't see the payback for that for 25 years. As I said, if it was a sales pitch, I'd be really, really concerned.

So I'm going to give you an opportunity here. Please, Minister, if you could clarify exactly what you meant by that. There are several contradictions in what you just said.

The Speaker: The hon. Minister of Advanced Education.

Mr. Schmidt: Well, thank you, Mr. Speaker, and thank you to the member for the opportunity to clarify. In my own personal situation, we invested thousands of dollars to upgrade the insulation in my home, and then we moved away two or three years later. We absolutely saw a reduction in our heating and electricity bills the day after those insulation upgrades were completed. Every Albertan who makes those energy efficiency upgrades will see reductions in their heating and electricity bills immediately. The problem is, though, that in some cases you don't recoup those upfront costs for a number of years, and it will vary, depending on the cost of the energy efficiency upgrade that you've undertaken and the amount of reduction that you see in your bills.

For the member opposite to say that I didn't see any reduction in my heating bills and that you won't see anything paid off until after 20 or 25 years is completely wrong, Mr. Speaker, so I'm very glad that she gave me the opportunity to clarify this. I'm grateful that she's asking questions and genuinely seeking to understand my statements and what this bill is concerning. You know, I think that through asking these kinds of questions and offering people the opportunity to respond and clarify, we can have a better understanding of what we're discussing.

My hope, my dream, my true aspiration is that now that she understands exactly what it is that we're talking about with the legislation, she'll actually vote for it, Mr. Speaker. You know, we live in hope, I suppose, that the opposition is listening to the things that we're saying and reconsidering their positions based on the facts. I haven't seen it yet in the three years that we've been here, but anything can happen, I suppose.

So I hope that my statements were helpful to the Member for Chestermere-Rocky View. The Minister of Municipal Affairs and I are here to help. We're glad to clarify any questions that she or any other members across the way might have on this issue.

When you look at it closely, when you look at the energy efficiency investments and the financing options that we're providing through this legislation, it is quite clear that it provides an immediate benefit in reducing energy bills in households and that it provides an immediate benefit in lowering the financial barriers that Albertans face.

The Speaker: Thank you.

Are there any other members? The Member for Calgary-East.

Ms Luff: Thank you, Mr. Speaker. I'm hopeful that I can clarify some of the points that were made earlier in the day and also just now. I'm excited about this piece of legislation because this is a bill that is going to help diversify our economy. It'll increase energy efficiency, decrease greenhouse gas emissions, create jobs, and it's a very low-cost program. It costs the government very little and costs the taxpayer very little.

As has been mentioned previously, this is not a new idea. This is a program that's available in 20 states currently. Thirty-three states have enabling legislation, and 20 states have actual programs that are functioning. It's available in two other Canadian jurisdictions. I am somewhat disheartened to hear that the opposition is opposing this at this time because this is a bill that does a lot of things that they purport to be in favour of. It attracts private capital to the province, it creates jobs, and it upholds municipal autonomy. In the 20 states that currently have this program – and this was mentioned previously – it's generated over \$5 billion in investment and created over 50,000 jobs in the previous eight years that it's been in place.

I've heard some concerns that maybe this is something that Albertans aren't interested in, that it's not something that they've asked for, but in the conversations that I've had over the last, you know, couple of weeks since we've introduced this legislation, this is absolutely something that Albertans want. Everybody that I've talked to has said: of course, this is fabulous; this is a complete no-brainer. We're not forcing anybody to get new windows or solar panels. We're just proposing enabling legislation. It's legislation that gives municipalities the ability to pass a bylaw that will allow people and businesses to obtain a low-interest loan so that they can upgrade their homes and buildings in a way that increases energy efficiency and lowers carbon emissions, and then people can pay off that loan over a number of years on their property taxes, as has been mentioned previously.

The cost to install new windows or insulation or solar panels can be prohibitive for many homeowners, and this has been something, again, that was mentioned previously. A program like this encourages investment because of the number of people who can participate. When you have a large number of people who can participate and a large number of people who are willing to take up this kind of a program, what you can do is that you can increase investment because you have a lot of security for the loan. Private companies are interested in investing in this sort of thing because you're pooling your money across a large pool of investors. Because of this large pool of people who are interested, that can lead to a lower interest rate. Loans that have lower interest rates – these are loans that people will be able to obtain for lower interest rates, that should be lower than what any individual could secure on their own through their financial institution.

It's also important to note that these are loans that are available for a wide variety of upgrades. It was noted yesterday by the Member for Cardston-Taber-Warner that a program already exists

through Enmax that helps people install solar panels. Now, this is something that's true. It's something that I have actually looked into for my personal house, and when I looked at the program through Enmax, it didn't really make a lot of sense. He asked about what the difference was between PACE and this already existing program and whether or not a new program was required. The main difference, as far as I can see it, is that PACE is available for many upgrades, not just solar panels. It's available, like has been spoken about, to upgrade your insulation, upgrade your windows, upgrade your water heater, anything that's going to help make your house greener and more energy efficient, whereas the Enmax program is only available for solar panels.

The other difference, according to my understanding from when I did my research into the Enmax program, is that the options are that you can purchase the panels up front, or you can lease them and then purchase them at the end of the lease, and the lease may be over a number of years. So that's not really quite the same type of program as PACE.

In answer to his question yesterday, I would submit that PACE has a larger scope, so it's available for more types of upgrades. Also, it's more flexible for customers. It's not the same type of loan program and, as such, is not a replication.

Then in terms of this program being needed, I think it's important to note that right now the number one growth career in the United States, according to the Department of Labor, the job that's going to grow the most over the next 10 years, that's most in demand right now, is the job of a solar panel technician. That's the number one job in the United States right now, followed very closely by wind technicians and then a whole bunch of health care professions. We're in a time when people are looking for good jobs. I've heard folks in the opposition bemoan the fact that the number one group of folks right now that is having a difficult time accessing jobs is young men, particularly young men who don't have a ton of education. This is the kind of thing where you can do a program at SAIT. You can get a good-paying job that will last you for any number of years.

This is something that many organizations recognize and something that they're excited about. The Building Industry and Land Development Association said, "BILD Alberta is pleased to support the PACE program and the opportunity for Albertans to access energy efficiency upgrades with less financial burden." The Alberta Construction Association "feels strongly that PACE... [offers] a financially viable way to retrofit older buildings... [and] offers a method for investment which does not create costs to the taxpayer." SAIT said that they look forward to supporting PACE by creating "career-ready graduates immediately able to meet industry [needs] in the green and clean-tech sector." And both of the province's major cities support this legislation.

Another concern that comes up when discussing PACE programs is the resale value of houses that choose a PACE loan. This is something that I've heard previously in debate on this bill. One of the features of PACE is that it enables the attraction of low-interest investment, and the reason that it attracts that low-interest investment is because PACE is attached to the home and not the individual owner. As such, when it's attached to a building, it has less risk. That's one of the things that enables this program to attract low-interest investment. So it's quite fair to ask the question of whether choosing this type of loan will increase or decrease the value of your home and whether it will make your home easier or harder to sell. That's an absolutely fair question to ask.

