



Province of Alberta

The 29th Legislature
Fourth Session

Alberta Hansard

Monday evening, May 14, 2018

Day 29

The Honourable Robert E. Wanner, Speaker

Legislative Assembly of Alberta
The 29th Legislature

Fourth Session

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Sweet, Heather, Edmonton-Manning (NDP), Deputy Chair of Committees

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Anderson, Wayne, Highwood (UCP)
Babcock, Erin D., Stony Plain (NDP)
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Carlier, Hon. Oneil, Whitecourt-St. Anne (NDP)
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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.

Monday, May 14, 2018

[The Deputy Speaker in the chair]

The Deputy Speaker: Good evening. Please be seated.

Government Bills and Orders Second Reading

Bill 10 An Act to Enable Clean Energy Improvements

Mr. Nixon moved that the motion for second reading of Bill 10, An Act to Enable Clean Energy Improvements, be amended by deleting all the words after “that” and substituting the following:

Bill 10, An Act to Enable Clean Energy Improvements, be not now read a second time but that the subject matter of the bill be referred to the Standing Committee on Alberta’s Economic Future in accordance with Standing Order 74.2.

[Adjourned debate on the amendment May 9: Mr. S. Anderson]

The Deputy Speaker: Speaking to the amendment, Drumheller-Stettler.

Mr. Strankman: Thank you, Madam Speaker. As always, I appreciate the opportunity to rise and share my thoughts and particularly this evening for my good friend from Rimbey-Rocky Mountain House-Sundre. This motion would propose that we send this bill off to the Economic Future Committee for further input. Once again, I couldn’t agree more with my colleague on this subject in this regard. This motion, of course, is meaning additional work for the committee members, but isn’t that what we were elected to do, work together to make laws that not only protect Albertans but make sure what laws we do pass are the best that they can be? That is why we have the option of sending them back to committee for a more fulsome debate and input to make sure we get it right.

As I mentioned in an earlier speech, consultation is not always the government’s forte. I mentioned how they failed to consult on the carbon tax, the largest single tax in Alberta history. Some would talk in the federal arena in the past election of one Stephen Harper. When he became Prime Minister, a lot of people felt that there was some of secret agenda. Well, Madam Speaker, that secret agenda was never shown. Again, reverting back to the provincial government, our new provincial NDP government, I talked about how badly they got it wrong on Bill 6, and it was only after massive, massive backlash, Madam Speaker – in fact, one day we saw almost 2,000 people on the steps of this place. It was quite something, the protests. They admitted that the government had failed miserably on the consultation process. Madam Speaker, here we are again. I don’t think it’s on the level of the total lack of consultation on the carbon tax. It’s somewhere between the two examples for sure.

It always concerns me when I see the words “will consult on regulations.” To me always that is tantamount to saying: trust us. Well, I don’t think I’m the only one that takes this with a grain of salt. While I have never for once believed that government members have any sort of ill intentions when they pass legislation, I can’t say that I support their ideologically based policies. Those are two distinct things. Even with the best of intentions – and we’ve heard these words in this Chamber many times, talking about unintended consequences. Even sometimes the best intentions play out down the line or at some other far and remote place to create unintended consequences.

Madam Speaker, this bill, once again, needs the important aspects of it to be completely fleshed out, to be worked on with the consultation of the municipalities and other stakeholders such as the Real Estate Association to develop this Bill 10’s regulations. Once again, I can’t help but feel that this government is putting the cart before the horse. The government will pass the bill, then consult with the municipalities about putting forward a regulation with regard to the act. I don’t know how many times I myself or my colleagues in opposition have actually stood in this Chamber and had to say those very same words: the government is going to pass a bill, then go and consult with those that it affects. They do that time and time again. It’s repetitive, so we make a referral motion time and time again in the hopes that they finally get it right. I’m not sure who said that the definition of insanity is doing the same thing over and over again hoping for a different result, but here we are, Madam Speaker, once again, and I’m sure we’ll hear that expression again.

This issue is fraught with missteps and mistakes, things that were caught by the opposition because we took what little time we had, made some calls, talked to some people, and, no surprise, found some flaws, flaws that could have been avoided had time been taken and this bill had been floated by the correct standing committee, first for debate, then consultation and examination. Fortunately, we are at a stage in this House where we can remedy this flaw and send it back for these important corrective steps.

Now, as we know, PACE, or the property assessed clean energy program, is a financing tool which building owners and developers can use to upgrade their building’s energy performance, install renewable energy systems, and reduce resource consumption with no money down and with the financing repaid through their property’s tax bill. PACE financing capital primarily comes from private investment sources who are seeking long-term, secure investments. This program is a financing mechanism that enables low-cost, long-term funding for energy efficiency, renewable energy, and water conservation projects. PACE financing is repaid as an assessment on the property’s regular tax bill and is processed the same way as other local public benefit assessments, i.e., sidewalks, sewers, and other infrastructure, in the way those have been paid for decades. Depending on local legislation, PACE can be used for commercial, nonprofit, and residential properties. Sounds like an interesting program, Madam Speaker, but it’s not all what it’s cracked up to be, not at all.

While it could be said that homebuyers are attracted to properties with energy saving features and may even be willing to pay a premium for them, as cited in the Berkeley Lab study of 2013, *Remodeling Magazine* in 2016, reporting the 2015 *Appraisal Journal* study, the financing structure of PACE projects may be a deterrent for resale of properties with an outstanding PACE loan. Madam Speaker, I’m talking about some American models that are already in effect in the U.S.

What I’m getting at, Madam Speaker, is that the design of PACE programs in California has resulted in some financing institutions’ – Fannie Mae and Freddie Mac; they’re popular names – decision not to lend monies to homebuyers when the property has an outstanding PACE loan. This is due to the fact that PACE loans are recorded against the property as a tax lien that assumes a first position in case of a mortgage’s default. As a result, many sellers in California had to repay the loan first to attract buyers. Others, unable to pay off the loan, were unsuccessful in finding a buyer. As a result, depending on the specifics of Alberta’s PACE financing scheme, homeowners may sign up for the program without understanding the full implications of having a PACE lien on their property’s land title and related ramifications at the time when they are looking to sell it. I’m talking about unintended consequences.

In fact, there have been some that I've mentioned that they have concerns around section 390.7 of the MGA, the Municipal Government Act, which says:

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 that 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 change in the interest rate.

Again, Madam Speaker, I'm talking about the potential of unintended consequences with a lot of moving parts in play.

What this section does, Madam Speaker, is that this provision introduces a level of uncertainty for Albertans interested in signing up for the PACE program as the municipalities will have the option to unilaterally revise the interest rate after the agreement has been signed by the parties involved. That's deeply troubling. I know that I don't enter a poker game if I know that after I buy in and the cards are dealt, the dealer can make up the rules as he sees fit. That simply is not an option, and in that arena it's not common for that to occur. I think that Albertans should be equally troubled. We can't simply let the government sweep this under the rug with a vague reassurance of: it will be dealt with in regulations. We have seen too many examples where "trust us" simply won't cut it, and this situation is no different. It's another reason to send it to committee.

Additionally, I can't help but worry that considering PACE programs are not common in Canada, it's highly unlikely that Albertans will know they even exist for some time or that they will fully understand the rules or the legal implications around them. As these regulations will be trotted out, it will take some time for understanding of or adherence to the ideas going forward. This could have a deeply unsettling effect upon consumers, not unlike the sense of disquiet and uncertainty that Alberta farmers and ranchers have experienced over the two and a half years previous to today with the passing of Bill 6. Considering the requirement to disclose PACE property tax to prospective buyers is left to regulations, nothing in the legislation itself ensures transparency when selling a property with PACE property tax. Where have we heard that before, Madam Speaker?

