



Province of Alberta

The 29th Legislature
Fourth Session

Alberta Hansard

Monday evening, May 28, 2018

Day 33

The Honourable Robert E. Wanner, Speaker

**Legislative Assembly of Alberta
The 29th Legislature**

Fourth Session

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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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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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Schreiner, Kim, Red Deer-North (NDP)
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Stier, Pat, Livingstone-Macleod (UCP)
Strankman, Rick, Drumheller-Stettler (UCP)
Sucha, Graham, Calgary-Shaw (NDP)
Swann, Dr. David, Calgary-Mountain View (AL)
Taylor, Wes, Battle River-Wainwright (UCP)
Turner, Dr. A. Robert, Edmonton-Whitemud (NDP)
van Dijken, Glenn, Barrhead-Morinville-Westlock (UCP)
Westhead, Cameron, Banff-Cochrane (NDP),
Deputy Government Whip
Woollard, Denise, Edmonton-Mill Creek (NDP)
Yao, Tany, Fort McMurray-Wood Buffalo (UCP)
Vacant, Fort McMurray-Conklin
Vacant, Innisfail-Sylvan Lake

Party standings:

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 28, 2018

[The Speaker in the chair]

The Speaker: Please be seated.

Government Motions

Duty on Cannabis Products

24. Mr. Ceci moved:

Be it resolved that the Legislative Assembly of Alberta approve the arrangement between the government of Alberta and the government of Canada outlined on page 128 of the 2018-21 fiscal plan presented by the President of Treasury Board and Minister of Finance to the Legislative Assembly of Alberta on March 22, 2018, Sessional Paper 43/2018, with respect to the implementation by Canada of a duty on cannabis products to be imposed under the Excise Act, 2001, Canada, in respect of Alberta.

The Speaker: The hon. Finance minister and President of Treasury Board. Good evening.

Mr. Ceci: Thank you very much, Mr. Speaker. What that all means is that when it comes to cannabis taxation, a co-ordinated approach with our federal and provincial partners will help ensure consistent pricing and drive out the illegal market in Canada. We have asked the federal government to use the federal excise tax to collect cannabis tax revenue on behalf of Alberta. This includes Alberta's share of the tax room that was agreed to by federal and provincial finance ministers, the greater of 75 cents per gram or 7.5 per cent of the producer price. To ensure Alberta can apply a similar level of total tax compared to other provinces, an additional amount would be collected from licensed producers. This amount would be equivalent to 10 per cent of the retail price and would be similar to the amount of tax applied in other provinces once cannabis is legalized. Federal collection of these amounts also minimizes our administrative costs as well as minimizing compliance costs for Alberta businesses.

Before collecting amounts on behalf of a province, the federal government requires provinces to confirm this through a vote in the Legislature no later than June 1, 2018. Mr. Speaker, we are required to bring a motion before this House before June 1, 2018, to indicate our preference about the government of Canada collecting taxation amounts on our behalf. That's why I'm bringing this forward today.

Thank you.

The Speaker: The Member for Calgary-West.

Mr. Ellis: Great. Thank you very much, Mr. Speaker. You know, I rise to speak to Government Motion 24. This motion is necessary, of course, due to the federal government, the Trudeau government, decision to legalize marijuana whether we in Alberta here are ready for it or not. As the Official Opposition critic for Solicitor General and as a former certified breath technician for the province of Alberta, I can say with certainty that we are not ready. Why can I make this sort of statement so strongly? Because unlike alcohol there is no roadside device that has been approved for reading levels of THC, which, of course, is a huge concern if we are dealing with any form of impaired driving.

Although we keep hearing about public safety being the most critical aspect of all legislation that is going through Ottawa, here in this Legislature we know that our roads will become more dangerous. The Transportation minister, to his credit, admitted that

when proposing amendments to the Traffic Safety Act to include drug impairment in our provincial legislation. Perhaps this critical failure to ensure that police have access to a roadside device is one of the reasons that the Trudeau government seems ready to miss its long-held target of July 1 as the marijuana legalization day. We do not know for sure because the government is fairly quiet on this issue and perhaps a little embarrassed, as it should be.

Now, in Alberta, however, our government has been bringing a few pieces of legislation forward each session to prepare for July 1 or whatever day, of course, when legalization is now about to occur. I must commend them. I mean, this, Mr. Speaker, is like drinking out of a fire hose. It is very much a challenge. But we've seen the aforementioned Bill 29, which amended the Traffic Safety Act, and Bill 26, which dealt with the retail structure and public consumption. By the way, our UCP caucus warned the government that marrying marijuana use with tobacco laws rather than alcohol would not offer the kind of public protection Albertans, especially children, would require, yet the NDP rejected our amendment that would have done just that. And now what is occurring? Alberta's municipalities are left dealing with it.

Government Motion 24, while necessary and supported by the UCP caucus, also leaves a blank area for municipalities. Let me just spell this out for you, Mr. Speaker. This motion is asking the Legislative Assembly to approve the deal crafted between the provinces, specifically in this case Alberta, and the federal government regarding taxing marijuana. They came up with a tax limit of \$1 on each gram sold. I'll address the importance of that price in just a moment, but right now I want to stay focused on municipalities.

This government has admitted that the lion's share of the cost of implementing legalized marijuana will fall to municipalities. Edmonton and Calgary, for instance, have both pegged the cost of planning, zoning, and administration as well as bylaw policing and inspection services at approximately \$9 million to \$12 million. Let me quote Mayor Nenshi in a December 7, 2017, *Calgary Herald* article.

We've not padded this number... We're looking north of \$10 million a year, so it's incredibly important that any revenue that is gained from cannabis sales, the excise tax on cannabis sales, be shared directly with municipalities.

That is the outstanding question, Mr. Speaker. Just how much of the tens of millions of dollars that the province will collect will go to municipalities? The Premier has stated that the first few years of legalized marijuana will likely be a net loss despite the revenues from the tax estimated to reach approximately \$80 million in the first full year of legalization.

Now, hopefully, there's a huge policing component that might be involved because Alberta needs those officers specially trained in recognizing the signs of impairment. This is especially important because there is still, again, no roadside device that can test the levels of cannabis impairment. That means that it will totally be up to the officers to recognize drug impairment because the next step is an invasive blood test. The province hasn't yet told us how they plan to deal with the need for more of those facilities and, of course, the court times that would be involved in that as well as planning and execution of blood warrants if that is indeed required. As you can see, legalization of marijuana will be expensive to the province and to the municipalities, so I urge this government to not dismiss the municipalities. They're carrying a huge burden, and they want to do everything right for their citizens, which are our citizens.

This tax on marijuana will provide important revenues to ensure legalization occurs properly in Alberta with a crucial eye on public safety. Public safety, of course, includes ensuring our retail regime stamps out the black market. For the black market it means

organized crime, and that brings deep-seated trouble for Albertans. Now, remember, this is an industry that is currently owned and operated by organized crime, so the thrust behind the organized crime is money. A goal of legalization is to erase the black market, which they control, by offering a safe product by legitimate retailers. The price, however, must also compete with the black market. That's why this tax on the sale of each gram is so important, Mr. Speaker. Curiously, and thanks to previous governments, which refused to implement a sales tax, Alberta will have the lowest cost for marijuana in Canada. Since the price of a gram is the same across the country, \$8, as is the excise tax, \$1, the only variable involves the various sales and harmonized taxes. Remember, people who sell marijuana illegally do not care if they are selling this substance to children.