8:40

PACE programs have existed in the U.S. for about 10 years now, and there has been some research done on this issue. Overall, the

general consensus is that PACE loans increase the value of your home. According to one study it said that PACE homes have a higher sale price than would be expected using regular home price projections. For comparable houses in the same market a PACE home would actually fetch a higher resale value than a home that didn't have a PACE loan attached to it because people recognize that there's a value in having these energy efficiency upgrades made to your home.

The same study also cited that "homes with PACE loans fully kept up with . . . price appreciation in the area, after taking account of . . . financing cost and improvements, regardless of the price index used." This study took into account what the cost of the loan was and then looked at the cost of appreciation of homes in the area, and once they factored in the cost of what someone spent on a loan, the house after a certain number of years actually fetched a higher purchase price than it would have if it didn't have a PACE loan attached. So that's an attempt to address that question.

A third question that I've heard asked is whether the savings generated by the upgrades will be worth the costs, and this speaks a little bit to what the Member for Chestermere-Rocky View was addressing moments ago. It's true that large chunks of our power bills are somewhat fixed. There's not much that you can do about distribution costs. The distribution costs on your power bill: a portion of those are variable costs, but a portion of those are fixed, and as long as you're attached to the grid, you're probably going to pay a pretty similar distribution cost. However, many of the other costs that are part of your power bill are actually directly related to your consumption.

I was speaking with a gentleman just over the dinner break, actually, who had recently put solar panels on his house, and one of the things that he noticed when he put the solar panels on was that not only did the energy consumption portion of his bill decrease, but other portions of his bill decreased as well. That's because transmission costs, although a lot of people associate it with being fixed costs, are actually one hundred per cent based on your consumption. So if you halve your amount of consumption, you also halve your transmission costs.

Currently in Alberta your transmission costs are, I think, around \$27 a megawatt hour. The average house in Alberta uses about 600 kilowatt hours of energy. So if you halve your energy costs, you halve your transmission costs. Right now just on transmission costs alone – I'm not talking about energy consumption, not talking about carbon levy, not talking about distribution costs, just your transmission costs – that would save you about \$15 dollars a month, and that's just one of three components in your energy bill that are based on usage.

I mean, I think it's absolutely reasonable for anybody looking into this type of loan to consider how much the upgrades will save them. For transmission costs, if that's about \$15 a month, that's \$180 a year. And that's just one portion. You know, your consumption costs might go down, other costs might go down, your house is more comfortable, a variety of things.

You know, I've heard people speak about: are we allowing Albertans the choice? We're absolutely allowing Albertans the choice. I trust Albertans to do their research before they take out this type of a loan and look at: "Is this loan going to save me money? Is this loan going to make my house more efficient? Is it going to make my house more comfortable? Am I doing this because I'm interested in saving carbon emissions? Am I doing this because I'm interested in saving money?" Like, these are all things that I trust Albertans to look at when they're looking at this type of loan and to make educated choices moving forward. It's relatively easy to judge what the upgrades are going to reduce in your consumption and therefore what your bill is going to be reduced by.

I mean, to summarize, I think that this bill is exciting. It's forward looking, it's innovative, it's low cost, and it fills a gap that currently exists by removing the largest barrier to the uptake of energy efficiency upgrades. Home solar: the large upfront costs are why people don't do it, because it costs a lot of money. We're not forcing anyone to make this choice. We're just enabling them to choose to take out a low-interest loan that'll be attached to their home, not to themselves personally, and will allow them to make energy efficiency upgrades.

In the process it will create jobs, it will lower carbon emissions, it will bring diversification to the province, and it doesn't really cost anything. I don't understand why anyone would oppose this. It's very confusing to me why anyone would oppose this.

I look forward to speaking to this in more detail going forward in third reading, and I encourage everyone to support this in second reading. Thank you.

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

Mr. Hunter: Thank you, Mr. Speaker. I was interested in the comments by the Member for Calgary-East. I just have a few questions, if she can give us some clarity on this. First of all, she said that it is very little cost to taxpayers. I guess the question I have is: has there been a study done on what the cost is going to be? Obviously, she mentioned that there were other states down in the United States, and Ontario is doing this right now. If she could provide this side of the House with that information so we can know the cost of implementation, I think that would be very helpful.

I was trying to follow the math. I apologize. I got the \$15 part, the third part of it, but I didn't get the first two parts. When I was looking at this, I was thinking. You know, I actually have been very interested in green energy for my own house, and I have looked at especially the solar panels as an option, Mr. Speaker. The first thing I looked at was: what is the return on investment? The cost that it will be for the capital outlay: how long will it take to actually have that paid back? When I looked at it, I thought: okay; well, there is a portion of my electricity bill that's the retail part, and then you've got distribution, and transmission is the other part. The distribution and transmission I found were about 50 per cent of the cost of my electricity bill. But on the retail side there was also a fixed cost to that because I'm on a floating rate. But that floating rate part was what I could actually use as savings. I would use that floating rate, and then that would be applied to the cost of whatever that capital cost outlay would be.

I worked it out – I was very, very liberal with this – and it was about \$100 a month. So if we work it out at \$100 a month, it would work out to, obviously, \$1,200 a year, and it would take me 25 years to be able to see the realization of the capital cost that I'd be outlaying. I was thinking, you know, that Enmax does do that. I don't know if they actually amortize it over the 25 years. It might be 10 years. I talked to a couple of people who've done it, but I can't remember if it was 10 years or 25 years.

When the Member for Calgary-East talks about immediate savings, you might see less in terms of your electricity bill, but you also have to take into consideration the capital cost that you're paying back, whether it's through the banks, through a HELOC, through Enmax, or, in this case, through property taxes. The question that's always been in my mind is: is there actually a cost saving when you take into consideration that capital outlay that you still have to pay back? That's the second question, Mr. Speaker.

You know what? I have a couple of other questions. I can see you're getting antsy and making sure that I get those questions

asked. So I will ask those two questions and hope that the member can give me some clarity on those.

The Speaker: Great. Thank you.

The hon. member.

Ms Luff: Yeah. For sure. I'm so happy to attempt to answer some of those questions. I mean, in regard to the first I did say that the cost to the province would be low. My understanding at this time is that Energy Efficiency Alberta, which would be the administrator of the program, feels that they don't need any additional staff to administer this program, so at the current juncture it would be no cost. But, I mean, that remains to be seen going forward.

It's a good question. Again, our model isn't the same as Ontario's model. These are things that we'd have to look at going forward. But, overall, it's going to cost maybe, tops, a couple of full-time equivalent folks who can administer the program.

Then in terms of energy savings, like I said, I trust Albertans to look at, like you did, what those savings are going to be. The uptake of the program depends not only on cost savings. Most Albertans are, you know, financially minded and want to make sure that their investments count, so I would trust that most of them would look at it. The gentleman, again, who I spoke with tonight cited that his transmission cost went down. His electricity cost went down. He said that he generated about a kilowatt hour a day. That's with his solar panels, right? But it's not just solar panels. It's other things.

8:50

The Speaker: Thank you, hon. member.

The hon. Member for Little Bow.

Mr. Schneider: Thank you, Mr. Speaker. Actually, I have "Madam Speaker" written here because I was going to speak this morning, but you look like a Mr. Speaker to me.