7:40

Some other issues I can't help but have trouble with revolve around this government's original briefing on the whole act. According to the government brief municipalities will "install and pay for upgrades on private property and recover costs through the owners' property taxes." Now, I highly doubt that municipalities will want to get into the business of greening businesses and homes as a lucrative sideline. Madam Speaker, it's not their role, nor should it be. There will be an accounting cost to be effected with all the collecting or not collecting or the arrears of taxes that may go on. It's not likely they have a geothermal engineer's degree or a solar panel insulation expert on staff, so I can't rightly say where the statement makes any semblance of sense. Where is the understanding or the qualifications of the install? Is it going to simply be built based on taxes, based on somebody's whim or idea?

In Ontario, Madam Speaker, at one point the green energy thing was so prominent and so efficient that they actually paid for rain barrels so that the homeowners could store their fresh rainwater. Is that actually an energy saving thing? That was what the program dictated, but a lot of people didn't like to carry the water in from the back side of the house.

Now, that isn't the only contradiction between various government documents, notes, and web pages. Not at all. In the government's own bill briefing it was pointed out that the Rural

Municipalities of Alberta had expressed concerns on whether this program will be mandatory or not. That's kind of a big unknown if you ask me. After all, the briefing states that it will be up to municipal councils whether to pass a PACE bylaw or not, which is odd to me because on the government's own website it states: "Under PACE, municipalities would install and pay for upgrades on private property and recover costs through the owners' property taxes." Anyway, if the municipality has the option to pass the PACE bylaw or not, why does the website say that it will? It contradicts itself in the briefing and again on the website. Madam Speaker, as you well know, in this place we live and die by the words that are used. Whether they be heckles or whether they be direct quotes that are recorded in the services of *Hansard*, we live and die by the words. Again, I go back to the use of the word "will." It contradicts itself in the briefing and – I'm repeating myself, I'm sorry – on the website.

That's not all. There are other concerns as well. Certain stakeholders have expressed concerns that there was no interest in administering the program and incurring those extra costs, which is a fair argument. They have their choice. But here again we see that there seems to be a contradiction in the government's briefing and some of the website statements. The government response to the concern was that it was an envisioned portion, envisioned that Energy Efficiency Alberta will administer the programs on behalf of the municipalities that pass the PACE bylaw. Maybe I'm missing something, but this also appears contrary to what is stated on the website.

Finally, again concern from the RMA, where they state that many municipalities are not interested in a lending role. Well, the government envisions the EEA finding private capital, but that's not how it's explained on the website.

Now, as I run through this, it dawns on me that nowhere does this bill talk about how – and the Member for Leduc-Beaumont is quite familiar with my next bit of terminology here – the government entity, his government agency, known as the special areas. Nowhere does it talk about how they would adopt Bill 10. After all, they aren't a municipality. They may act like one on most day-to-day operations, but they are certainly not one under the Special Areas Act, written in about 1935 or '38, somewhere back there. I mean, how will the PACE programs be dealt with by them? Madam Speaker, I live in that area.

Thank you.

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

Seeing none, speakers to the amendment? The hon. Member for Fort McMurray-Wood Buffalo.

Mr. Yao: Why, thank you, Madam Speaker. Holy smokes, don't we have a star-studded cast across the way here tonight. I see that they put all the good-looking ones in tonight, so that's nice. But life has a way of balancing itself out, and though they're gifted with one thing, they're lacking somewhere else. But that's why we're here, to educate them.

It is my pleasure to rise today to speak in favour of the referral amendment on Bill 10, An Act to Enable Clean Energy Improvements. This bill would enable municipalities to pass a bylaw creating a property assessed clean energy program, otherwise known as the PACE program. Madam Speaker, there are so many aspects of this bill that have either not been discussed enough with Albertans or that just seem to be unprepared. I urge this to be sent to committee to be discussed.

It is our duty as legislators to bring forth legislation for which we have considered all the possible consequences without leaving the

fate of what the law would like to see in action to a wait-and-see mentality. It is our responsibility to Albertans to listen and to hear how they would like legislation to work for them, which is what we were all elected to do here in this House, not to make high-level decisions and impose them in a top-down manner. I want to take a look at the ways this bill is not a fully finished piece of work and could use the benefit of a committee for it to be refined and for input to be given by those it is intended to be useful to.

Madam Speaker, conversion of every nook and cranny of this province to energy efficiency has been quite a frequent topic of conversation over the last several years, and although we, quite obviously, know that this is not the most pressing matter to every single Albertan, this government continues to insist that we treat it as such.

With that, I'd like to discuss what Bill 10 endeavours to bring about, the PACE program. We often hear that a substantial barrier to energy efficiency is that large initial investment cost that the property owner must take up in order to upgrade their existing set-up to meet efficiency standards. It's quite costly, and, you know, quite honestly, only wealthier people can afford this. But in the scheme of things, what we're basically getting people to do is take out a mortgage for an additional piece of infrastructure in their home. Albeit the long-term goal is energy savings and more reliance off the grid, the truth of the matter is that it is very expensive. If we were to see a natural cycle in the economy of scale and things like that that happen over time with these things, it might be cheaper for people, even just a few years from now, to do this on their own without the need for these subsidies.

As much as everyone would love to replace existing windows, upgrade insulation as this would not only provide added comfort in winter but also reflect the savings in energy bills, again, people just have other priorities, and that's the truth of the matter. Coming from Fort McMurray, I see that many people have been laid off, lost their good jobs. They've moved back to everywhere from New Brunswick and Newfoundland to the Lower Mainland, British Columbia, and they're struggling trying to pay their mortgages, to get food on the table. And it's not just nation-wide. A lot of those people that are affected by the shortage of jobs in Fort McMurray are from right across our province as well, and they have more immediate monetary priorities, especially when there are carbon taxes to pay.

Green infrastructure is expensive, and understandably Albertans aren't queuing up to install solar panels on their roofs while still in the grips of a recession and high unemployment. In essence, Bill 10 provides the tools for property owners to be able to finance renewable energy products and allow repayment to be collected through their municipal property tax bill.

My first concern on the forthcoming list of concerns is the fact that we as legislators are being asked to simply trust the government on what regulations and plans to put in place to govern this program. I, for one, do not feel comfortable granting my approval to a program where I've not had the opportunity to thoroughly study nor debate and vote on the regulations that will be put into action. As legislators our responsibility is to remain transparent to the public, and I feel that my duty is not to blindly vote on unseen regulations.

Furthermore, as eligibility is based primarily on property information rather than on income and credit scores, it could mean that PACE would be relatively easy to qualify for, but it poses a problem as the program is structured as a tax assessment rather than a loan. A loan is considered based on a thorough risk assessment with a repayment plan and based on a credit assessment that indicates an individual's history with finances.

7:50

Although this structure would allow a lot more people to qualify, I have to wonder how the government intends on handling situations when the money is not capable of being repaid or perhaps if someone intends to bite off more than they can chew; that is to say, they'd like to undertake more than they are capable of repaying on their municipal property taxes relative to the valuation of their property and the regressive nature of property taxation, particularly for fixed- and low-income owners. I find this troubling as the structure of assessment for the approvals of these loans relies heavily on the property owner being encouraged to commence green energy upgrades and then being stuck with the tax bill for the next many years as there was no income assessment done beforehand to ensure that this was a viable undertaking.