7:40

Bill 6, which is before this House right now, allows the AGLC to add a markup. We have been told that this mechanism is there for the future, not the present, and is something that we will have to watch very carefully if we want to make and keep the black market irrelevant. Now, I certainly hope that the NDP government, which likes to surprise Albertans with unexpected taxes, does not look at the markup as an opportunity for revenues. I'm aware that the markup proposed in Bill 6 is only for the cost of the legalized recreational cannabis to the Alberta gaming, liquor, and cannabis commission, but I still want to add a caution that adding a markup for cannabis can create a rejuvenated black market for marijuana. We want to avoid that as much as possible. We must be cognizant of that, Mr. Speaker. Although legalized marijuana may not have been the choice of everyone, eradicating the black market and organized crime that controls it can be a positive effect to come out of this process.

Mr. Speaker, although I am in support of Government Motion 24 because it is part of a much bigger picture and Alberta needs revenues to enforce the marijuana laws, I want to take this opportunity to say that I personally think that this government could have gone a bit further in some of the public safety fronts. Hopefully, when legalized recreational marijuana rolls out in a few months, if changes are needed to legislation or regulations, the government does not hesitate to address them. You know, I speak specifically on two issues, marijuana in schools and public consumption. I have already indicated an issue with the NDP government choosing to align consumption specifically with smoking and vaping of tobacco. Marijuana is an intoxicating substance, yet Albertans will be able to smoke it almost everywhere in public, and that's why municipalities are having to scramble to create public consumption bylaws, because this government refused to deal with it in a responsible way.

So let me expound for a moment on the school issue, for I believe it is important that that, too, has gone under the radar. Students aged 17 and under cannot possess marijuana at all. They cannot buy it. They cannot consume it. Yet students 18 and over can. Although last fall's Bill 26 restricts them from smoking it on or comparatively near school grounds, there is nothing to prevent them from having it in their possession at school. This is the kind of public safety issue that I believe the government has sadly failed to address. Perhaps it sees no issue with some students being able to possess marijuana. Perhaps it plans to address this hole in some other way. But I ask the government to take care of it before the fall. I think that we all can agree that the safety and well-being of children are most important to each and every one of us on both sides of this House.

In closing, Mr. Speaker, I want to return to the costs of the marijuana. The federal government had \$81 million in start-up costs to provide to the provinces. Alberta's share should have been approximately \$10 million. Did the municipalities see any of it?

The excise tax is estimated to bring in \$80 million in 2019-2020. Will municipalities see any of that? These are legitimate questions to be asked. Municipalities are partners with the provincial government. Local governments take care of Alberta's citizens in their communities. The work that they do is critical to a well-functioning provincial government. I, of course, urge this government to view them as a partner in the rollout of the cannabis framework and always hold up the safety of children and families and citizens as the most important objective not just in approving legislation here but in making sure that it works well for Albertans on their streets.

Thank you for your time, Mr. Speaker.

The Speaker: Are there any other members wishing to speak? The hon. Member for Cypress-Medicine Hat.

Mr. Barnes: Thank you, Mr. Speaker. I rise to talk about Government Motion 24, to which I will offer my support. I do have some concerns. I am relatively pleased to see that this motion applies to cover the first two years of legalization and a common set of principles between the government of Canada and the government of Alberta. Unquestionably, this area, this change, and this legislation could have considerable unintended consequences.

Mr. Speaker, I'd like to start out by saying, you know, that I can't help but feel that we haven't talked enough about the safety, about the effects of the legalization of marijuana. Of course, as legislators our primary duty – our primary duty – for anything we do is for the safety of our communities, the safety of Albertans, and especially the safety of children. My goodness, there's adequate, ample, an abundance of evidence about the effect of frequent consumption on adolescent brain development. I just feel that it's necessary that every time we move into this area of change, we be reminded that with every change there come positives, there come negatives, and there are always unintended consequences.

My colleague from Calgary-West spoke very, very well about the concern with our police forces, our first responders. We all know how taxing and how hard their job is now, and thank goodness for each and every one of them. What a whole new level of duty and diligence and care the implementation of cannabis into our society is going to have on these people. I don't doubt for a second that their professionalism is more than up to this job, but I don't doubt for a second that it will cause extra work and extra concern. I'm grateful for them, and I offer my support.

Mr. Speaker, that brings me to one of my other concerns. We've all heard and the media has been very, very great at reporting how bad the federal government has been at getting this out, defining the rules, stating how it's going to happen. It's thrust on all the provinces and, of course, now thrust on the municipalities to bear the costs. I can't help but wonder if this two-year agreement is just a way for the feds to legitimize stepping into an area of Alberta's economy. They need our approval to put their taxation into effect. They're straying into an area of provincial jurisdiction. They're straying into an area where we, at least, are closer to the people than they are and we can help the best. That's why their first idea of forcing their rules and their plans on Alberta and taking the lion's share of the money was so ridiculous.

Still, is this just a plan to legitimize their need to dip into the money we'll need for our citizens, for our municipalities, for ensuring that the unintended consequences of this are minimal, for ensuring that we can support our first responders at the level that we have to? Okay. I get it. It's a new thing. It sounds like the feds have handled this terribly. At least, there's a two-year limit on this, and that will give everyone a chance, you know, to have a look at it then.

I have some concerns. Our researchers have discovered that some states with legalized marijuana have run into a particularly interesting dilemma. I have Colorado, Oregon, Washington, Nevada, Massachusetts, and Maine. After they legalized marijuana, guess what? The price dropped. Then they found themselves at: now what do we do? The price dropped. Do you start to promote it? Do you start to advertise it? Do you start to combat the black market, which obviously doesn't have to deal with any level of taxation? Mr. Speaker, I don't doubt that a lot of our good policemen and RCMP people and people that are living life on the streets protecting us have a better understanding of where this will lead to, but I don't think that our government and the bureaucracy do.

7:50

My concern, again, is if the home growing and the home consumption turns out to be a big market and the price drops because of the black market or because of other things. Who knows where culture will take us? Mr. Speaker, this government may find themselves in a very awkward spot.

For all those reasons, I will reluctantly support the government on Motion 24, but I will ask that in the next year and in the foreseeable future they do everything possible to monitor this, to watch for the unintended consequences, to make sure that the federal government does not step any further into where the Alberta government and municipalities should be and should be supported, and to make sure that all Albertans are protected, especially our young people.

Thank you.

The Speaker: Any questions to the Member for Cypress-Medicine Hat under 29(2)(a)? The Minister of Finance.

Mr. Ceci: I would like the Member for Cypress-Medicine Hat to clarify where the two-year limit you're talking about is in my motion or in the fiscal plan.

Mr. Barnes: Okay. Well, thank you for that. My summary has that this is a common set of principles that would cover the first two years of legalization. Hon. minister, if that's not the case, could you please correct me?

Mr. Ceci: I don't have the agreement before us here, but I'll go up and check it as soon as I have the opportunity. I just would like to ask the member again to – no. I think that's clarified.

Thanks.

The Speaker: Any other members wish to speak to Motion 24? The hon. Minister of Finance.

Mr. Ceci: Thank you very much. To close, I want to address some of the things that I heard the Member for Calgary-West talk about with regard to, you know, the municipalities needing to provide the lion's share of support for cannabis in communities. I'm not sure I ever said that. I don't think I said that the lion's share of responsibility would be on municipalities.

I can tell you that the Alberta gaming, liquor, and cannabis commission is busily getting ready for the legalization of cannabis, not only with online purchasability for Albertans that want to do that but ensuring that only Albertans who are over 18 years of age can purchase and are identified through the online purchasing. We're getting all of that ready.