It is always a pleasure to rise in this Chamber and speak to legislation that affects all Albertans. It is the reason that we were elected, to bring the voices of those that we represent into this Chamber to be heard. Today we speak to Bill 10, An Act to Enable Clean Energy Improvements. Now, Bill 10 was introduced to let municipalities establish a program that would help private property owners make energy efficiency upgrades. This bill allows or enables municipalities to pass a bylaw, a bylaw which creates the property assessed clean energy program, or the acronym is PACE. Now, the intent of the bill is to provide a mechanism for property owners to finance affordable energy efficiency, renewable energy, and water conservation projects or upgrades to their property. The idea is that the municipality would front the cost of the upgrade, and the property owner would pay for said upgrade over time through their municipal tax bill, annually.

This property assessed clean energy program at the end of the day is a financing tool, a financing tool which building owners and developers can use to upgrade their buildings' energy performance, a financing tool which will allow those same entities to also install renewable energy systems, and a tool to be used to reduce consumption, all with no money down to the entities involved. The financing of those items that I just mentioned, being upgrades to their buildings, energy performance, and installing renewable energy systems as a tool to reduce consumption, is borne by the municipality.

You know, I think that there are likely a lot of people that reside in this province that would love to have major upgrades to their homes and not have to front any of the initial money to do it. Those of us that own homes are always looking at our properties and looking at projects that we believe need to be done around the property, and people are, I believe, generally interested in trying to

have their home more energy efficient, to the point where they may actually save money on their energy bill by pursuing green energy initiatives. But it usually comes down to being able to afford renovations like this.

I guess the question, then, becomes: is it really government's responsibility to encourage homeowners to invest in certain capital projects or to regulate the market to allow these renovations to take place? Is it really the government's job to do its best to direct a citizen to buy such green energy projects? I just wonder. I wonder if it's more the government's job to try to make circumstances in Alberta such that individual citizens can have an opportunity to prosper in their own right.

What the government information that I could find actually refers to is that it is somewhat widely believed that there may be barriers preventing a property owner from doing upgrades such as those I've just mentioned. It seems that the government believes – and it's probably true – that the biggest barrier to any of this that may stand in the way of a property owner actually going ahead with these projects is money, the initial investment, of course, cash on the barrelhead.

I guess, Mr. Speaker, that assumption may very well be true. I'm sure that it could be said that there is a portion of the population of the province that could indeed find it tough to come up with the wherewithal to pay tens of thousands of dollars to mount solar panels from one edge of their roof to the other, to have a company come into their yard and begin digging to install the mechanisms required to convert to a geothermal system of heating, to begin the process of replacing all the windows in one's home with windows that are more energy efficient, and, of course, potentially beginning the process of adding more insulation or adding insulation to certain areas of a building so as to keep the weather out and the climate in, so to speak.

I'm just going to stop there for a moment. Last night, as I was preparing this speech, I reached out to a chief administrative officer of a municipality. Now, I asked this person if there had been any opportunity for that person to hear of Bill 10 and how it is supposed to work and what it is meant to do. This person told me that this initiative had indeed been seen in a newspaper. The concern from the person was the fact that the government is saying that they will pass the bill and then consult with municipalities about putting forward a regulation with respect to the act.

I guess, you know, here we go again, Mr. Speaker. The government will pass the bill and then consult with municipalities about putting forward a regulation with regard to the act. And the chuckling starts. I don't know how many times I or my colleagues on this side of the House have actually stood in this Chamber and had to reiterate those same words. The government is going to pass a bill, then seek to consult with those that it affects. Folks, I don't know how many times, how many more times, we will have to say to this government before they catch on: but you get this backwards every time.

The generally accepted way of consulting with a municipality or anyone who is going to be affected by a proposed piece of legislation is to do the consulting first so that you actually can get a feel for what in this case is the municipalities and what they're thinking. You actually get a better feel for what could be considered your partners in this piece of legislation. But, instead, as has happened many times before, it appears that the government has done their due diligence backwards.

Anyway, this chief administrative officer that I was speaking with last night, that I took the time to consult with: this person talked about the time and energy needed to pass a bylaw in a municipality so that Bill 10 could actually even be used in a said municipality. Now, I've had the privilege to be involved with the

passing of bylaws in a municipality. It is very technical work for staff, and it can be somewhat time intense to draft a meaningful bylaw.

It's one thing to send staff into a room and gather data and spend a bunch of time preparing a potential bylaw, which is costly by itself, but then to have legal counsel review the infinite minute details, which must be as close to flawless as is achievable in order to have an infallible bylaw, all of those actions add infinitely more cost to the project. This all must be completed before a bylaw is ready to be presented to the public, which starts another, different set of actions to begin to complete the bylaw process.

Consider a municipal tax roll and the traditional assessment that has been in place for such a long time, which, in turn, creates that tax roll. Consider the major changes proposed here to that existing system. Simply writing a bylaw is not the extent of what is to be considered for a municipality when it comes to Bill 10.

The last comment that the chief administrative officer made was how disappointing it was that the government actually thought that municipalities have the staff in place that it takes to be the bankers and administrators of this kind of thing, another download of expense to the municipalities, that are actually, if things were running right in this province, supposed to be partners of government.

But, Madam Speaker – Mr. Speaker – I do tend to digress. I apologize, sir. I just wanted it to be perfectly clear to all in this Chamber this evening that I did my best to consult with an entity which will actually be affected by Bill 10 should it indeed pass through this House. [interjections]

I will get back to the workings of this Bill, which I'm sure the gentleman that's making all the comments on the other side of the House knows all about. This thing that tends to concern many of us on this side of the House is that a lot of details of how this whole thing is supposed to work are being left out of the bill, left out of the bill that is presented to us in this House so that we can debate it, which, of course, means that the details will be left to regulation. Now, we all know – probably most Albertans don't – that regulation isn't debated here in this House. It's debated around the Executive Council table, which, at the end of the day, asks all opposition MLAs here to trust government: just trust us, and we'll get this right.

9:00

Something else that gives some apprehension to those of us in the Official Opposition is the question about the property that this PACE program is involved with and the owner that decides to sell that property. What responsibilities will be placed on the owners of property that have a PACE program if they decide to sell? Will it be the obligation of the owner of the property with the PACE program attached to clearly indicate that there is this extra tax that's committed to the property? Will this be the responsibility of the seller? I mean, none of that's clear.

An Hon. Member: Yes.

Mr. Schneider: Yes, it will be. I'm just told that it will.

And what about the potential of selling a property with the PACE program attached, being that the program hasn't been around in the past? I understand that it's in 30-some states in the United States and in Ontario.

An Hon. Member: Nova Scotia.

Mr. Schneider: Nova Scotia. Okay.

An Hon. Member: Both of them.

Mr. Schneider: And what about the potential buyer of a property that's involved with the PACE program? Of course, I assume that it will be a buyer's obligation to completely understand exactly what he's buying, as is traditional, and the potential additional tax for how long the additional tax will be added, et cetera, et cetera, et cetera.

But, folks, all of this stuff is left to regulation. Nothing in this Bill 10 document spends any time explaining to those of us that are charged with debating the bill that there is some kind of insurance of transparency when selling a property with a PACE property tax attached.

You know, if we consider that this PACE program is very new, not common in this province, for sure – and now it sounds like we may have two other provinces, so it's not terribly common in Canada, for that matter. It seems to me that it is highly unlikely that Albertans will know that such a beast even exists for some time to come. I wonder how many complications and lawsuits and issues that will cause folks that are buying and selling properties with a PACE program attached to them.