Now, tying these last two points together, there seems to be nothing governing a situation where someone who has not finished their payments on a PACE property tax sells their property. As, once more, the regulations are not up for debate or voting, we cannot discuss the matter of disclosing the remaining PACE property tax when selling a property. The lack of this takes away from the transparency of the process, which makes me very wary. I certainly hope there will be no abuse of the system, no intentional malice, but as you know, Madam Speaker, the onus is on the buyer to ensure that everything is in good order and that they've done their due diligence.

I fear that there may be loopholes in this bill. This is why I urge all of my colleagues in this House to refer the bill to committee, as there are clearly some gaps. I could foresee that there will be some concern from Albertans on what those mean for their property tax bills as well as for when the time comes to sell their home and enter the market for a new one. We don't want to introduce uncertainty and distress into the housing market. Therefore, I continue to urge that all the members of this House vote in favour of this referral amendment. [interjection] Thank you, sir.

We are continually seeing further lack of clarity when analyzing what this has the potential to do to mortgages. As a PACE property tax has a likelihood of increasable interest rates, we may see more onerous stress tests imposed by the federal government. We could well see this program affecting property owners' ability to obtain a mortgage. Of course, I believe this is territory that even the most green-minded of us don't want to dabble in. It has the potential to affect our future abilities to obtain a mortgage. The problem is that we just don't know. It may have an impact; it may not. But I'd much rather hear an answer that comes out of an intense study from committee than what the government can come up with here on the spot.

One aspect of this bill that staunchly troubles me is that it exempts municipal borrowing associated with the PACE program from counting against the municipality's debt limit. The debt limit is in place to ensure viability of Alberta's municipalities, Madam Speaker. Currently a municipality's total debt cannot exceed 1.5 times their revenue, and debt servicing cannot exceed .25 times the revenue of the municipality. I find this portion makes absolutely no sense. Is the government suddenly making fiscally counterintuitive decisions to play to their green energy agenda? Is renewable energy debt not still debt? Does it not count as money spent if it's going towards something that this government wants to boast about? Or are they trying to draw attention away from how much their green program spending has racked up debt? I found this portion particularly mind-boggling. If it impacts a municipality's debt-servicing costs as well as its economic viability, how can the government be giving them the mandate to spend unrestrainedly?

Let's talk about the cost of the program. The government has stated that they intend for Energy Efficiency Alberta to be the administrator of the PACE program and that the government will bear the cost to administer this program. However, Energy Efficiency Alberta is a provincial agency funded by Alberta taxpayers, in essence yet another roundabout way for the government to take money out of the pockets of hard-working Albertans.

Furthermore, the administrative costs of the PACE program are unknown, and I have yet to consider where the brunt of any defaulted loans would fall. The bill seems to have a premise that seeks to help Albertans, but in the process it creates more problems than it patches. I firmly believe that this bill needs to be thoroughly revised in committee. Albertans need to have a voice in the process as well as municipalities, that seemingly will be bearing the majority of unintended consequences.

In closing, I urge all my colleagues in the House today to please support the referral amendment and send this bill to committee. Thank you.

The Deputy Speaker: Any questions or comments under Standing Order 29(2)(a)? The hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Nixon: Not under 29(2)(a), Madam Speaker. I'm moving a motion to move to one-minute bells for the remainder of the evening.

The Deputy Speaker: You wouldn't be able to make that motion in the context of this bill as you've already spoken to the bill.

Mr. Nixon: Got you. Okay.

The Deputy Speaker: You moved the amendment.

Mr. Mason: Madam Speaker, being considerably more innocent than the Opposition House Leader, I would like to try my luck to move to one-minute bells for the remainder of the evening.

[Unanimous consent granted]

The Deputy Speaker: I've also had a request to revert briefly to Introduction of Guests, which also requires unanimous consent.

[Unanimous consent granted]

Introduction of Guests

The Deputy Speaker: The hon. Member for Calgary-Mountain View.

Dr. Swann: Thank you very much, Madam Speaker, and thank you to the House. It's my great pleasure to introduce a couple that many of you might know. They've been here virtually every year for the last 14 years, standing up for farm workers and the rights of farm workers that have been expressed through Bill 6. Eric Musekamp and Darlene Dunlop have committed their lives in the last 15 years to seeing the resolution of this important basic right given to farm workers and the protection of farm owners and ranch owners from litigation. I'm very delighted to see them here. They're here, of course, to see the Governor General, who wants to meet with them and talk to them about their leadership on this tomorrow, hopefully. Thank you very much to the House for giving them a warm Legislature welcome.

Government Bills and Orders

Second Reading

Bill 10

An Act to Enable Clean Energy Improvements

(continued)

The Deputy Speaker: The hon. Member for Drayton Valley-Devon.

Mr. Smith: Thank you, Madam Speaker. I rise today to speak to Bill 10, An Act to Enable Clean Energy Improvements, or, rather, to the referral motion that we're looking at right now. We look to a referral amendment to study and get a deeper understanding of the bill that's placed before us. It's a chance for us to be able to take a look at the bill as legislators but also to invite people in, stakeholders, to provide more consultation and to get a better understanding of how the bill is going to impact Albertans. I would speak in favour of sending this to committee.

I'd start first by, I guess, saying thank you to the Minister of Municipal Affairs for bringing forward this piece of legislation. I believe that his heart is in the right place. I know that we've had many conversations in the past about alternative energy sources. We would both probably agree that an end goal we would like to see is net zero communities that have the capacity to be environmentally responsible.

Madam Speaker, I guess I would put some caveats on that. I believe that they need to be cost-effective and cost-efficient, that net zero shouldn't be dependent on the largesse of the taxpaying citizens of this province, and that at the end of the day whatever we're looking at does not place the property owner or, for that matter, the government at risk as a result of those programs.

Madam Speaker, we know that there are times when property owners and the people that purchase property can place themselves at risk, and the government allows them to place themselves at risk when we start to take a look at the parameters that they allow for taking out mortgages.

We could talk about the subprime mortgage housing bubble that we saw in about 2007, when consumers were allowed to take on very high debt at low interest rates that would eventually increase, and we realized that they would have insufficient income in order to handle the mortgage and the interest payments and would have to hand their properties over. So we can see that if we don't do things wisely when it comes to probably the most important purchase you're going to make in your life, your house, we can get ourselves into trouble.

8:00

When we take a look at Bill 10, Madam Speaker, I would suggest that we need to be careful. Bill 10 enables municipalities to pass bylaws creating what we call a property assessed clean energy, or PACE, program. This property assessed clean energy program provides a mechanism for property owners to finance energy efficiency, whether we're talking about renewable energy or whether we're talking about water conservation projects or simply upgrades to their property, with the idea of creating a more energy-efficient property in which they can live.

So far it's sounding pretty good, a good idea for a program. Anyone who owns a property is more than likely going to be looking forward to saving some money on power bills and on water bills as they take advantage of the PACE program, you know, the former of which is becoming much more expensive, obviously. When we take a look at the energy bills that we're starting to see as a result of the NDP government, they're just starting to become more and more and more expensive. For many people this might be

a program that they look forward to as a way of sort of hedging themselves from the poor policies of the NDP.

But back to the legislation here. The PACE program provides the mechanism for financing the types of projects that we've just been talking about by allowing the repayment of the monies that are being put forward for these renewable projects and for the water conservation projects. The repayment will be collected through the property owner's municipal tax bill. This, in theory, could be seen as an innovative way to pay for these upgrades, a new avenue of financing for cash-strapped property owners, if you will. However, as you drill deeper and deeper into the details, more and more concerns begin to arise.