We are getting ready the ability to receive cannabis from licensed producers and to distribute that to legal retailers throughout the province when that is put in place. We're also putting in place an

ability to approve retailers, check the backgrounds of those retailers as well as every person working for them. The government of Alberta is going to, if I could suggest, do the lion's share of this work with regard to getting cannabis ready for distribution throughout the province.

Certainly, municipalities have asked to be at the table with regard to the sharing of revenues at some point when those revenues actually net out positively, and we really don't know when that will be. It could be in a couple of years' time, more or less. We will work in a co-ordinated fashion with municipalities, and we will have discussions with municipalities about that revenue sharing at some point in the future.

The approach to cannabis taxation with our federal government and other provincial partners across the country is the best way to get consistent pricing, Mr. Speaker, and to help drive out the illegal market. I think that on that point I agree with the Member for Calgary-West, that that is a critical aspect of all of this.

The specific tax on cannabis is no different than applying product-specific charges on other commodities such as provincial fuel and tobacco taxes and liquor markups. That's the only way we can ensure that Alberta can apply a similar level of total tax compared to other provinces. As was noted, there is no sales tax in this province, so we need to ensure that our pricing in this province is consistent with other provinces. The federal government has agreed to, on behalf of Alberta, make the sale of each gram consistent with the approximate average of other provinces. I did mention that we're going to be as efficient as possible with administering the costs and complying with the requirements around cannabis taxation, and if it's handled by the feds instead of us setting up our own process, that's going to be more cost-efficient.

I just want to look at a few of the other thoughts that were brought up by the Member for Calgary-West. Of course, we'll not dismiss municipalities and their efforts to do the best job they can in their communities. They're closest to their communities, so I think it makes sense that at some point in the future there be discussions about this with them, and there will be. They know their communities best, and they more likely know what the mores are than us sitting in Edmonton and making laws that affect them. We've made them permissive so that they could decide to do things differently if they chose, and some of them, most notably Edmonton and Calgary, have. But, again, we're not forecasting positive income on this until 2020, 2021.

I think those were some of the issues that were brought up that I believe needed to be further clarified.

Mr. Speaker, Alberta is responding to a federal government initiative. We're responding with a full suite or a complement of processes in this province that will continue to place safety very highly in our communities, place very highly the lack of legitimate cannabis getting into the hands of young people. We don't want that. We want to make sure that our communities are great places to live, work, and to recreate, and that's why we're doing the responsible thing like putting a process in place before the legalization of cannabis. I think that's as Albertans would expect.

Thank you.

The Speaker: Before calling the vote on the motion, the Deputy Government House Leader.

Mr. Feehan: I seek unanimous consent to revert to one-minute bells for the rest of the evening.

[Unanimous consent granted]

[Government Motion 24 carried]

Government Bills and Orders

Second Reading

Bill 10

An Act to Enable Clean Energy Improvements

Mr. McIver 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 because the Assembly is of the view that the bill does not provide sufficient detail to ensure there is adequate protection for property owners to avoid the type of litigation that has arisen with the PACE programs in California.

[Debate adjourned on the amendment May 17: Mr. Drysdale speaking]

The Speaker: Any members who wish to speak to the amendment to Bill 10? The Member for Little Bow.

Mr. Schneider: Thank you, Mr. Speaker. It’s always a pleasure to rise in this Chamber and speak to legislation that affects all Albertans – today is no exception; today we speak to Bill 10, An Act to Enable Clean Energy Improvements – and specifically to speak to the reasoned amendment that my colleague from Calgary-Hays proposed.

8:00

Bill 10 was introduced in order to allow municipalities to establish a program that would help private property owners make energy efficiency upgrades. This bill also allows or enables municipalities to pass a bylaw, a bylaw which creates the property assessed clean energy program, or PACE. The intent of the bill is to offer the instrument for property owners to finance affordable energy efficiency, renewable energy, and water conservation projects or upgrades to their property.

Now, the idea is that the municipality would be expected to borrow funds from private lenders and then use those funds to front the cost of the upgrade. The municipality would then put the cost of the upgrade plus the interest onto the property owner’s tax bill, and the said property owner would then pay for the said upgrade over time through their municipal tax bill on an annual basis.

I call that glorified financing or backdoor financing. There’s no other way, I don’t think, to put it. I think it was called innovative financing on the government’s technical briefing. Backdoor financing has already been in place for several states down south of the border for some time. I believe that California was the first state in the union to implement the PACE program. I could be wrong about that, but they’ve had it for several years. I’ll talk about that a little bit later.

You know, Mr. Speaker, there are a few people on the government side of the House that have spent time in the role of opposition members in the Alberta Legislature – I don’t know that there are any in the House tonight – but some have been opposition members quite recently as well. So whether the people that were here when they were opposition members have shared with the rest of their colleagues what the duty of the opposition is in this House is something that we don’t know.

But the reality is that on this side of the House we are challenged with the task of reviewing proposed legislation as it is our role and responsibility in this House to ensure that what is proposed for the benefit of Albertans through government legislation is expressed and phrased in such a way as to ensure that the purpose and the intent of the proposed legislation is indeed achieved and that there’s no danger of unintended consequences occurring. Mr. Speaker,

from this side of the House we believe that the proposed legislation is not quite ready at this time because the program that is to be enabled, if left as it is presented without any further detail, will potentially have the chance to cause Albertans possible financial difficulty.

Like I said, I do have a copy of the original technical document that the government gave to those that attended the bill briefing, and it starts off talking about exactly what I’ve already said, how property owners will be able to finance renewable energy projects, which would constitute upgrades to their properties, and how repayment would be collected through property owners’ municipal tax bills. Now, that reminds me a lot of a program that we have used in Alberta for quite some time called off-site levies, which have been successful; don’t get me wrong.

Again, the document that the government gave us at the bill briefing made it very plain that large and mid-sized cities were not interested in administering the program or incurring any administrative costs. They also weren’t interested in a lending role for the program. The briefing document on page 7 asserted that “it is envisioned Energy Efficiency Alberta will administer the program” and that the lending role would be provided through agreements with that agency. Now, that, I suppose, relieves the municipalities’ concerns about having to have a role of lending in this program, but the words “it is envisioned” I think mean that we would picture the role of the lender mentally, especially in some future event.

Now, in all fairness, I don’t believe I’ve heard the minister state unequivocally that Energy Efficiency Alberta will indeed be the administrator of the PACE program. If he has, I stand to be corrected. The fact is that Energy Efficiency Alberta has not been named in the legislation as the administrator or the lender of the PACE program. What I do know, Mr. Speaker, is that the minister stated last week that the legislation is the number one source that we have in order to get our information. But, once again, the information regarding Energy Efficiency Alberta isn’t available in the legislation.

While I’m at it, I believe that the minister indicated that indeed there was a mistake on the government website. One of my colleagues brought up a potential mistake that stated that municipalities would install and pay for upgrades on private property. That certainly contradicts the information within the briefing document. I guess from where we’re at here, we weren’t involved in what information was given to the municipalities, but the question is: what were the municipalities told? Which version? I just wonder if that doesn’t point out, you know, just a little bit, that there could be some uncertainty among those who would use this legislation. One document says one thing, and another says something else. That just lends more credence to the amendment that my colleague from Calgary-Hays has put forth here.

What about financing? We were told during the technical briefing – a data sheet was presented – that it is envisioned that private lending institutions will indeed be the lenders of the PACE program. But does anyone – this is a question for me – who applies to have energy efficiency programs done on their property qualify? It appears that eligibility for this program is chiefly to be based on property information rather than what I would call the industry standard in lending, which assesses the applicant’s income and which seeks credit information about the individual applying for the financing before any monies or in this case property upgrades are completed.