You know, there is another point here that needs to be mentioned. The government has stated that they intend for Energy Efficiency Alberta to be the administrator of this property assessed clean energy program, not the municipality. However, Energy Efficiency Alberta is not once mentioned in the legislation before us. As I mentioned, all administrative provisions for the program are being left to regulations, so once again we don't get a chance to debate or have input on provisions such as this. Also, there's nothing in Bill 10 that prevents a municipality from deciding to administer the program themselves. So I guess a question is: will this be a possibility? I wonder: will a municipality be able to hire someone to administer the program and potentially make a buck doing it? We don't know if that's a possibility or not because it isn't in the legislation. Some municipalities might like an idea like that.

I guess I've spent a lot of time here in the last 10 or 15 minutes talking about what I would consider the cons of Bill 10, and it's the job of the Official Opposition to hold the government to account and, certainly, to debate legislation. The NDP have been opposition members for most of their tenure in Alberta, so I believe they understand what the job of our Official Opposition entails.

But I would be remiss if I didn't take a few minutes to mention what I would call some of the pros of Bill 10. Now, I do like the idea that this program is completely voluntary for municipalities. They're not required to create a program, and Bill 10 does not force any municipality that doesn't wish to participate. It's beginning to look like the bill is supported by stakeholders, including BILD Alberta and the Alberta Construction Association. I think that the PACE program looks very similar in structure to a local improvement tax, which is already being utilized by many municipalities to improve roads in front of residences, et cetera. They're used for things like that in a lot of places in Alberta.

Mr. Speaker, I've spent 15 minutes or so talking about this Bill 10.

The Speaker: Thank you, hon. member.

The hon. Member for Livingstone-Macleod. Under 29(2)(a)

Mr. Stier: Yes. Thank you, Mr. Speaker. A pleasure to be here tonight. Good evening, all. Just a couple of comments and a question or two for the previous speaker, my colleague from Little Bow. It's interesting, some of the information we're getting here tonight regarding this bill. There seems to be a little bit of mixed information, especially on the part of the minister earlier as well, I noted, that might need some clarification. Perhaps you can shed a little light on it because you alluded to this in your talking points,

hon. colleague, and that is that there were earlier comments from the minister regarding how municipalities wanted this new program, that they were asking for this new program and they thought it was great. Yet it's kind of strange to me because the technical briefing I attended included a slide, which I believe you have on your desk right now, that indicates that that was not the case. We were at that technical briefing and took the notes. The Rural Municipalities association, as a matter of fact, said that they were not interested in administering this program and that they were not interested in being involved in the lending. I wonder if you could expand on that a little bit.

Secondly, I just was interested if you had heard at the last meeting of the Rural Municipalities association that there was a resolution regarding this and that a resolution to go forward with this idea failed. Perhaps you can expand on some of that, Colleague.

Thank you.

Mr. Schneider: Well, Mr. Speaker, I do have the slide in front of me. This is part of the presentation that was put forward by the Alberta government. All opposition members that wanted to be in attendance could be there. Indeed, the Member for Livingstone-Macleod talked about the Rural Municipalities association and the resolution that they had passed. It might have been today. It didn't pass, yeah. The resolution, of course, was whether or not they would support this PACE program for rural municipalities, and it did not pass. The membership determined that they didn't believe it was something their municipalities would be happy about.

What we did find out from the Rural Municipalities association just today was that municipalities are not interested in a lending role, you know, basically financing these upgrades. That's just something that they didn't want anything to do with. Even the mid-city municipalities, Mr. Speaker, are not interested in administering the program and incurring the administrative costs.

We talk about the municipalities. I'd kind of alluded to the fact that municipalities, in my opinion – because now I've spent time in both a municipal leadership role and as a provincial MLA. It always seemed to me that the municipalities should be almost considered partners with the province of Alberta. I know that municipalities feel sometimes that this is not the case. Yeah, as far as rural municipalities are concerned, it doesn't appear that they're too interested in the program.

The fact of the matter is, Mr. Speaker, that there are just a lot of unanswered questions and worries in this bill that make it very hard, certainly for me, to support in the way it's been presented. We are still only in second reading here, and as we move through the various stages of the bill, I'd like to think that we will get some sort of feel from the government side about answers to some of the questions that we've posed here and to questions that my colleagues have raised while we've been talking about Bill 10. Some of that's going on, and that's good. It's nice to be able to get some input from the minister as we ask questions throughout second reading.

9:10

Financing energy improvement to a property and paying back that financing through increased property taxes is indeed an interesting idea. I think there may be a few pitfalls that haven't been explored or experienced for obvious reasons, but it certainly is interesting. As I've stated, for reasons that I've already brought forward, Mr. Speaker, I cannot support Bill 10 as presented.

Thank you.

The Speaker: The hon. Minister of Infrastructure.

Ms Jansen: I listened with fascination to what, to me, was a 15-minute diatribe on consultation, and I thought it was kind of

fascinating because it flashed me back to another Bill 10. I remember that on that particular Bill 10, which made GSAs mandatory, when the NDP came into power, the Education minister had an opportunity to sit down with me. I sat across on the other side of the aisle, Mr. Speaker, and he still took the time to sit down with me to talk about putting a framework together for GSAs, which was consultation and wonderful.

At the same time, from the Member for Little Bow's constituency I began receiving a flood of correspondence from his constituents, who were literally begging for consultation on GSAs because they were so stressed out about it, literally begging me. So I took the opportunity to call some of this member's people in his constituency because I was, again, an opposition MLA, as was he, and I wondered why all of his constituents were coming to me as an opposition MLA. They told me, Mr. Speaker, that he wouldn't answer any of their calls. He wasn't interested in doing any consultation with them on gay-straight alliances, yet he stands here in this House and he chastises this government for a lack of consultation.

I just feel, Mr. Speaker, this cognitive dissonance.

The Speaker: Hon. minister, you're going to get to the topic of Bill 10, I hope, soon?

Ms Jansen: Certainly, on this bill, when we talk about this sort of behaviour, we have a leader who rages about his members having to face hostility in the House but runs away when the government seeks a bill that offers women in this province the same respect. This member stands up and rages about a lack of consultation when he refused to meet his constituents for that very thing over and over and over again. I have a thick file in my office, Mr. Speaker.

So I would suggest that perhaps this member might look in his own constituency and embrace the idea of consultation because it's his job, and he wasn't doing it.

The Speaker: Are there any questions or comments to the Minister of Infrastructure under 29(2)(a)?

Are there other members who wish to speak to Bill 10? The Member for Chestermere-Rocky View.

Mrs. Aheer: Thank you, Mr. Speaker. As always, it's such a pleasure to rise and speak to Bill 10, An Act to Enable Clean Energy Improvements. This legislation is going to enable municipalities to create property assessed clean energy, a.k.a. PACE programs, which provide property owners with a mechanism to finance energy efficiency, renewable energy, water conservation projects, which do not require any upfront investments but are paid off over a period of time by being tacked onto an individual's municipal tax bill.

A couple of things I just wanted to mention. The idea of solar, of course, to me is fantastic, and I think it's wonderful to provide opportunities for people to be able to do this kind of thing, but I wanted to clarify a couple of things, Mr. Speaker. Did you know that solar has enjoyed exponential growth without any government intervention? Since 2011, in fact, it's come down half in the cost. Part of that is due to the way that they build the solar panels. The silicon pieces that they use on there have significantly decreased in price. There are a lot more being imported. People are actually asking for them. They've significantly decreased.