That's why I would argue that as we begin to talk about these concerns, we need to think about referring this to committee. This bill and the concerns that we're going to be talking about need to be addressed at a deeper level. We need to ask the right questions. As legislators sometimes that means that we need to go back to the drawing board and that we need to start studying the bill and that we need to start asking the appropriate questions that will help us to make sure this program truly does meet the needs of Albertans. Maybe we need to bring in some of the banking and financial institutions to come talk to us, to find out if we're placing Albertans at risk through this program. Maybe we need to bring in the builders that, in some cases, will be front-loading this onto the backs of the property owners. We need to start asking these kinds of questions, do our due diligence, and make sure we've done the consultation before we start passing this bill into legislation.

The first major example that I would like to highlight was given to me by the Member for Calgary-Fish Creek, and it deals with what happens in the case of a foreclosure, Madam Speaker. Let's use what's an oversimplified example – I'll grant you that – but for now let's just use this as an example. Let's look at an individual that has a \$30,000 solar panel installation built onto the top of their house. They finance this through the PACE program. This individual finances the \$30,000 for the solar panel installation over a 10-year period of time at \$3,000 per year. Well, this individual perhaps has overextended themselves, or they've lost their job, or there are some other unforeseen events that occur. Essentially, Madam Speaker, sometimes life just happens. Now that individual finds themselves in a position where they're having a hard time making their mortgage payments. Banks are usually pretty good. They try to work with the individual, but sometimes many mortgage payments can be missed, to the point where eventually the bank feels like they have no other option than to foreclose on that property.

Unfortunately, Madam Speaker, this is not something that in the last three years has been uncommon in my community of Drayton Valley. I've talked to former students. I've talked to friends. I've talked to acquaintances. I've had people come in. I remember one lady coming into my office and begging me: "What can we do? I'm going to lose my house." She'd lost her job. She'd maxed out everything. I saw her about three and a half months later, when I went to the Drayton Valley parade that we have in the summer. She was sitting on the side of the road as the parade was just waiting to get started. She walked up to me, and she said, "Do you remember me?" I said, "Yeah, I do." She said, "Well, I lost my house last week." There were tears in her eyes, and there were tears in mine. My heart was just breaking.

So we need to make sure that we do our due diligence, that we make sure that this program doesn't set people up for failure. Madam Speaker, we've seen at times that programs like this, as in the United States, have set people up for failure and have created problems. I don't know if you've seen the photos, but I've seen photos of houses that have been foreclosed. Sometimes before the person leaves, those houses are stripped bare. Sometimes they've

pulled the copper out, the pipes. Sometimes they've pulled out the electrical wires. With houses that are being foreclosed, sometimes people, in their anger and their disappointment and their frustration and in order to try to get as much as they can before they leave, break the law and damage the facility. That bank has to take over a house that is, in some cases, hard to sell. Sinks, toilets, light bulbs: anything of value is pulled out before they leave the house.

Well, for a house where the property owner has invested through the PACE program and put in, for instance, say, a \$30,000 solar installation, what would be the first thing to go, Madam Speaker? Well, I would suggest that this individual, who is not too careful about whether he's on the right side of the law or not, is going to be looking at that expensive solar installation, and he's going to take it right off the top of the roof and into the back of his truck, never to be seen again. What then happens to the remaining money, which has to be paid through the property taxes to fund that installation? Who's on the hook for that money? Is the municipality really going to have to go after an individual who has, clearly, no regard for the financial contracts or commitments to which they've agreed?

This and many other questions continue to abound with this legislation, Madam Speaker. That's why we need to talk with the builders. That's why we need to talk with the stakeholders. We need to make sure that before we pass this piece of legislation, we've used all of the mechanisms that we have in the power of this Legislature, that we refer this to committee, that we allow ourselves to have the time to do due diligence on this bill.

However, let's give credit where credit is due. There are some very positive aspects of this legislation despite the fact that I have some overall opposition to Bill 10. Municipalities have already collected property taxes in the past, so the burden to municipalities is pretty limited in that way. Energy Efficiency Alberta will administer the plan, so again municipalities are not responsible for the administrative costs, which is a key factor, Madam Speaker, that we all need to be wary of because all orders of government need to be committed to working together and to not adding additional burdens onto the other levels of government.

I wish the federal government would have some consideration and show more leadership in that area. Again, that's one of the reasons why we should be referring this to committee. We expect and we need to have all levels of government, whether municipal, federal, or provincial, working together in concert with each other to ensure that these kinds of programs succeed. If we send this back to committee, a referral to the committee, we could take the time to consult with the municipalities, we could take the time to consult with the federal government, and we could work together as Canadians, as Albertans, as fellow citizens through this legislation and make sure that it is indeed serving the needs of all levels of government so that the property owners, at the end of the day, benefit from this, their largest purchase, probably, in their life.

8:10

Now, an additional strength of this legislation is that it does not impact property owners' ability to borrow from lending institutions. Lending institutions will be involved, but the money is not coming from the municipalities.

Who would not want to have a solar panel on their roof and put electricity back onto the grid or have their hot water heated by solar, maybe have a windmill in the backyard? Madam Speaker, I know I've thought of that often over the course of my life, and that's why I'm not averse to this bill at all. I believe that the more self-sufficient we can make individuals in their property ownership, the better off we're going to be as a society. And if we can do it cost-efficiently, in a way that makes economic sense, giving people the capacity to reduce their carbon footprint and to generate their own

electricity and put that together into the pockets and into the lives of people that own their own property, that's a good thing. So I'm not averse to this, but I do say that we need to make sure that we're doing it very, very wisely.

You know, maybe you have appliances in your house or machines that are drawing a lot of current and driving up your power bills. Well, the PACE program could potentially help to replace them. Maybe you're trying to protect a wetland on your property in order to conserve drinking water, or maybe your home needs an energy audit to find the leaks and then perform some renovations to help keep the heat in during the winter. This program, Madam Speaker, if executed properly, could help address all of these issues.

So it's not that I don't see the many benefits that this program could bring, but I believe that we do need to make sure that as we go through this bill, we are indeed making the best legislation we possibly can. That's why in sending it to committee and letting the committee do its work – let a nonpartisan committee bring in the stakeholders that we can consult – we can educate ourselves, and we can pursue the best possible piece of legislation that we can create in this House.

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

Seeing none, any other members wishing to speak to the bill? Calgary-Mountain View.

Dr. Swann: Thank you very much, Madam Speaker. I'm very pleased to rise and speak to Bill 10, An Act to Enable Clean Energy Improvements across the province.

The Deputy Speaker: Hon. member, I should have clarified. You're speaking to the amendment still?

Dr. Swann: Yes.

The Deputy Speaker: Okay.

Dr. Swann: Madam Speaker, I think this is a bill that many of us recognize has important leadership and bold initiatives around a very critical issue for us, the climate change reality, and the need to incent some of the changes both in individual and in commercial operations. The fact that the last member was speaking against it in relation to financial liabilities I think is unsupportable because this is clearly going to be attached in the Municipal Government Act, to tax repayment. This is a very forward-thinking way, and it's been used in Calgary by Enmax to incent solar panels on their roofs for some time, where they recoup the cost of solar panels on the basis of their premium or the monthly instalments that they charge their customers.