You know, it looks like qualifying for the PACE program loan would be rather easy. Is there no risk assessment done on the borrower? Those are things that we don’t know yet. I guess that another question is: who does that assessment? Another question is:

is the borrower aware of the interest rates for a loan that is to be paid off through his property taxes? Here's another question. If the borrower's history with finances is suspect, does he still qualify for the loan? For instance, if the borrower has a history of delinquency on debt repayment or, worse yet, has a history of delinquency on tax payment, does the property owner still qualify?

I mean, I can look into the legislation to find that under section 7 on page 7, proposed section 390.9(a), a regulation may be made "respecting eligibility." That means that understanding how those questions will be answered will not be debated here in this House. That will all be done by regulation. That is decided around the Executive Council table. Now, does that sound like something that could put Albertans at risk? Just a question without malice. That's how I ask that question. Does that mean that the government is asking us to trust them rather than provide some answers for the users?

Consider seniors in this province. Of course, we all know that many seniors live on fixed incomes. If they haven't had some kind of an assessment as to repayment of this loan for their energy efficiency upgrades that would be paid back through their property taxes, are they at risk of losing their property if they cannot make the additional payment on their taxes for several years? That's what happens in municipalities when somebody doesn't pay their taxes. There's a real possibility at the end of the day that the property will be put up for sale. It can be sold at auction. I don't see anything in the legislation that refers to that kind of a scenario at all.

8:10

There is another point that is left to regulation under the same section 390.9:

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

(e) respecting the disclosure of clean energy improvement agreements to prospective purchasers of property.

I'm going to reference the United States and the issues that they've had with the PACE program, and I know it's been talked about here before and the minister has likely heard all this before. I know the minister will probably stand up and tell me that the Fair Trading Act protects consumers. Well, to be honest, I believe that the Fair Trading Act likely does protect consumers when it comes to exerting undue pressure or influence on a consumer; when it comes to being deceptive, misleading, or ambiguous about the terms and consequences of a transaction; when it comes to many types of unfair pricing practices, charging fees without informing customers in advance and using terms or conditions that are harsh, oppressive, or excessively one-sided or misrepresenting that a supplier's representation that goods or services have sponsorship, approval, performance, characteristics, accessories, ingredients, quantities, components, uses, benefits or other attributes that they do not have.

I took that right out of the act, sir. I quoted it word for word.

As I look at the act, as far as I can see, it doesn't pertain to anything like what may happen in the PACE program, certainly what we know has happened in the PACE program in California. In California PACE has been an option for several years for property owners that want to do energy upgrades for their property but don't have cash upfront. The complaint by county supervisors is that the program places liens on property owners that can make it difficult to sell or difficult to refinance a property. The loan is different from a standard mortgage. It is given out by private companies and is paid off by a property owner's property tax. The county, or in our case the municipality, then puts a lien on the property until that debt is paid.

Now, last week the minister stated – last week is not right. The week before the minister stated that it's also not going to be the

municipality that pays for these energy projects and that Energy Efficiency Alberta isn't going to be the one that's paying for these upgrades. There will be a third-party lender. That being said, it looks like this program looks a lot like the States' program.

What happens after the loan is made is what the U.S. realtors are talking about. Down there the property owner was told that the debt that was incurred to do energy upgrades could be passed on to the next purchaser of the property. Apparently, according to the realtors, that never happens. When a buyer purchases a property with energy efficient upgrades, they are buying those amenities. When the property has a lien on it, even though it is through annual taxes, this is a debt against the property. In that case, purchasers will expect that the debt will be cleaned up before they purchase the property, that the lien will be erased.

It's just like if you borrow \$10,000 or \$30,000 or something to do a reno on your property. I think it would be fair to say that a prospective buyer is not going to pay for that refinancing. Now, down in California it seems that the property owner is usually unable to pass on PACE-related debt to the buyer. I'm afraid, once again, that I can't see anything in the legislation, Mr. Speaker, that tells me that an Alberta property buyer is going to accept PACE liens when buying a property with PACE upgrades.

Consider if a buyer agrees to take on the incurred debt that comes with a PACE property. That buyer then would have to qualify for this additional property tax in their mortgage as well. You'd have to qualify for the debt as well as the . . .

The Speaker: Hon. members, under 29(2)(a), any questions or comments to the Member for Little Bow? Bonnyville-Cold Lake.

Mr. Cyr: Thank you, Mr. Speaker. I was riveted to hear about some of these concerns that realtors are bringing forward, and I would ask that the member finish his speech.

Thank you.

The Speaker: The hon. member.

Mr. Schneider: Thank you, Mr. Speaker. I guess, as I was saying, the proposed purchaser would then have to qualify for money that would actually pay the lien off as well. According to feedback that our caucus has received from Genworth Canada, the largest private residential mortgage issuer in Canada, any PACE property taxes would be included in their calculations of an individual's mortgage. This means that any potential buyer with a Genworth-insured mortgage approved for a PACE property would be able to afford a more expensive property, likely with the energy efficiency upgrades that are already paid off.

It appears that California's advice to those that were thinking of using the PACE program – the PACE program has stayed. County supervisors and realtors that have been involved with this PACE program suggested that it would be wise to spend substantial time in the home or the property if using this program or plan to keep the property as a rental property. That would be good use of the PACE program in their opinion.

Once again and without any malice of any kind, the minister told my colleagues that they only need to go to the legislation for all answers. Frankly, this legislation doesn't say anything about the safeguards for Albertans in any of the circumstances that I just mentioned. The Official Opposition's job is to make sure that legislation presented in this House is fair and responsible and palatable for Albertans. As I said before, Mr. Speaker, this is simply glorified financing.

You know, Mr. Speaker, there are already a lot of lending services for home improvements, from lines of credit to second mortgages to the CHIP reverse mortgage program. These services

involve proper qualifications, proper qualification standards that protect the property owner and the lending companies. That tends to beg the question as to why the program is necessary.

Mr. Speaker, we in this House are charged with making a decision about whether or not the legislation should proceed now. We have to decide if the legislation is clear and concise for those Albertans that it will affect now. Considering that the legislation doesn't answer a lot of the questions that I brought up, how are we supposed to do that? I heard the minister say that he will be consulting the stakeholders through the summer and bringing the legislation back in the fall for the final decision. I hope I heard that right. If not, then this legislation is just a little too vague for me.

It seems that there are some questions that my colleagues and I have asked that are not intended to be out of line in any shape or form. They're serious questions about much of what this legislation is lacking, which, in my opinion, is detail. Of course, my biggest concern is how a property owner sells the property he has that is involved with the PACE program. Passing on an incurred debt for energy upgrades to a buyer of a property doesn't make sense to me. Those are two separate actions. I can't for the life of me understand how a buyer would purchase a property that has a lien on it, especially when their mortgage qualifies them for a property without existing unpaid improvements.

I haven't seen anything, including the Fair Trading Act, that talks about a property owner selling a property with PACE attached, so how are we to determine whether to support this legislation that will simply have difficult questions explained away in regulations and may negatively affect Albertans?

As I conclude, Mr. Speaker, I want to pass on some concerns of the Alberta Real Estate Association. Section 7 of the legislation under proposed section 390.7 on page 6 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 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.

Specifically this provision introduces . . . [The time limit for questions and comments expired]

The Speaker: Hon. members, any other members wishing to speak to the amendment? The hon. Member for Lacombe-Ponoka.

Mr. Orr: Thank you, Mr. Speaker. It's a privilege to rise to speak to Bill 10, An Act to Enable Clean Energy Improvements. Yes, this is an act that intends to provide a mechanism for property owners to finance affordable energy efficiency, renewable energy, water conservation projects, upgrades to their homes, and several other things.