They also produce a lot more energy. There are a whole bunch of factors that go into it. It's the angle that they're put at. It depends on a couple of things like location, location, location – that's a big deal – whether there's shade. There is the angle at which the solar panels sit, the size of them. Fortunately, in this province we have more sunny days than most places, so there is quite an opportunity. One of the best things about solar is that – this is with no

government incentive, Mr. Speaker – the payback is between 12 and 20 years, depending on location, depending on the angle of the solar panels, depending on shade, depending on many, many other factors. And even better than that, if you decide to participate in the feed-in tariff program, you are guaranteed a premium price on your solar. If you don't do that, it gets put back onto the grid, and you're paid back at the basic rate that you paid out in order to receive back. So there are a couple of different options.

As the Member for Calgary-East was saying, this is all about options, about choices for people. In fact – I know it's hard to believe – there already are a ton of them, a ton of options. In fact, I would think that by going through your own bank, you'd probably even have more options. Then, on top of that, you could have it put into your own mortgage. You can have it included in your bills. There are many, many different aspects on how you can do that.

But more than that, I'm curious. The government keeps wanting to become a bank, and I'm not quite sure why the government wants to become the bank. It's a very interesting process. We've seen this in a couple of different situations. [interjection] Well, exactly. You do own a bank. You could do it through ATB. That's a great idea, actually.

Here's the thing. The Member for Calgary-East brought up a few really good points about the costs of energy, and I just wanted to go over that a little bit. When you're talking about variable costs of energy, that equals your incremental costs, and those incremental costs are based on cost of delivery, cost of your energy, and also your local access. It all depends on location, orientation, all those kinds of things, and the impact of shading. There are a lot of different things that are included. She was actually mentioning, in terms of options that you have, also doing your research into this. As you can see, even just based on a very small discussion, it's kind of complicated.

I have a couple of questions, and maybe the minister will be able to answer these after. One of the things I wanted to find out is: is the government going to be providing – it's interesting. In the responses to municipal concerns the hon. Member for Little Bow had mentioned before that municipalities are not interested in administering programs and incurring administrative costs, and they're not interested in a lending role. So my question, then, is: was it absolutely imperative for this legislation to pass in order for a municipality to be able to participate in something like this? It seems to me that if they're not interested in administering the program or incurring administrative costs, then for you to create the legislation, Mr. Speaker, seems to be in contravention of the very things that they're looking at doing. I'm sure, being local – I mean, municipalities are the closest to the people. They actually have the pulse on their people. They know what's going on. They have, like, direct impact in the legislation that we bring forward. If they were able to do this and able to provide those loans and everything, I'm sure that if they thought that it was cost-effective, they would have done that.

The other thing that I wanted to ask, too. It says here, "It is envisioned that Energy Efficiency Alberta will administer the program." What does "envisioned" mean? Is it for sure going to go through Energy Efficiency Alberta or not? Maybe it's going to be somebody else or not. It also says here on the lending role: "It is envisioned that private capital" – okay – "will finance clean energy upgrades through agreements." So now if a person wants to go through this program, they're going to go through a private bank and then go through the government for the government to go back and make sure that these solar panels are paid for through the mortgage, the loan that the person took out from the bank and then to the government? Or maybe it's through Energy Efficiency Alberta. I can't quite figure it out. It sounds very complex. Maybe

there's a diagram. I'm a very visual person. I would love to see what this looks like in a diagram, because I would have a very, very difficult time explaining how this works.

9:20

Like I said, I have solar panels, so I understand how they work. I understand how it works on my mortgage. I understand the efficiencies. I understand what I gain from having those solar panels. I'm very grateful for them. But here's the thing. Solar panels are a depreciating asset. They're depreciating. The minute you put them up, it's like driving a car off the lot. And there's maintenance involved. If you live in Alberta, which we all do, we have dust and dust storms and gravel and hail and massive amounts of snow and many, many other things that impact the value. Actually, solar panels decrease by .5 per cent every year over 25 years, so your actual ability to recoup your costs does decrease over the years.

Is that included in the education package going along with getting this? I mean, I'm hoping, as the Member for Calgary-East had said, it's not a mandatory thing, right? A person can go and do their research and do all these things. Is the government, then, providing the companies that are going to be doing this, or do you just pick a company, any company you want? Let's say that the solar panels get put up and there's mould or there's leaking in your roof. These are heavy, large pieces of infrastructure that get put into your house. You cut holes out of your roof sometimes. You put them on your decks. You have all sorts of issues with elevations and weights with those solar panels there.

I'm curious about the loan. If something goes amiss and something goes wrong with those solar panels, then is the government on the hook for those, or is the person who bought into this program responsible not only for the maintenance of that but the depreciating asset? You can sell your house, saying that you have this wonderful asset, but if you're 20 years into your contract, five years away from having to replace those and still having to pay an extra \$6,000 a year in taxes in order to pay it off, I have a feeling that you are not going to get fully recouped on the house that you're trying to sell. I mean, those numbers just add up to me.

Like I said, I have them on my house. For some people, if they saw the way they were lined up across my deck, they'd think they were an eyesore. It might actually not be something that people like. I think they're nice, but other people may not. But that was the decision I made when I built those on there.

Mr. Speaker, I appreciate that it's going to be primarily urban municipalities that may be seeking this out. Maybe those are the municipalities that the minister talked to. I don't know. Like, I'm looking forward to seeing how this actually all works out. I mean, the bill has potential to do positive things, but the concerns are really, really big. When you take large chunks of legislation like this – I mean, it's very frustrating that it just seems so flippant, that it's just going to be easy. This is a really, really complex situation, you know.

The point is that this is, like, skeleton legislation. The interesting thing is that now the government is going to have this bill – and the minister is actually agreeing with me – skeleton legislation. All of the regulations are going to pass without any consultation with us or Albertans or the stakeholders.

Again, I need to understand how this works with the banks.

I'm interested, too. I mean, the government seems to think that they can add equity to people's houses through their property taxes, but there are so many things that can go wrong with this, and I think the government needs to have some understanding and some explanations as to how that's going to be handled. I think that if you look at the – you know, the devil is in the details, right? It always is. If you're looking at the financial logistics of this

legislation and protecting consumers – because on paper it sounds great. The homeowner is going to get all excited about wanting to install solar panels. If they didn't have the money up front, they could just roll the costs onto their property taxes and use it to pay it down. But how are we ensuring that the consumer is actually being protected?

Now that the government is involved, again I ask the question: is that any company, then, that can come in? Under normal circumstances I have a choice. I can pick my company. I will do the research. Also, because it's based on the market and my choice, it will also determine whether or not I give a green light to my friends and families and anybody else around me who may want to use these companies to do their own. And I can tell you that the people who did ours I've recommended a thousand times. A wonderful group of people. A wonderful group of people. And guess what? The companies are excellent at helping people find financing and understanding how to do it because they want their products out there. They want to see these things.