The same principle is involved here. It would be repaid through the building owner's property taxes. Very little risk, and there's a real opportunity to do three things: one, improve the energy efficiency of homes and offices in the province, thereby over the long term saving that individual's or organization's finances; secondly, reduce carbon emissions; and thirdly, stimulate the economy and jobs, which is what we keep hearing is something that is desperately needed in Alberta to move away from our carbon-dependent province.

I think it behooves us to move with the times. Government has been a laggard in this area for decades. We see important leadership coming from other provinces like Quebec and B.C., other countries in the world like the United Kingdom, for example. I think there's an opportunity here to take another step without any risk if you believe that the MDs, the municipalities can properly bring in the

changes that are needed to ensure that these investments – and I call them investments advisedly – will be repaid through a properly imposed tax subsidy on individuals who choose to make this kind of investment and both stimulate local economies and do their part in reducing the climate emissions that are such a big part of this current reality.

I think the Liberal caucus is quite clear that this has very little risk and much, much to benefit Alberta. Thank you very much, Madam Speaker.

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

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

Seeing none, we're ready for the question?

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

[Several members rose calling for a division. The division bell was rung at 8:16 p.m.]

[One minute having elapsed, the Assembly divided]

[The Deputy Speaker in the chair]

For the motion:

| | | |
|----------|--------|-----------|
| Gill | Loewen | Strankman |
| Gotfried | Nixon | Yao |
| Hanson | Smith | |

8:20

Against the motion:

| | | |
|--------------|--------------|-----------|
| Anderson, S. | Horne | Phillips |
| Carlier | Jansen | Piquette |
| Ceci | Kleinstauber | Rosendahl |
| Connolly | Larivee | Sabir |
| Dach | Loyola | Schmidt |
| Dang | Luff | Schreiner |
| Drever | Malkinson | Shepherd |
| Eggen | Mason | Starke |
| Feehan | McCuaig-Boyd | Sucha |
| Fitzpatrick | McKitrick | Swann |
| Goehring | Miller | Turner |
| Hinkley | Nielsen | Woollard |
| Hoffman | Payne | |

| | | |
|---------|---------|--------------|
| Totals: | For – 8 | Against – 38 |
|---------|---------|--------------|

[Motion on amendment lost]

The Deputy Speaker: Back on the main bill, the hon. Government House Leader.

Mr. Mason: Thank you very much, Madam Speaker. I will move that we adjourn debate on Bill 10.

[Motion to adjourn debate carried]

Bill 1

Energy Diversification Act

[Adjourned debate May 9: Loyola]

The Deputy Speaker: The hon. Member for Calgary-Fish Creek.

Mr. Gotfried: Thank you, Madam Speaker. Thank you for the opportunity to speak to Bill 1 this evening. The government and the minister proponent of this bill are continually looking for ways to

position themselves as the only champions of economic diversification. Indeed, there was no economic diversification until this government came forth with some of these bills and other great initiatives. Of course, before they took office, one hundred per cent of Alberta's economy was based on oil and gas, and there was a drill bit in the back of every one of those dually pickup trucks out there, and that's all we had in this province. That was what we were, a one-trick pony. Not one single person in this province worked outside of that industry, and our government couldn't afford to even keep lights on if oil dropped by \$5 a barrel.

That might seem a little facetious, Madam Speaker, and of course it is, but that is basically the crux of every government talking point we've been fed on this legislation: we diversify, and nobody else does or did. Of course, all you have to do is to go on the Economic Development and Trade website to find, right on the front page if I'm not mistaken, that from 1986 to 2016 Alberta's GDP grew from \$59.6 billion to \$314.9 billion. During those 30 years oil and gas and mining decreased as a percentage of total GDP from 23.2 per cent to just 17 per cent. Now, that sounds a little bit like diversification to me. Further, the construction sector grew from a 7 per cent share of GDP in 1986 to 10.7 per cent in 2016; the finance, insurance, and real estate sectors from 13.5 to 16.7 per cent; and business and commercial services from 6.6 to 11.7 per cent, almost double. Perhaps one of the members opposite could jog my memory, but I'm not sure who was in government for 29 of those 30 years. During that period a lot of diversification took place. Surprise, surprise.

I would also like to provide a quick quote from a paper written by Dr. Bev Dahlby and Mukesh Khanal at the policy school at the University of Calgary. This paper was published in January 2018, not long ago.

In 1997, the oil and gas sector accounted for 35.81 per cent of total Albertan economic output. By 2009, that share was 24.95 [per cent], a decline of 10.86 percentage points.

That also sounds to me like a significant decline of the oil and gas industry and a rise, surprisingly, in diversification in those other industries, many of which I have referred to earlier. In the release for that article Mr. Khanal also stated:

Research shows that economic output in Alberta today is as diverse as in Ontario. Alberta's economic output has become quite diversified in the last 20 years, and that has resulted in a 21 per cent decline in the volatility of economic output.

Now, I know that members opposite are quite fond of quoting the distinguished members of the policy school at the University of Calgary, as they should be. The policy school in Calgary is a fantastic group of high-level academics who contribute extremely valuable and insightful information to the public policy debate. I think we can all agree on that, ministers. I personally enjoy this paragraph by Drs. Mintz and MacKinnon from their October 2017 paper published through that very same policy school. They're comparing this government's actions to those of the Romanow government in Saskatchewan.

In contrast, the Alberta NDP has raised taxes for larger businesses and high-income earners, increased environmental and other regulations, imposed a carbon tax, significantly increased the minimum wage and has run large deficits . . .

thanks to the minister,

. . . raising the prospect of future tax increases to balance the budget. Taken as a package, the message to potential investors is that doing business in Alberta is becoming more difficult and . . . expensive.

Very interesting. More difficult and expensive: that, Madam Speaker, is why we've seen \$34.8 billion and climbing of foreign direct investment leave this province. The bucket has a lot of holes in it.

Prior to this government taking office in Alberta, Alberta was able to grow in part because of previous governments who worked extremely hard to make Alberta the most business-friendly environment in Canada and perhaps in North America and one of the few debt-free jurisdictions in the world. One of the few debt-free jurisdictions in the world, Madam Speaker. That attracts investment because people know that they will not be burdened by someone reaching more deeply into their pockets, year after year after year, to try and balance those budgets, to try and pay back irresponsible debt. Corporate tax rates were reduced, personal income tax rates were reduced, and the economy continued to grow, and that created jobs.

But we've heard from the minister of economic development many times, saying how without programs like the ones being introduced in Bill 1, the economy will nosedive. Well, that's not what happened in the past. We attracted. We were the most business-friendly and investor-friendly jurisdiction in Canada, in North America, a beacon from around the world, where international investment was attracted.

Madam Speaker, I think of the international investors, of which I hear many say: "Well, it doesn't matter. They left, and Canadians bought those assets." Sadly, those foreign investors are the canaries in the gold mine or maybe the coal mine – maybe that's an appropriate comparison – leaving this province because they detect that early. They have the international options, much more than the Canadian companies. Sadly, what we see after that is the Canadian companies following suit because they're not stupid either. They look at the big international companies, that have maybe more robust analyses and more choices, and they have a chance to go and look at those companies and say: "You know what? Maybe we'll invest a little bit more in the United States. Maybe we'll look overseas. Maybe we'll increase our drilling program there or build a new pipeline there." That's why we're not getting investment here and that diversification we so very much and dearly need.

Minister, this is curious to me. If I recall correctly, in 2013-2014 – and at that time I was employed with Calgary Economic Development – Alberta created fully 87 per cent of all the new jobs in Canada, in fact 82,300 new jobs, and all of that with a supposed competitive disadvantage because we didn't have the diversification tools that we're being thrown here. Alberta had the highest median wages in the country – not the highest mean; the highest median – indicating that the data was not being skewed because of a select few who were making inordinate amounts of money, because a growing economy isn't all that valuable.