8:20

The Speaker: Hon. member, to clarify, it's on the amendment.

Mr. Orr: That's correct.

The Speaker: Thank you.

Mr. Orr: Yes. I am speaking to the recent amendment, and that was the next piece that I'm getting to.

I think the ideal and the minister's intention here are truly honourable and positive in intent. It's a great goal, but I do have serious concerns that it might be the wrong way to get there or that there is a great deal of need for taking a look at that. Because of that, I think that we should treat this as a reasoned amendment, that

we should support the reasoned amendment and take a little bit better look at this and make this a truly safe option for Albertans to develop clean energy and green energy in their homes.

I'm a hundred per cent in support of green energy. I think I've said in this House before that I built a house just a couple of years ago. I did insulation to 50 per cent above code simply because it's smart, it's good value, it saves energy. That's both the walls and the ceilings. I also did not put in any hydrocarbon heating within that house. It's entirely renewable and electricity. Again, it baffles me that we need all kinds of government programs to inspire people to do things that are good and that are positive, that are actually helpful for our world and actually beneficial to us. They do save money. They're just plain the right thing to do.

Now, when we begin to create all of these tinkering, I guess I think of them as, and projects whereby government can busy themselves and make themselves look like they're trying to make the world a better place, I'm concerned because the unintended consequences often are much more challenging than we first think they are. I think that we really do need to learn from those who have been down this road before and who have discovered some very, very serious potholes in the road or, I might even say, some bridges out over some difficult spans.

The reasoned amendment does ask that the bill not be read a second time now. The reason for that is that it does not provide sufficient details, and particularly it does not ensure the protections for Alberta property owners to avoid the kinds of pain and litigation and municipal difficulties that have arisen with PACE programs in other jurisdictions. Some jurisdictions are actually now even cancelling their engagement of PACE programs altogether because of the difficulties and the problems that they've encountered. Now, I'm not saying that it can't be made workable, but I do know that in light of the experiences of others it's not necessarily that easy to make it workable and safe and efficient and that, in fact, it takes a very, very careful look at how we get there and what we are leading Albertans to.

The bill on the surface does look like a good piece of legislation, I confess. It is potentially intended to help advance clean energy improvements in Alberta, potentially support the development of more clean energy in the province. But while this is all well and good, the reality is that there are some very serious concerns, which I'd like to enumerate in the next few moments.

One of the concerns that I hold with this particular piece of legislation is that in the province maybe more now than ever in history the difficulty of buying a home is actually rising, particularly for low- or fixed-income owners. We have a combination of two major headwinds to home ownership in Alberta. One is that we have experienced in the last months significantly more difficult mortgage rules at a federal level, which are going to make qualifying for a home much harder for a lot of people who are sort of on the borderline income level to qualify for the particular home that they want to buy. Those more difficult mortgage rules are going to certainly disqualify some people from buying.

Then you add on top of that that the utility prices for a home are escalating significantly, the carbon tax and other reasons. The reality here is that utilities are part of the calculation for mortgage qualification. If we were to imagine that here in Alberta that we will possibly not too far in the distant future have the same kind of utility rates that fellow Canadians in Ontario are experiencing, the reality is that we could be looking at utility bills being very closely equivalent to the mortgage financing bills that people are having to pay.

In my riding – I just checked – the average price of a lower end home is only \$250,000-ish. Financing for that is not that much, but

if you were to add Ontario-style utility rates on top of that, the utility costs would almost equal the mortgage cost. Those kinds of obstacles to home ownership are in fact going to make it extremely difficult for many people to buy an entry-level home. Then we're going to begin to add further debt burden onto them. But in this case, with the PACE program, they may not really realize the impact of that additional debt. By allowing them to participate in these programs regardless of income level checks, it could mean disaster for their families, as has happened in other locations. It could mean the loss of their property.

I'm just concerned that the details of these kinds of things and the due diligence of making consumers aware of the implications of this kind of additional debt burden on the purchase of their home may actually push those who are already struggling to experience home ownership into a deeply difficult position. That's why I think that we also need to really ask ourselves – it isn't in the legislation – if there should be a required educational piece that goes along with this program. In other jurisdictions the problems have arisen from contractors and others who promote and push the program as a way for them to do their business, but the homeowners don't quite understand. When you're only sold the rosy side of everything, people don't understand the risks and the potential dangers of the program. It could cause serious issues. I think there needs to be a required educational piece for every person who signs on to this.

The question is: is that going to happen? Who's going to be responsible for that? Who's going to be accountable for that? In other jurisdictions the qualification of potential purchasers got left completely out of everybody's thought. It's not the contractor's responsibility to do finance qualifying. There isn't a bank directly involved. The municipality doesn't want to qualify the financial ability of potential consumers. Who does this? It has led to significant difficulties, particularly when you have a program in which eligibility is not based on income levels or on how much debt a person is already carrying. There's no requirement to even check credit scores to see if they're capable of carrying this extra debt load. These are major concerns. What will happen to those who unwittingly and unintendedly end up in a situation where their payments are more than they can afford to manage? Who's going to bail them out? Are they going to get bailed out, or are they going to then become just further victims of unintended consequences of a bill?

I think we also really have to ask the question of contractors. I mean, I understand they want to make a sale. There's an incentive to do that. There's an incentive to promote extensive upgrades. There's an incentive to upsell. You know, you get going and: well, just add this and add this. Every piece they can add on improves the viability of the job for them, but where does it leave the homeowner? As I said a moment ago, it's not the contractor's responsibility to qualify that. Who's going to monitor and hold accountable the contractors who sell and upsell this whole thing?

You know, we try to put in consumer protection, but I don't see it here in this particular bill. I really hope that the minister will resolve these issues over the summer since he says that that's his intent.

Another problem I have with this legislation that's been brought to my attention is that buyers and sellers all of a sudden have a point of difficulty in reaching an agreement. Homes have definitely become harder to sell in regions where there are PACE loans attached to the home. The new purchaser doesn't want to buy them. The seller maybe doesn't even get enough money out of their house to actually cover the thing. It can lead to very disastrous situations, especially in those circumstances where families are forced to sell because of financial necessity.

8:30

I mean, even in this downturn here in Alberta the number of repossessed homes has gone up substantially. I could see that being even worse if there are PACE agreements attached to many of these houses. It's a potentially disastrous brew of things. There needs to be protection in place.

You know, it took many decades in Canada for us to figure out how to create a safe mortgage system that doesn't get mortgagees in trouble. The Americans didn't figure that out very well, so they had their financial crisis a few years back. At least in Canada we were able to protect most of our citizens from those kinds of predatory mortgage practices. I want to make sure that this doesn't become a predatory loan attachment to their taxes that is going to create the same sort of difficulty in these kinds of situations.

It's a necessary thing that these questions be examined. Really, the way this looks at the moment, the only necessary requirement to have a PACE program is that you have a home that needs upgrading. It doesn't matter if you qualify. It doesn't matter if you can afford it. It doesn't matter if your credit limit contributes to it. If you've got a home and you want it, you can have it. I mean, it's the highest level of retail mortgaging: put everything you buy on your credit card. Then people end up finding themselves unable to meet their credit card debt and having to declare personal bankruptcy. People need to be aware of these risks and rewards.