Oh. That was another interesting piece that I wanted to talk about. This was fun. The Minister of Municipal Affairs said that they had talked to builders and construction companies. Well, of course you're going to talk to builders. Who is going to benefit from this? Look at the cost benefit. A building company or a construction company can come in and charge whatever they want, and the government is just going to fund that? Like, do you have any regulations around how that's going to work? [interjections] It's really, really interesting. You know, everybody gets an A plus from me first; it's up to you whether you keep it.

But I'm interested. You know, the municipalities talk to the builders and the construction companies. I mean, these guys, like anybody else, have a right to and should be making a profit at what they're doing. It's a very complex thing to put solar panels onto a house. There are so many issues with sealing and making sure that they don't leak and making sure that they function appropriately. There's maintenance involved. I mean, the cost of installing them is just one teeny-weeny, little aspect. Is the government going to come up with another bill that's going to be a maintenance bill? We're on Bill 10. Bill 17 – I don't know – is going to be a maintenance bill to cover the cost of that, and you can go to another bank with that government and get your maintenance fees and costs for those problems. I'm just not sure, Mr. Speaker, because there's such a broad spectrum on this particular piece of legislation, and none of us are going to know about anything until the regulations come through.

On top of that, the municipalities, then, can or cannot decide to participate, but then they're not going to be responsible for the loan, so that goes back to the government. How does the government separate that from the mortgage? It's supposed to be on your property taxes. It's really super confusing.

Lookit, I really, really appreciate the intent.

An Hon. Member: You're sold, aren't you?

Mrs. Aheer: No.

I really appreciate the intent. I appreciate the idea of putting it in the property taxes. I really do. You know, there are so many things that we do with that with regard to recreation centres and roads and infrastructure and all these kinds of things. I do; I appreciate it. But this is a personal investment. I'm not investing in owning my piece of road out in front of my house. I don't pay only for my paving. I pay a portion of property taxes that pay for the entire paving of that entire area.

The Speaker: The hon. Minister of Municipal Affairs under 29(2)(a).

Mr. S. Anderson: Yes, Mr. Speaker. I'd like to try to answer some of the stuff here, unpack a little bit of this. I'll try to be clear as much as I can. There was a lot going on there that I've answered before. They seem to be asking the same questions. We've briefed them and their staff. I'm confused why they haven't gotten that proper research. But that's fine. I will try my best to help them.

Different things. One, I don't assume. I run on facts, data, and truth. That's what I do. I have 342 municipalities. Guess who I've talked to? All of the municipalities. I didn't talk to one CAO. Also, if they don't want it, it's their choice. They don't have to enable it. That's a nice part about this. It's the choice of the municipality, and it's the choice of the consumer. They don't have to do it. That's a really good thing. It's business friendly. I thought they liked business. This is business friendly. It's consumer friendly. I'm not sure what they don't understand about that part. But that's fine. I understand about the details. I get it. That's where we're going to go with this.

Some municipalities didn't want to administer it. That's great. That's why we've talked about Energy Efficiency Alberta doing it. Some didn't want to front the costs. Perfect. That's why we are going to engage and have been already engaging with private lenders who are excited about this. So it's not the government or some random taxpayers that are fronting this; it's private lenders who are excited about this because they understand that when it goes on the property, that's a good investment. It's there and it stays, and they get their bills paid. It's pretty straightforward in that sense.

9:30

I agree that solar has come down. I said that in my statements earlier: a hundred per cent it has. But it's still not quite affordable for everybody, and that's fine. The upfront costs are always something that's tough. But, again, this isn't just about solar. It's about energy efficiency in a lot of different respects. We have insulation, water heaters, windows. I mean, there are a multitude of things. That being said, through the consultation this is a framework, typical of a lot of bills that come into the House in this type of respect, where you bring it in and it sits here. As I said before, we will consult through the summer with consumers, municipalities, builders, realtors. A lot of these we've already talked to, but to be open and transparent, we're going to do even more, which is typical of Municipal Affairs. We've done this consistently. We will continue to do this with the intent of bringing it back in the fall to have it done right. As I've said before, my dad always said: do it right the first time. That's the intent of this.

An Hon. Member: Is your dad Mike Holmes?

Mr. S. Anderson: He's not Mike Holmes. He's got a big moustache. He does a bit of building.

The RMA. They're talking about this resolution that came forward. That resolution actually was something that came forward that didn't really have any information, and it was not what we are proposing here in any respect. It had similarities, but really there was no information to it, so of course people were worried because they didn't understand what it meant. A hundred per cent; change is hard. They understand that.

When we're talking about the consumers and if something happens, right now through Service Alberta we've got a lot of consumer protection. When you have contractors come in, you understand that there's protection. You have warranties on your house. There are a multitude of things out there, Mr. Speaker. I'm

not going to go through them all. I'll let the Minister of Service Alberta. She knows a lot more of that than I do.

One of the other things that I'm excited about is that not only does it benefit residential folks, but it benefits people out in rural areas, farmers that I've talked to. It also benefits nonprofits, which I'm excited about in particular, and it's a community benefit in general.

I understand where some of these folks might have a little bit of misinformation or misunderstanding. I get that. I'm glad they're asking the questions because I will always stand up and try my best to answer them. That being said, when they try to say, you know, and assume and use opinions and try to speculate about the worst-case scenarios, I don't appreciate that because that's not what's happening here. This is straightforward and up front. I've said right from the get-go that we will be consulting, and that's what we're going to do. They're more than welcome to be involved in that. I actually would prefer that they were involved in that. That's the whole point of this place. This is nonpartisan. It has nothing to do with that. This is about what's good for people in this province.

There was another thing that the member said about: would municipalities have done this already? They can't. Under legislation it has to be something that we have to do. That's why we have to enable the bylaw for them, to let them be able to do this. Again, they don't have to do it. They don't have to do it, Mr. Speaker.

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

Mr. Cooper: Well, thank you, Mr. Speaker. It's a pleasure to rise and speak to Bill 10 tonight. I would just like to start with thanking the minister for some of his comments. I also appreciate his haircut. I have some additional questions, and I hope that at committee, whether or not we get to committee this session – by the sounds of things I'm not entirely sure. When we do get there, I'm certain that I will have a number of questions that hopefully he'll be able to elaborate on at some length. But for this evening I'll pose some, and he can follow up with me later or whatever.

I appreciate that he just mentioned that Municipal Affairs has had a bit of a track record of putting bills on the Order Paper and then consulting over the summer. If that in fact happens with Bill 10, I think that will also be a positive. You know, he referenced his dad saying: do things right the first time. I think that that's good advice that his father has given to him. I think that the rest of the government should perhaps heed his dad's advice because what we have seen with this government is if at first you don't succeed, try, try, try, try, try again. We've seen a number of times when the government has failed dramatically and needed to try, try, try, try, try, and try again. I can think of Bill 1, jobs diversification, the one-job creation, whatever that was, from the Minister of Economic Development and Trade. I can think of the election financing acts. I believe I saw on the Order Paper today, Mr. Speaker, that this will now be the fourth or fifth time that this government has brought back the election financing act. Again, if at first you don't succeed, try, try, try, try, try, try, try, try again instead of doing things right the first time, which would've been helpful for all Albertans. But perhaps I digress. The long and the short of that is that I am pleased to hear that there will be some consultation over the summer.

I also did hear the minister reference the 374 municipalities.

Mr. S. Anderson: Three hundred and forty-two.