Every day work-seeking Albertans are unemployed, Madam Speaker. If we cannot generate the wealth and thereby the tax revenues to balance our budgets without reaching deeper and deeper and deeper into the pockets of hard-working Albertans, hard-working, middle-class, mortgage paying job type Albertans, kind of like what we have right now, where the Minister of Finance says, "Things are looking up, up, up," while Albertans are telling the government that they aren't feeling the recovery and widely respected pollsters are telling the government that they are coming across as out of touch, out of touch with everyday Albertans when they say that they're making life better for Albertans, making life better at the same time as being out of touch with those very people who are looking for a better life, looking for better incomes to support their families, looking to create long-term wealth – and it saddens me when I see that we have a generation here that's going to pass on debt to the next generation and not a little bit of wealth to carry them through and to give them a hand up in the future.

Madam Speaker, the government has decided that to turn the tide, they will introduce Bill 1, Energy Diversification Act. As a whole I think Bill 1 and Bill 2 are focusing on the trees at the expense of

nurturing a mighty forest. Both bills are basically applying a Band-Aid to what I see as a critical injury, throwing candy after taking away that plate of meat and potatoes that this province once had.

8:30

Choose your own metaphor, Madam Speaker. They all paint a picture of trying to undo a failure of economic, regulatory, and fiscal fundamentals, because it's the fiscal and economic fundamentals that attract investors when they come looking and look around the world for places to invest. The smart ones aren't looking for somebody throwing something at them today that they can take away tomorrow. What they're looking for are strong economics – tax, fiscal economics, and fiscal responsibility – that do not layer burden on them down the road. They can see it coming. They have economists. They're not stupid.

We wouldn't even need programs like this, Madam Speaker, if this government had not so severely damaged Alberta's attractiveness for business and investment and business and investor confidence. Whoever thought that the term "political risk" would be used in the same sentence as Alberta? Political risk: usually that's reserved for banana republics and third-world countries with unstable political and economic environments and war and famine and poverty going on, but, no, we're talking about political risk in Alberta – in Alberta – because of this Alberta NDP.

I would also add that it's telling that the NDP is only introducing this after three years in government, and in those three years they raised taxes on job creators dramatically here, by 20 per cent, Madam Speaker. You know what? With the debt that they're building, \$96 billion in debt, somebody is going to be reaching deeper into those pockets. Even if those pockets are able to generate wealth, somebody from that government will be reaching deeper in there to try and fix the tide of red ink that is washing across this province. It's incredible to see that.

Increased red tape and regulation for those job creators, imposition of a carbon tax, massively hiked minimum wage despite the protestation of businesses across Alberta: I hear from them every day, restaurateurs, small businesses that say that the owners of these businesses are putting in 70-hour weeks and taking home no wages, Madam Speaker. This government will tell us that they're not managing the businesses well and that they're doing something wrong, that they're taking advantage of people. But they're out of touch. They're tone deaf to what we're hearing from job creators and investors.

It's hard to see how the programs contained in this bill will draw much-needed investment back in any meaningful way from long-term investors, long-term investors who'd look at the fundamentals. That is the crux of the issue with the government bringing in legislation like Bill 1, Madam Speaker. The government has gone out of its way to erode, seriously erode the Alberta advantage. They have introduced cost after cost after cost, and they wonder why the Finance minister's talking points and debt tolerance are so different than the experience and priorities of everyday Albertans.

I find it hard to believe that anybody doesn't think about how they would run their household or run a business. Madam Speaker, if we ran our households the way this government runs their government, we'd all be on the street. We'd all be on the streets because we wouldn't be able to afford our homes. The businesses that we run would be out of business, and we'd lay off all those workers, and all the paycheques would be gone because nobody can live on that kind of red ink.

You know, Madam Speaker, I hear the heckling going on from over there, but you know what? Honestly, when you take on a mortgage on your home, guess what you do? You start paying it next week. You don't push it down the road to your grandkids so

you can live in a big house today and say: it's okay; the grandkids will pay for it. That's so irresponsible.

If the government had not implemented all of their negative policies in the first place – dare I mention the all pain, no gain carbon tax – there would be no argument, justification, nor need for programs like these because Alberta would have no hurdles or issues attracting and retaining investment, as we did for many, many years, or worries about competitiveness in all market sectors and industry, including capital markets, Madam Speaker.

You know, I'll go back to that bucket. If you drill 20 holes in a bucketful of water and then you take that, add Bill 1 and Bill 2 and other bills, and you try and plug, and you get two, three, four of them plugged, your economic bucket is not going to hold a whole lot of water. So they keep dumping it in the top, Madam Speaker, but the holes in the bottom are just too many, and that bucket just keeps dropping down and keeps dropping down.

Mr. Ceci: And you drilled all the holes.

Mr. Gottfried: You drilled the holes. We didn't drill the holes. You drilled the holes in the bucket.

That is essentially what the government has done. They took a bad situation, and they made it worse. Now they're turning around and pretending like everything is rosy and that these Band-Aid, candylike, hole-plugging programs will save Alberta and attract back the investment we truly need for a robust and sustainable recovery, yes, a return to the Alberta advantage, that so many people are yearning for in this province. They know they won't get it from this government. Madam Speaker, those arguments – and, ministers, your buckets do not hold water.

Madam Speaker, what Alberta needs is to recommit to becoming the most business- and investor-friendly jurisdiction in North America. We need to get back to making sure that the world knows that Alberta is open and looking for business and welcomes new investment and that we respect investors and the risks that they take, the jobs they create and that we do not jealously covet the profits they earn, those rewards which balance off with the risk.

I often say that Hong Kong, which is kind of like my second home, has been voted the most free-enterprise economy in the world for 26 years running. Once we get Alberta back on track, we'll do that.

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

Seeing none, any other members wishing to speak to the bill? The hon. Member for Lac La Biche-St. Paul-Two Hills.

Mr. Hanson: Lac La Biche-St. Paul-Two Hills: it's such a difficult constituency because it doesn't exist anymore, I guess. That's what makes it tough.

Thank you, Madam Speaker. It's my pleasure to rise today to speak to Bill 1, the Energy Diversification Act. This bill put forward by the government seeks to incentivize investment in Alberta, and upon studying this bill, I see that it focuses most directly on the petrochemical industry in Alberta.

Let's talk about energy diversification. You'd kind of think that it's a new idea, listening to this government, but here are just a few of the diversification or refinery projects that I've worked on personally throughout my career. Imperial Oil refinery, Strathcona: started on that in about, I want to say, 1980. The Gulf refinery: I worked on that one as well. That's out in Strathcona as well. The Husky upgrader, Lloydminster; the Shell Scotford refinery out in Fort Saskatchewan, which is one of the largest refineries in Canada, I believe; Dow Chemical, Fort Saskatchewan; Redwater fertilizer plant; Sherritt Gordon fertilizer, Fort Saskatchewan. There are

many, many more out there that I didn't actually get a chance to work on. My point is that all of these or most of these projects were started back in the '70s and '80s, long before the NDP government and their Energy Diversification Act, so the idea that this is anything new to Alberta is just a little bit ludicrous.