Another concern that I have is: what will the terms of this borrowing, or debt attachment, to their title actually be defined as? I mean, what will the interest rates be? How often will the interest be triggered? What fees and penalties will be involved? What kind of repossession triggers will there be? Will there be any forgiveness of any kind for missed payments as you can get on a mortgage currently? There are so many questions here. The reality is that in many cases, I suspect, you can probably get better money – let's remember that this is just all about buying the use of money. You can probably buy money cheaper from a home equity loan or a line of credit than what these have proven to be in the U.S. Again, that needs to be taken into consideration. Will people be aware that they can actually shop around and get the same thing by just doing their own home equity line of credit or an equity loan? These are very real questions.

Making it supposedly so simple generally tends to be making it so simple that people get sucked into something they didn't quite understand, and then they have serious buyer's remorse after. We don't want to create an environment where our citizens have buyer's remorse. We try to protect them from predatory lending. Let's make sure we don't do that with this particular piece of legislation.

Another big piece of this, of course, also questions that need to be answered, again sort of just left to regulations – maybe; we hope; we'll see – is the requirement for disclosure. PACE property tax loans may not actually be clearly disclosed because there's no requirement on it. Most lenders would check the tax, but maybe not all do. I mean, I've had people come to me after having bought a house, and they find out things that they should have asked before they bought and that everybody would have thought they would have asked, but they didn't. There's nothing at all in this legislation that ensures transparency in selling a property with a PACE property tax piece added to it. I would hope that the real estate agencies will actually make that happen.

The Speaker: Any questions under 29(2)(a)? The hon. Member for Bonnyville-Cold Lake.

Mr. Cyr: Thank you. I, again, am very interested to hear about how poorly rolled out this PACE program is, especially when you see

the failures across the United States when it comes to this, so if the member could please continue, I would enjoy it to hear the rest of his speech.

The Speaker: The hon. member.

Mr. Orr: Yeah. I won't take too much more time, but I do have some concerns that we make this thing safe and actually good for our Albertan citizens. Leaving too many things to regulation is difficult. I mean, we have Bill 6, the farm tax. We still don't have the regulations for it. How long will it take to get safe and workable regulations for this? Some of these things need to be worked out a little bit sooner rather than later, and these questions should be answered before the legislation is rolled out rather than roll it out and then try to figure out how to make it safe later. That's part of my concern. To just trust that somehow it'll all work out in the end generally leaves a few victims along the way who learn the hard way, and by them we learn what has to be fixed. I would hope that we don't have to do that kind of thing.

While bank mortgage rules are tighter, there's real challenge for people who are new homeowners or seeking to become new homeowners at least, and I just think we need to be very careful how we approach this.

So I would encourage everybody in the House to actually support the reasoned amendment that's before us at the moment. Thank you.

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

Any other members who wish to speak? The Member for Calgary-Mackay-Nose Hill.

Ms McPherson: Thank you, Mr. Speaker. It's a pleasure to rise this evening and speak to this amendment. Currently, as I understand it, there are 31 states in the U.S. as well as one province in Canada that have PACE programs. Some of the states include California, Michigan, Missouri, Kansas, Nebraska. We also have British Columbia. So there's quite a wealth of knowledge about PACE programs in different jurisdictions. I believe that using the lessons learned from those jurisdictions, it's possible for us in Committee of the Whole to introduce any sorts of amendments that might be helpful in making the bill more robust for both municipalities and consumers.

PACE is a financing tool. It has capital coming primarily from private investors who are looking for secure, long-term investments. While I can appreciate some of the comments here regarding education of consumers and contractors and municipalities – I think those are all very important – at the end it's a financing tool that has a side effect of being an incentive to install retrofits for energy efficiency. But the most important thing to remember is that it is private capital by and large that's going to be financing this. They're looking for secure, long-term investments, and they're not apt to be lending money that's going to be defaulted on. So I think that's something else we want to keep in mind in terms of more information about this particular bill.

Another point that I'd like to make is that right now solar installers are already facing significant business downturn while consumers are waiting for municipalities to create their programs and implement them. That means that right now they are seeing a downturn in their investment. If we were to pass this particular amendment, refer the bill to committee, that means that there will be an even further downturn for solar installers. These are by and large independent small and medium businesses, and they certainly can't withstand further delays in their income streams that would be as a result of referring this bill to committee.

For all of those reasons, I cannot support this amendment, and I'd like to encourage my colleagues to vote against it as well. Thank you.

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

[Several members rose calling for a division. The division bell was rung at 8:40 p.m.]

[One minute having elapsed, the Assembly divided]

[The Speaker in the chair]

For the motion:

Barnes	Nixon	Taylor
Cyr	Orr	van Dijken
Ellis	Schneider	

Against the motion:

Anderson, S.	Hoffman	Miranda
Bilous	Horne	Nielsen
Carlier	Jansen	Piquette
Carson	Kazim	Renaud
Ceci	Kleinstauber	Rosendahl
Coolahan	Larivee	Sabir
Dach	Littlewood	Schreiner
Dang	Malkinson	Shepherd
Drever	McCuaig-Boyd	Sucha
Eggen	McKitrick	Turner
Feehan	McLean	Westhead
Goehring	McPherson	Woollard
Hinkley	Miller	

Totals:	For – 8	Against – 38
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[Motion on amendment to second reading of Bill 10 lost]

The Speaker: Hon. members, we will now resume debate on the motion for second reading. Anyone?

The hon. Minister of Municipal Affairs to close debate.

Mr. S. Anderson: Thank you, Mr. Speaker. Thank you to all the members that were up speaking earlier. I appreciate it. There were a lot of good questions that were asked. As one of the members said, I did say that we are going to consult through the spring and the summer – well, I guess it's straight into summer now – and bring it back in the fall with all of that information to make sure that everybody can vote on that. That's what we do in this House, that's what I did with the MGA, and that's what I promised to do here.

I'm excited about it. I've talked to many builders, realtors, homeowners, private homeowners, nonprofits that are excited about it. I'm excited to get it going and to have some conversations outside of this House with more people so we can bring something positive forward that's going to be a game changer for this province.

With that, I'll just close debate. Thank you.

[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 Speaker in the chair]

For the motion:

Anderson, S.	Hoffman	Miranda
Bilous	Horne	Nielsen
Carlier	Jansen	Piquette

Carson	Kazim	Renaud
Ceci	Kleinstauber	Rosendahl
Coolahan	Larivee	Sabir
Dach	Littlewood	Schreiner
Dang	Malkinson	Shepherd
Drever	McCuaig-Boyd	Sucha
Eggen	McKitrick	Turner
Feehan	McLean	Westhead
Goehring	McPherson	Woollard
Hinkley	Miller	

8:50

Against the motion:

Barnes	Nixon	Taylor
Cyr	Orr	van Dijken
Ellis	Schneider	

Totals: For – 38 Against – 8

[Motion carried; Bill 10 read a second time]

Bill 13

An Act to Secure Alberta's Electricity Future

Mr. Cooper moved that the motion for second reading of Bill 13, An Act to Secure Alberta's Electricity Future, be amended by deleting all the words after "that" and substituting the following:

Bill 13, An Act to Secure Alberta's Electricity Future, be not now read a second time but that it be read a second time this day three months hence.

[Adjourned debate on the amendment May 17: Ms McKitrick]

The Speaker: The hon. member?

The hon. Member for Cypress-Medicine Hat.

Mr. Barnes: Thank you, Mr. Speaker. I rise today to talk, of course, about the hoist amendment and Bill 13, An Act to Secure Alberta's Electricity Future, an act to secure Alberta's energy future, because it's not that. This NDP government made huge mistakes on the backs of Albertans, on the backs of families, communities, the next generation and, of course, had to react by introducing a capacity market. I want to go there for a second and talk about the huge errors that this government has made financially and in their implementation, but when we're talking billions and billions of dollars, when we're talking about an essential part of an economy or a community or a household such as electricity, it only makes sense to take some extra time, to have some experts, to hear some different opinions, to take a long, long look at things to make sure that we get legislation, regulations, and any changes that are deemed favourable or necessary correct.