Mr. Cooper: I was way off there, way, way, off, by like 32 on the 342 or whatever he referenced. I heard him say that he's consulted with all of them, which is a pretty impressive feat. I do know that there are some municipalities in the outstanding constituency of

Olds-Didsbury-Three Hills that don't feel consulted with. It's possible that maybe he left their name off the e-mail list or whatever the case may be.

Mr. S. Anderson: I said that I talked to all of them, and I have been consulting with all of them.

Mr. Cooper: My apologies. It sounds like he's saying that he will be talking to them, and I misunderstood that he had talked to them. All I know is that he's going to have a very busy summer if he gets to all 342 of them. Particularly given that it's, you know, quite likely his last year as the minister, he should make the most of this opportunity that he has to tour the municipalities. I do think it's important, though, this consultation, that sounds like it may or may not be taking place. I'll hope that that in fact is what happens because I know that making sure that the municipalities have a full and robust understanding of exactly what they need to do or don't need to do will be important on a go-forward basis.

The other thing that I do have some reservations around – listen, I understand that they're going to consult over the summer and that takes time, and I appreciate, you know, that perhaps the government would like to take some advice when it comes to consulting in other areas of legislation. They're going to consult. Mr. Speaker, I would just draw your attention to page 8 of the legislation. I know that you're so intently following along that you probably have a copy of the legislation there. If you turn to page 8 of the legislation, the coming into force is: "This Act comes into force on Proclamation." I'm a little curious to know as to when that might actually happen.

We're going to see consultations over the summer. I'm a little unclear as to whether or not the regulations will be developed prior to proclamation or if they'll be done in conjunction or be done after proclamation. One way or the other, it sounds like this legislation isn't going to be passed until the fall session, which could be as late as October or November, December. Then, in turn, if the regulations still need to be developed, we're looking at January, February prior to a municipality even being able to pass the bylaw that then would enact the ability for the PACE program to be executed, which will be in, say, maybe February, March.

I don't know if you know or not, Mr. Speaker, but March 2019 is the start of the election window, when the NDP, if the people of Olds-Didsbury-Three Hills are a reflection of the rest of the province – I certainly know that the folks that I speak to in Olds-Didsbury-Three Hills hope to see the end of the NDP government. As such, I have some reservations about when the program will be actually implemented given that we're going to consult over the summer, come back in the fall, pass the legislation, regulations, and then we'll be into an election period anyway. So I do have some concerns both for municipalities in terms of the uncertainty as we move towards the next election as well as for potential homeowners that may in fact engage in the program should their municipality allow that to happen.

9:40

The other thing that the minister said that I would just like to highlight. In particular inside the Ministry of Municipal Affairs he said that he gets offended or takes offence – I don't have the benefit of the Blues, so perhaps I should be a little more cautious when I'm paraphrasing the minister. Essentially, he said he was displeased with the opposition talking about worst-case scenarios or, you know, trying to make up things that may or may not actually happen. "Speculate" I think is some language that he used.

At the end of the day one of the roles of the opposition is to in fact try to discuss and game out, if you will, what some of the eventualities may or may not be. The best-case scenarios are

fantastic, but – you know what, Mr. Speaker? – very, very, very rarely does a constituent call my office and say: you're never going to believe it; this program worked exactly as it was supposed to. In fact, it's the exceptions that constituents call and express some concerns around.

You know what? Just in the last four weeks I've had three or four constituents reach out to my office about a program that was under Municipal Affairs in the form of the new-home warranty. That took place a number of years ago, prior to this minister, but at that time I remember the Official Opposition asking lots of questions about potential scenarios. In fact, one of the scenarios that I was communicating with my constituents about was an exact scenario that had been brought up during that time of debate.

At the end of the day, Mr. Speaker, the role of the opposition is to do some of the exact things that unfortunately have caused pain and consternation to the Minister of Municipal Affairs this evening. My sense is that if the people of Olds-Didsbury-Three Hills are any reflection of the rest of the province, it may in fact be that the minister may have the opportunity to experience what it is to represent people when you sit on this side of the House and know that it is important to the process that we do just what we have done this evening, and that is highlight some of the potential concerns and reservations of the people that we represent or we may represent in the future. While I share some sympathy that we have offended the sensibilities of the minister, I think that he will agree that this is a very, very important part of the process.

We will continue to do our part in the process, and that is endeavouring to make legislation better. There are a number of ways that we do that. That is what we have seen here this evening. I will be the first to admit that I don't know everything about Bill 10 like the minister does. I'll be the first to admit that members on this side of the House don't know all of the same things that the government knows or intends to know.

In fact, you will know that sometimes even the government passes legislation where they intended one thing and another turns out to be true. That's exactly one of the reasons why we saw not one, not two, not three, but four election financing bills, for examples just like this. I know it's hard to believe, but sometimes even the government doesn't think of everything, even though they want you to believe that they will and that they do. That's what they tell Albertans: don't worry. In fact, I heard the Finance minister say this evening: trust us. But we, Mr. Speaker, take a trust but verify approach to legislation, and I think that the government should do so as well. We would all be well served if the government would do that as well. In fact, we could heed the advice of the hon. minister's father and do things right the first time. A good man, I might add.

One of those questions and one of the things in the legislation, the thing that creates some uncertainty, is that I heard the minister speak this evening about: if municipalities don't want to administer the program, don't worry; we have Energy Efficiency Alberta. The question I have for you, Mr. Speaker, would be: what happens if Energy Efficiency Alberta doesn't exist in perpetuity or in the ongoing...

An Hon. Member: Sounds like your problem.

Mr. Cooper: It very well may be our problem, if we are the government, if this organization doesn't exist any longer. What happens if they were administering long-term debt?

The other thing that we heard the minister say – and I'm the first to admit that I could have misheard him, or he could have misspoken, depending on which is correct – is that it sounded like some municipalities could administer the program and, as such, be

the lender, which I didn't believe to be the case. I see him shaking his head, so clearly he did misspeak then. As such, it will be Energy Efficiency Alberta or other lender, as we've heard this evening.

But there is certainly some uncertainty. On page 6 of the legislation, that you've been perusing for yourself this evening, section 390.7 reads:

If, after a clean energy improvement agreement has been made, the council refinances the debt created to pay for the clean energy improvement that is the subject of [an] agreement at an interest rate other than the rate estimated when the clean energy improvement agreement was made, the council, with respect to future years, may revise the amount required to recover the costs of the clean energy improvement included in that agreement to reflect the [rate] change in the interest.

You know, I'm the first to admit that I don't know all of the ramifications of the legislation, but I'm curious to understand exactly how this particular clause works. If, in fact, the council has nothing to do with the interest rate yet they are the financee in that they are essentially the collection agency for the financier...

Mr. Nixon: We've got to adjourn.

Mr. Cooper: There are a lot of questions that need to be answered. With that, I'd like to move that we adjourn.

The Speaker: Hon. members, there's been a motion for adjournment.

[Motion to adjourn debate carried]

Bill 11 Lobbyists Amendment Act, 2018

[Debate adjourned May 1: Ms Kazim speaking]

The Speaker: The hon. Member for Calgary-Glenmore.

Ms Kazim: Thank you, Mr. Speaker. I would like to continue my speech where I left last time on Bill 11, Lobbyists Amendment Act, 2018. Under the proposed changes in this act the reporting threshold for organization lobbyists will be reduced to 50 hours from 100 hours. Also, any time an organization lobbyist spends preparing to communicate with a public office holder would be included in the 50-hour threshold.