Although the government has brought forth a number of different programs, some that may appear beneficial even, it's clear that the vast majority of Albertans do not support the programs proposed in Bill 1. A part of this bill that I find troubling is that it enables the APMC, the Alberta Petroleum Marketing Commission, to use financial tools available such as loan guarantees and equity investments. This is not in the best interest of taxpayers, nor is it in the best interest of the industry. I have serious concerns, if we are allowing the APMC to guarantee loans, in the case that a company goes bankrupt or defaults on a loan. Alternatively, should the APMC be in the gambling game at all in terms of loans? This strikes me as a power with which a public agency would be in a unilateral position in relation to any other controlling body and raises a question about how much power we should really be giving to Alberta's public agencies.

Furthermore, not only does it enable APMC to use financial tools; it also enables the minister to use any financial tools to establish programs that support economic growth in energy diversification, which include royalty credits and grants. We've all seen how things can go off the rails when it comes to getting into debt here in the province. I believe my colleague mentioned that \$96 billion is what the projected debt is going to be when this government is finished.

However, what we've seen from the minister thus far is a track record of ineffective, inefficient use of money. We've seen money spent on the early closures of coal plants which should have been in operation for another 30 to 40 years, costing the taxpayers \$1.36 billion. On the program front we have seen the true effect of these programs on Albertans, whose tax dollars would be better off left in their pockets to begin with. I feel that until we get concrete answers that show Albertans that their money will be used in the highest value-per-dollar way, the minister should not have the mandate to spend more taxpayer dollars on these unspecified programs.

Further to my questioning of their use of tax dollars, another question has arisen here as well. As we are investing in the partial upgrading to free up pipeline space on existing pipelines, which in and of itself would sound like a benefit of the bill, I'm at a loss as to why we are not investing in full refining instead. Like I said, we have many examples, that I've given, that refining has been taking place here in Alberta. We know how to do it, we know how to build them, and we know how to deal with the weather conditions.

8:40

If our target is to expand our market and increase our ability to refine and export, this would be the sensible route, although I suppose that it is telling that the NDP introduced this after having already been in government for three years. They have spent the last three years implementing detrimental policies that drove out investment, decimated jobs, crippled the economy, and shattered both investor and Albertan confidence. Now we have to throw incentives back to try and get the energy industry back on its feet. A lot of the bills put forth by the NDP that we've seen come through this House have been reactionary to a mess they've created with another one or more of their own bills, and this one is no different.

Madam Speaker, trying to stick all these patches on something inherently flawed just gives you have a pothole-riddled highway with Band-Aids scattered on top. I believe I sent pictures to the Transportation minister last year of highway 28, where they

sprayed black topcoat over top and then painted yellow lines right over top of the potholes.

Trying to stick all these patches on something inherently flawed when it looked like the economy was at the end of its roll, the NDP started poking it with a stick. Perhaps it would be more effective to start repealing harmful NDP policies. Addressing the root concerns of investors in dealing with our province, such as the detrimental policies brought about in the last few years, would bring back Albertan confidence whereas Bill 1 simply reads like a distraction from the NDP's record.

From the time the NDP were elected until the introduction of this bill and still to this day, they have spent their entire time in government raising taxes on job creators, which are effectively those who largely stimulate the economy. We've talked many, many times in this House that the only true source of revenue is from the private sector and people working for the private sector. It is unsurprising that they need a bill to legislate the need for investor attraction considering that their policies were the ones that had them running for the hills in the first place. They increased red tape, imposed a disastrous carbon tax, imposed administrative hikes, corporate tax hikes, and put out bill after bill indicating that it would be their way or the highway, and what did investors choose? Highway 1 right out of the province.

Moreover, Bill 1 has no framework set out to address regulatory roadblocks and red tape that are holding up project permits. As per the EDAC report document's recommendation 3.2, this bill does not address those sorts of delays. In terms of increasing investor confidence, this bill does a wavering job of even laying out specifics in which it will accomplish its mandate.

Madam Speaker, I'm having trouble truly believing that relatively modest loan guarantees and grants that will be spread over eight years have the potential for significant impact in re-attracting much-needed investment to Alberta. It's going to take a lot more than that to get all of the investment dollars and foreign investment dollars back into Alberta that left this country because of their policies, especially since, in a legislative sense, nothing has changed. The carbon tax is still in full swing and growing. We are a jurisdiction with significant red tape and significant cost of doing business that result in nothing but dead-weight loss, a gain to absolutely no one, not the government, not the company, not the average Albertan.

Therefore, with these policies remaining in place, I struggle to see how we could by definition be competitive with other jurisdictions. We've got a lot of catching up to do. They have the good sense to be economically attractive to investment by creating an attractive, open, free-market environment without the need for government incentive programs. The simple need for government programs demonstrates an intrinsic undesirability. It means that this jurisdiction is not a favourable environment and the government is desperate. To reiterate, it would be far more effective to start repealing those harmful NDP policies. Our leader has spoken many times in the House about how foreign investment is going to places like Iran and Kazakhstan rather than coming to Alberta. That says something about our policies here in this province.

Instead, we keep seeing the government spend money it doesn't have and drive up debt. On this side of the House we stand against the \$800 million in loan guarantees for partial upgrading and the \$500 million in loan guarantees for a feedstock infrastructure program. We also oppose the \$200 million in grants for partial upgrading.

Madam Speaker, this government should not keep scrambling to fix problems it has caused in the past, thus causing multiple other problems in the process. The best solution to restore investor confidence and get Alberta back on track is to repeal the tax hikes,

reduce regulations, and create favourable conditions under which investors can flow back into our jurisdiction. Rather than pushing Bill 1 and ballooning our debt more and more, I wish that the NDP would take a step back and analyze the much better solutions this side of the House has proposed.

I urge all members of the House to vote against Bill 1. Thank you.

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

Seeing none, any other members wishing to speak to Bill 1?

Seeing none, the hon. minister to close debate. No? Okay.

Are you ready for the question?

[The voice vote indicated that the motion for second reading carried]

[Several members rose calling for a division. The division bell was rung at 8:46 p.m.]

[One minute having elapsed, the Assembly divided]

[The Deputy Speaker in the chair]

For the motion:

| | | |
|--------------|--------------|-----------|
| Anderson, S. | Hoffman | Nielsen |
| Carlier | Horne | Payne |
| Ceci | Jansen | Phillips |
| Connolly | Kleinstauber | Piquette |
| Dach | Larivee | Rosendahl |
| Dang | Loyola | Sabir |
| Drever | Luff | Schmidt |
| Eggen | Malkinson | Schreiner |
| Feehan | Mason | Shepherd |
| Fitzpatrick | McCuaig-Boyd | Sucha |
| Goehring | McKitrick | Turner |
| Hinkley | Miller | Woollard |

8:50

Against the motion:

| | | |
|----------|----------|-------------|
| Gill | Loewen | Starke |
| Gotfried | Nixon | Strankman |
| Hanson | Smith | Yao |
| Totals: | For – 36 | Against – 9 |

[Motion carried; Bill 1 read a second time]

Bill 17

Tax Statutes Amendment Act, 2018

[Adjourned debate May 10: Mr. Panda]

The Deputy Speaker: Any members wishing to speak to Bill 17? The hon. Member for Lac La Biche-St. Paul-Two Hills.

Mr. Hanson: Are you ready for another riveting speech?

An Hon. Member: Use the same speech.

Mr. Hanson: I'll just use the same speech and see if you notice. Sure. See how long it takes.

Thank you very much, Madam Speaker. It's my pleasure to rise today to speak to Bill 17, the Tax Statutes Amendment Act, 2018. I have risen more times than I can count in this Chamber to discuss this government's hastiness and lack of forethought.

An Hon. Member: Really?