[Mr. Sucha in the chair]

Of course, this government's need to push this through so quickly because of the uncertainty, because of the lack of security in the energy industry has maybe made them feel that they have to charge ahead at light speed, but again it'll be Albertans that will be facing all the consequences of that.

Let's start with the first step. Mr. Speaker, under the federal regulations Alberta was meant to phase out 12 coal-fired generating plants, as per the previous government's reasonable agreement, by 2029. Instead, what this NDP government did was doubled down and phased out the six remaining coal-fired plants that could have run past 2029. Keephills 3 was meant to go until 2061 and Genesee 3 to 2055.

So it was a stroke of a pen by the Premier, an okay by the Energy minister, but, Mr. Speaker, what that cost was \$1.36 billion. You've got to ask yourself: who did that cost? It cost Albertans; it cost ratepayers; it cost taxpayers. Well, what it means, first of all, by my quick calculations, is that's 11,333 nurses that won't be on the front lines to help Albertans have babies, fix a sprain, or something worse. It's also 54 schools that could have been built, 54 schools that could have been built from scratch, never mind modernized, never mind improved, and never mind that could have gone to help rural Alberta.

You know, Mr. Speaker, this is one of the reasons that this amendment is necessary, so that we can get a gauge of the further cost, we can get a look at the further damage that this government is doing to our economy.

You know, Mr. Speaker, I want to come back to where we were at under the previous government: 2016's wholesale price of electricity averaged 1.7 cents per kilowatt hour, of course, as a result of the open, competitive market. It was meeting a fast-growing demand for electricity in Canada. Now, what I want to talk about is the fact that from 2001 to 2016 competing generators added over 8,000 megawatts of new supply; 8,000 megawatts. We had a situation in Alberta where the supply was about 50 per cent greater than the demand. What a great position for Alberta families, communities, and businesses to be in. What a great position, where we had a bid-in electric generation situation, where we had competition, where we had great pricing, we had the opportunity, and we had growth of demand.

Of course, what this has done, Mr. Speaker, has made it so that electricity generators will be paid not to produce; will be paid to be ready in a competitive market. I want to talk for a second about this. We all know that the government had to put on a 6.8 cent cap.

[The Speaker in the chair]

I've heard it many, many times in this House, but it still is astonishing that it wasn't mentioned. I'm still surprised when I sit and talk to Albertans in coffee shops and I tell them that the taxpayer is the one that covers the cap for the ratepayers. My goodness, the ratepayer has a cap, but guess what? The taxpayer doesn't. No cap for the taxpayer.

Mr. Speaker, I think we were only about eight days into this fiscal year, so somewhere around April 8, when we actually hit, I think, 8 or 9 cents a megawatt, already over the 6.8 cent cap. That day cost Albertans I believe the number was \$9 million. Of course, the report that I spoke about earlier in the House today, the debt and the interest burden that this government has placed on younger Albertans: I put it out there that it's \$50,000 in extra tax that a young Albertan who's between, I think, 25 and 35 years old is going to have to pay, \$50,000 in extra tax just on this NDP interest. I put it out there that, you know, that person could instead buy a truck, take their family on a vacation. I put it out there that if that money was invested in an RSP, it might grow to \$100,000 or \$200,000, and that person could take care of their retirement. I had financial planners e-mail me and say: "I can do much better than that. Give me an opportunity to help that young man or that young lady."

Mr. Speaker, I contrast that with this government, that first of all adds that \$50,000 burden to our young ladies and our young men and now adds this burden of higher electricity rates, with no cap on the tax, with no cap on how much the taxpayer may end up paying the ratepayer. Can you imagine what that could grow to for our kids and our grandkids and do to our ability to compete in the market?

You know, this NDP government has scared a lot of investment, a lot of business out of Alberta, because we know that today's deficit, today's debt, is tomorrow's tax, especially on business. But

think of what it's doing to our youth, our youth that are faced with this additional \$50,000 of NDP interest tax burden. Can you imagine, Mr. Speaker, if the price of natural gas goes up? Let's say that the price of natural gas were to double. Could you imagine what that would do to utility rates? It would absolutely be devastating to our young families and to our economy, to our seniors on fixed incomes and to all Albertans.

9:00

Mr. Speaker, I feel the need to talk a little bit about Medicine Hat, the area that you and I both represent. I know that we're both so grateful to do that. Of course, Medicine Hat just attracted two substantial businesses, both who are considerable, huge electricity users. There comes a time when maybe these companies go to a different jurisdiction because this government has pushed it too far. Now, I don't know what arrangements the city of Medicine Hat made with them. I'm very, very grateful for the work that the people did and the opportunity to have these companies there, but I do know that a favourable electricity deal was part of it. It's a competitive world. These companies can go to many different jurisdictions. We've seen oil and gas companies move investment to Kazakhstan and Iran, jurisdictions that they feel are much safer, much more stable than an NDP Canadian jurisdiction. Think of what this destabilizing of our electricity market may do.

Mr. Speaker, it only makes sense to me that we hoist this bill, we go out and we talk to the experts. My goodness, there are all kinds of experts in this industry, from AESO to the industrial users, to market surveillance administrators and consumer groups, who all have a huge vested interest – a huge vested interest – in ensuring that our electricity prices are competitive, our supply is stable, and there's not too much risk.

Mr. Speaker, again, I feel the need to say that that risk includes the risk to the taxpayer, not just the ratepayer. We all know that when we looked at our utility bills the last, you know, few years, the cheap part of the electricity bills was the electric generation. What a surprise that eight or nine days into this new fiscal year we were already at 8 cents. We were already having the taxpayer have to dig into his pocket to pay the ratepayer. I think it was just short of \$80 million that the Finance minister put in his budget for what he thinks will be the year's total for what the taxpayer will have to pay the ratepayer for securing Alberta's energy future.

Mr. Speaker, I think it'll be a few years till we see the total cost of this capacity market, this paying people not to produce, this situation where we were so ideological that we had to close down plants early, where we had to expose Albertans to all the risks of natural gas going up, where we had to expose Albertans to a less competitive market for creating jobs and for creating the wealth that we need to tax.

It has surprised me in the Alberta Legislature – and I've said this before – how we don't take more time with a lot of these bills and we don't send them, like I understand the federal government does, to permanent standing committees or committees where experts, where Albertans, where consumers, where investors can be brought in, and they can tell us their side of the story. I hear daily about a big solar plant that's taking up, I think, maybe a quarter section of land and is only 4 per cent efficient. Mr. Speaker, I'll be the first to admit that I hear that in Tim Hortons; I hear that in The Roasterie; I hear that, you know, in the coffee shops. I don't know that it's a hundred per cent accurate, so wouldn't it be great to have the experts in here? Wouldn't it be great for us to hoist this bill and take some time and actually give us time to go out and see what this capacity market will cost? Wouldn't it be great to hear maybe how the city of Medicine Hat

found a little advantage and was able to attract those two businesses when other parts of Alberta couldn't?

No, no. Instead, that's not what we do. What we do is: because when the NDP decided that they had to shut down some fairly new coal electric generation plants quickly at the cost of I think the number was \$1.3 billion, we have to double down. We have to now make sure, again, because the renewable market is not as reliable as a coal or a natural gas market, that we don't have disruptions. So we have to charge ahead and pay people just to be ready to produce electricity just in case we need them.