Mr. Speaker, the changes in Bill 11 to the Lobbyists Act are long overdue and deserve our full support. They are based on the all-party committee review and input from Albertans, who are concerned about honesty, openness, and transparency in government. These changes deserve our full support. I look very much forward to the debate on Bill 11.

Thank you, Mr. Speaker.

The Speaker: The hon. Member for Cardston-Taber-Warner.

9:50

Mr. Hunter: Thank you, Mr. Speaker. I'd like to thank you for giving me the opportunity to rise and speak to Bill 11, the Lobbyists Amendment Act, 2018. Accountability is essential to a healthy democracy, so the decision to bring the Lobbyists Act forward to the Standing Committee on Resource Stewardship so that many of the recommendations from the office of the Ethics Commissioner could be heard and understood – we support these decisions. It is healthy to have checks and balances put in place, especially when it comes to the interests of the public. Any measures that improve transparency and accountability are, in my opinion, worthy of support.

This is one bill that my colleagues and I will be supporting but have some questions that still have not been fully answered. Many of the recommendations are very important ones to establish, while there are some recommendations from the OEC that are not found in this bill. One of the many questions I have is that while there are some excellent portions of this legislation that will bring increased transparency and improve administrative functions, my primary concern would be the increased paperwork and red tape burden on smaller organizations that typically fall under the Lobbyists Act.

As you know, Mr. Speaker, I brought in my private member's bill, Bill 207, Regulatory Burden Reduction Act, last year, that was modelled after a bill that was passed in the federal government. The bill would have allowed that for each regulation created, one or more regulations would have been eliminated. Now, as you know, this was a very successful bill federally. It was able to decrease up to \$32 million of administrative burden on the federal side as well as 750,000 hours in time spent dealing with red tape. Now, unfortunately, as you know, the NDP government did not support my bill and have brought in far too many pieces of legislation that have hurt smaller businesses to their detriment, actually.

My point here is not to reopen debate on my bill but, rather, discuss how when we overregulate and increase red tape burdens on small organizations, that may end up costing them too much. My hope is that this will not be the case and that we've struck the right balance with this bill. Has the government considered this? Do they know what the implications and costs will be?

The new legislation will bring the reporting threshold for lobbyists from 100 hours of meeting time annually down to 50 hours annually but now also includes any prep time. This is not a lot of time and will certainly increase the number of individuals and organizations that will now have to register as a lobbyist. This will for sure increase paperwork for the registrar at the OEC, so I guess another one of my questions would be: will the OEC require additional staff to deal with the added pressure, and will this require that Legislative Offices meet to increase the OEC's annual budgetary needs?

The semiannual returns is another piece I would like to talk about, Mr. Speaker. The OEC recommended in committee that the current semiannual registration filing should be changed to an annual filing on the anniversary date of their initial filing. This piece was included in the legislation, so my question to the minister is: why was the semiannual registration filing not changed to annual filings? With the additional paperwork the OEC will have to deal with, that we discussed previously, you would think it would only make sense to have lobbyists register filings once a year. Is there a reason this one piece was not added, and could the government side explain why, when something as simple as getting rid of unnecessary paperwork could have been dealt with in this bill, it wasn't? I'd like to hear the explanation on why this decision was made.

With the grassroots communication changes, I have questions when it comes to how you would define someone who is a parent of a child who has a disability versus a group that deals with the same issue, that may have some additional funds or grants, who builds mass mailing lists to communicate with their members. I understand that nonprofits are still exempt, but I have concerns about how groups such as these may be impacted by the grassroots communication portion of this bill. Since grassroots communication will now be defined as lobbying, if members of these organizations spend 50 hours a year communicating with their members on specific policy or areas of concern, would they have to register with that registrar?

My concern would be that these passionate advocates could be potentially burdened with red tape. I believe we can all agree that it should never be the intention of this legislation to regulate parents,

who are effective advocates for their families. Fifty hours, including preparation time, seems a little stringent for small groups or organizations such as local chambers or groups that meet perhaps twice a year. Tracking this time for everyone involved could potentially become onerous and take a lot of additional time and cost and unintentionally discourage those who are advocates for good and right causes.

How does the government plan on rolling out this new legislation? Professional lobbyists have the time and capacity to figure out the new system, but those who are unfamiliar with it or who only do this a few times a year but fall under the 50-hour rule may have difficulties achieving their noble goals. How does the registrar plan on addressing these types of issues?

We are concerned about the impact that the clause in this legislation that narrows the exemptions for lobbyists reporting on time spent responding to government requests for advice or comment will have. Advocates and stakeholders are often the most valuable resources to us as statesmen and stateswomen. Yes, it's critical to be accountable, but I would hate for us to miss out on invaluable feedback, ideas, and input from advocates and stakeholders because they are scared off by the reporting requirements.

We support the changes that will bring the rules governing the giving of gifts by lobbyists in line with the rules that govern us as elected representatives receiving gifts. This will simplify these social interactions and prevent awkward rejections and situations of conflict of interest. Gifts, while thoughtful, have no place, outside of cultural custom, in politics. They appear to give those with financial means an unfair advantage in acquiring our time, and it's been long established as inappropriate. I'm glad to see that this recommendation has been added to the lobbyist legislation.

As well, we were pleased to see the addition of indigenous elders that are recognized by their communities to the list of individuals exempted from the Lobbyists Act. When acting in their official capacity, elders in these communities serve such an essential leadership role for their communities and should be recognized as the advocates that they are. In my riding, Mr. Speaker, as you know, I have the largest First Nations reserve in Canada, the Blood reserve, and I can tell you that the work that the elders do there is so appreciated by the members of the communities. I think it's extremely important to make sure that they aren't penalized for the work that they do. They're a great voice and a great advocate for not only the First Nations but for the whole area in my riding.

One disappointment I have is with the OEC's recommendation for the registrar to be given the ability to issue interpretive bulletins and advisory opinions and that it was not included in this 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 interpretations of the act to lobbyists as part of their duties, they should also be given the authority to issue bulletins and advisory opinions. Many other jurisdictions lean heavily on these advisory bulletins as important tools for providing clarity to lobbyists rather than creating new legislation.

10:00

We are disappointed to see that the OEC recommendation to change the filing return requirements for lobbyists from semiannual to annual was not implemented in this legislation. The OEC recommended annual filings as opposed to semiannual filings given that they have found that lobbyists' first six months of the year were often virtually identical to the later half of the year. This would have reduced the burden of paperwork and provided clarity, especially for the large number of lobbyists that will have to register and file

for the first time ever if the reporting threshold is brought down from 100 hours to 50 hours.

In closing, I would like to recognize that the OEC and the registrar obviously spent many hours poring over this legislation, and I want to thank all of those who were involved in this process. It's good to see healthy checks and balances put into place.

With that, Mr. Speaker, I would like to adjourn debate.

[Motion to adjourn debate carried]

Mr. Feehan: Mr. Speaker, given the great work that was accomplished this evening on a variety of bills and given the late hour, I suggest that we adjourn until 9 o'clock tomorrow morning.

[Motion carried; the Assembly adjourned at 10:01 p.m.]

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