Mr. Hanson: Yes, I have.

Rather than taking the time to meaningfully consult and consider all consequences and thoughtfully correct course when they discover inconsistencies, this government has bullishly railroaded through legislation despite constant warnings from the opposition, stakeholders, and experts on glaring problems. We saw it with Bill 6 on farm safety, we saw it with labour changes, we saw it with minimum wage increases, and we saw it with the carbon tax. They wouldn't listen to anyone.

These are just a small portion of examples that show that this government's dedication to ideological policy supersedes their dedication to careful, well-researched, well-thought-out, and thoroughly consulted legislation. Perhaps it's not surprising that after their frantic passage of laws over the last three years, we have seen at least two tax statutes amendment acts in the last year. I can imagine that there are accountants from the CRA who turn on Alberta legislative TV and curse the heavens when they see that the NDP are about to further complicate their jobs.

Madam Speaker, as we know, decisions have consequences and ripple effects. It is the duty of the government to take the time to think about how every pebble that they drop into the water will ripple out and impact Albertans. When you're ramming through legislation in the middle of the night and you have Albertans standing in the cold outside of this building protesting that legislation, it normally is a pretty good indication that you are not carefully considering the outcomes.

Madam Speaker, when this NDP government introduced the carbon tax, which is the largest tax hike in Alberta's history and a tax they did not run on in the last election, I might add, everyone told them to pump on the brakes. My colleagues on this side of the House warned that in the grips of our current recession, inflicting further costs on Albertans would cripple families. We talked about how the cost of everything that Albertans would buy would go up in price through the rise in direct costs of transporting goods and services that would be translated into indirect costs that would affect everything from the price of apples in the grocery store to the price of bus passes to the new hockey skates that families needed to buy for their kids.

I think that we've been proven right time and time again. The carbon tax makes absolutely everything more expensive, including the cost of gas at the pumps that Albertans use to fill up their cars, the cost of heating Albertans' homes so that they can survive through these bitterly cold winters, or the price of running recreational facilities that bring communities together. No one and nothing is safe from the reach of this carbon tax.

Albertans were told that it was not a regressive tax and that they would not be seeing increased costs as they would get rebate cheques in the mail – I believe they're saying that's two-thirds of Albertans – except, as we suspected, this government had not done their due diligence on this large and controversial piece of legislation. This is why last year we saw the government harassing grieving families by demanding that their deceased relatives repay their carbon tax rebate, and it is why this year the CRA realized that the government had inadvertently been calculating the income of dependent children into the net family income that is used to determine the carbon tax rebate, which was never supposed to happen.

Luckily for us, the folks at the CRA caught this glaring mistake and were able to prevent families from being underpaid in their carbon tax rebates from the administrative side. Unfortunately, though, this meant that the CRA was in noncompliance with Alberta law. Such silly mistakes with easy solutions, which could have been prevented had the government taken the necessary time to consult properly, bring in the experts.

Now, Madam Speaker, I know that I'm being hard on this government, and I know that tax statutes amendment acts are necessary from time to time to ensure that our legislation is in line with federal legislation and to make it easier for Albertans to navigate filing their taxes. The CRA has a tough but important job in maneuvering an incredibly complicated system of rules, credits, and exemptions. Ensuring that Alberta's legislation is up to date means that they are working off the best and newest information in order to ensure continued efficiency in tax collection, which is why I'll support this bill and why the legacy caucuses voted in favour of the latest Tax Statutes Amendment Act, Bill 15 in 2017. But I would like some clarity, specifically around the issue of tax credits for fishermen and farmers.

I don't know how many of the government members have spent significant time farming, but I can tell you that many in our caucus have dedicated their lives to feeding this country. Farming is an absolutely grueling but essential job, Madam Speaker. It requires great personal sacrifice, significant capital risk, long hours, and hard labour. Farmers out in my area right now are running their seed drills all night long. It's amazing to watch and incredible, the amount of acreage that they're putting in. Farmers put up their own personal capital to seed crops that are under constant threat from Mother Nature in order to ensure that when we go to the grocery store, there are wholesome options that are reasonably priced. Farming is not a cushy job, but I am so glad that this province is blessed to have so many great folks that are taking up that torch.

You can imagine, with all of that information, why I'm confused that this legislation, which I understand was passed at the federal level, undoes existing federal tax exemptions for farmers' and fishermen's insurers, which has been in place since 2006. This will likely lead to higher insurance rates for farmers. Did this government even raise these concerns with their friend Justin Trudeau? Did they advocate on behalf of our hard-working fishermen and farmers? Madam Speaker, if we look around Alberta, farmers have enough insurance rate headaches thanks to several years of droughts, wet springs, and early winters that we certainly don't need to burden them with further expenses.

I also want to highlight another question that I would like answered. Section 71 changes the notification requirements for government communication with a person regarding the individual's information return. From my reading of this, there is the potential that this amendment would release the minister and the department from having the responsibility to ensure the person receives the request. Is there any particular reason that this clause is necessary? It seems there's a risk that we could potentially have taxpayers who the government has requested further clarity from but who are unaware of this because they missed one letter.

I don't know about you, Madam Speaker, but I'm not always home before 5 p.m. In fact, I rarely am, which means that I frequently miss registered mail drop-offs. Since I travel frequently between Edmonton and St. Paul for my work, as many Albertans do, that means that sometimes mail can slip through the cracks. Add to that fact that we have a hard time getting registered mail

delivered out on the farm, and if you're not in the post office before 5 o'clock, you miss it completely.

If the government needs something from me in terms of my individual information return, should it not be their prerogative to ensure that they get in touch with me to give me the opportunity to fix whatever the issue may be? Perhaps I'm making a larger deal out of this than necessary, and please correct me if I'm wrong. I'd be grateful for some clarity on that.

Now, Madam Speaker, another group that I'm worried about are small and medium-sized businesses that may be impacted by this legislation's changes to the Corporate Tax Act. While these might be minor for massive organizations, who have accounting departments dedicated to ensuring that they're in compliance with tax legislation, there are far more small and medium-sized businesses in Alberta who do not have the luxury of a dedicated accounting team and may be negatively impacted by these changes. Has the government taken necessary precautions to ensure that these mom-and-pop shops would get the necessary information to remain compliant with the legislative changes?

The last available data from 2015 shows that there are 168,000 small and medium-sized businesses in Alberta, so while these changes may be small, their impact may be large. Has the government thought through what ripple effects may result from this legislation for the small and medium-sized business owners, that are the backbone of our community and our economy?

The point of me asking these questions, Madam Speaker, and my hope is that these questions will give the minister pause to double-check and hopefully avoid some of the unintended consequences that have been made in the past. Albertans deserve our very best, and I hope that with this legislation and a little diligence and fact checking, we are able to avoid being back here this time next year debating another tax statutes amendment act.

Thank you very much, Madam Speaker.

9:00

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

Seeing none, any other members wishing to speak to Bill 17?

Seeing none, the hon. minister to close debate.

Mr. Ceci: Thank you very much, Madam Speaker, for the information that was presented. I'd like to close to debate.

[Motion carried; Bill 17 read a second time]

The Deputy Speaker: The hon. Government House Leader.

Mr. Mason: Thank you very much, Madam Speaker. Well, good progress tonight. I would like to thank all members, and I'd particularly like to thank the opposition. We made, I think, quite a good effort tonight. I would move that we adjourn the House until 10 o'clock tomorrow morning, which is actually the right motion this time.

[Motion carried; the Assembly adjourned at 9:01 p.m.]

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