At the end of the day, Mr. Speaker, somebody has to pay these bills. Somebody has to make sure at the end of the day that the debits equal the credits and we don't pass on any more hardship to our kids.

The Speaker: Any questions or comments under 29(2)(a) to the Member for Cypress-Medicine Hat?

Seeing and hearing none, the hon. Member for Battle River-Wainwright.

Mr. Taylor: Yeah. Thank you, Mr. Speaker. I would like to take this opportunity to speak on the hoist amendment for Bill 13. I think it's an honour to be able to talk about this because it's important to take caution when looking at this bill.

I believe that if we step back and take a bit more time, which a hoist amendment allows us to do, then we can see more clearly the consequences – or should I say the unintended consequences – that might happen as a result of passing a bill such as this. We owe it to ourselves, to current Albertans, and to all future Albertans to make sure that we get this bill right.

I frankly feel that it's necessary to speak to some of the components of the bill as it truly changes how our electricity market works. This bill takes us from an energy-only market to a capacity market, and in doing so, the electricity prices will be more expensive. As the Member for Cypress-Medicine Hat has talked about, we're already seeing that. The NDP would argue that the cost to the consumer is capped and the price cannot go beyond 6.8 cents per kilowatt hour until 2021. The government is so offside with this that they had to set aside \$74,310,000 in the budget to look after the potential shortfall of revenues to pay for this misguided agenda from the proceeds of the carbon tax.

What if this isn't enough to cover the costs? I'd like us to go back a couple of years so that we can see that there was a formulation, I think, of a plan by this government so the average costs could be paid for not by the consumers necessarily but by all Albertans in the form of debt. You have to bear with me because I'm going to go back to 2015.

In 2015 I recall that we were sitting here and we were discussing the budget. That was in the fall of 2015, and the government at the time said: we want to borrow up to 15 per cent of GDP. They said: "Well, we'll never use that much money, but trust us, we want to borrow that much money. It's just to be able to hedge, just in case we needed to have to borrow that much." Unfortunately, four months later we came back into the Legislature and we had another bill, another financial bill. It was Bill 10, Fiscal Statutes Amendment Act, 2016, which at the time took away the accountability of the Legislature with regard to how much it can borrow.

Looking back, then we knew that there was a problem, but at the time we didn't altogether know where the problem was heading. Going back to 2016 again, we got to have another bill, which kind of lends itself to what we have today with this bill. We had Bill 34, Electric Utilities Amendment Act, a bill that is arguably one of the smallest bills that I recall seeing in this Legislature, but it had

tremendous consequences. Really, what the act said – and it only had a couple of points to it – is that “The Electric Utilities Act is amended by this Act”. That was the first point. The second point:

The following is added after section 82:

Loans to the Balancing Pool and guarantee, 82.1 The President of Treasury Board [and] Minister of Finance may, on the recommendation of the Minister of Energy, make loans to the Balancing Pool and guarantee the obligations of the Balancing Pool.

Now we’re getting kind of a clearer picture of why they wanted to have the Fiscal Statutes Amendment Act, 2016: so they could borrow more money. Now we’re seeing that they have to borrow more money for this program as well. Here we see that they guarantee the obligations of the Balancing Pool by the Minister of Energy so that no matter how badly they messed up this file, they would always have a way to cover it. This will not be the consumers but the average taxpayer, who will be on the hook for whatever the shortfall is because the government can borrow whatever it takes on for this or any project and leave the taxpayers on the hook, Mr. Speaker.

Well, let’s just dip into this seemingly unending pot of debt that this government has set up through Bill 10, as I previously mentioned. This brings us to today. As a result of the coal-fired generation phase-out and the rush to push for 30 per cent renewables generation by 2030, the reliability of our electrical system seems to be compromised. The phase-out of coal-fired electricity: the federal government under Stephen Harper said that the existing plants built in the last 50 years would be grandfathered, meaning they would have up to 2030 to close or introduce carbon capture and storage technologies to reduce emissions. As you can see, Mr. Speaker, there was an option for these plants to continue on.

What effectively has happened here, too close to home in communities like Hanna, Forestburg, Keephills, for that matter, is a premature closure of their coal-fired plants, and that is, frankly, harmful to these communities. This bill is a result of this government’s plan to phase out coal or to push for renewables. In doing so, this NDP government has compromised the reliability of the electrical system and has made it so that the electricity prices will be more expensive and less reliable.

What I’d like to draw your attention to are the communities of Hanna, Forestburg, or generating plants like Keephills 3, which was to close by 2061, Mr. Speaker, or Genesee 3, which was to close in 2055. Coal-fired electricity has made up over half of the electrical generation up to this point and has provided us with a safe, stable, inexpensive, and reliable base that Albertans could rely on. They were paid for what they produced out of the capacity market. Using renewables, there seems to be a problem because the wind, well, doesn’t blow all the time, and the sun, you know, just doesn’t shine all the time. The backup plan is simple cycle peaker plant generation to cover off for the wind. AESO demands that there will be a 15 per cent reserve margin, and neither wind nor solar can be used in this factor.

The good folks in Hanna and Forestburg, in all of Alberta, that I’ve talked to seem to have zero trust. In my riding they have zero trust in the NDPs when it comes to the electricity market here. They can’t get their minds wrapped around it. In fact, not only is reliability a factor in why these folks have no confidence in their ability to deliver reliable power, but so is the harm that they are doing to these communities. This is what makes passing this amendment so important. It will give time to the government to fully consider what the trickle-down effect to these communities may entail.

Take Hanna, for example, which will be losing about 200 jobs, Mr. Speaker. Those are full-time, great jobs that you can raise a

family on, that are paid about \$90,000 per year per job. You know, that’s a tremendous loss. If you’ve been to Hanna, you’ll know it’s a very small town. It’s a tremendous loss for these families and the town. These are great-paying jobs that are just going to be lost.

Simple math, Mr. Speaker: \$90,000 per worker for 200 jobs is \$18 million. Eighteen million dollars is going to come out of that community. Perhaps that would not be a huge loss of income or jobs in places like Edmonton or Calgary in pure numbers, but for a town like Hanna, that’s 7.5 per cent of their population. If you did the same comparison to, say, the city of Calgary and you did an initiative that cost the city of Calgary 7.5 per cent at the stroke of a pen, then Calgary would lose about 90,000 jobs. Ninety thousand. What do you think would happen to the economy and the housing market in Calgary if you did that? Well, I can tell you that the market would tank. So why does this government think that Hanna won’t be affected in much the same way when much of this money and the great-paying jobs are taken out of it? Not only are these direct jobs affected, but then there’s less money to go out for dinner, and consequently the restaurants suffer. There’s less money to fix up your home, and the hardware stores suffer. And the list goes on.

What has this government done to create a plan? Well, they felt quite magnanimous, I can tell you, because what they did was that they gave the community of Hanna \$455,000. [interjection] Yeah, \$455,000. They’re losing \$18 million that they had in these jobs, but they’re giving \$455,000. Do you really think that that’s going to be enough to cover the jobs lost, the \$18 million in lost wages?

There’s a ripple effect that happens here in these communities. Take Forestburg, for example, where power is generated. Jobs have been lost. Towns like Halkirk, Alliance, Bashaw, Castor, Coronation, Donalda, Killam, and many more are going to feel the ripple effect just from Forestburg, with less money in the area. Most of these small towns will be impacted by the closure of coal-fired plants. All the pain that is hitting and will further hit these communities throughout rural Alberta is all for the sake of getting Alberta on what will likely be a more expensive, less reliable renewable generation system.

What seems to be missing from Bill 13 is an economic withholding. Companies that set up shop here in Alberta should not be receiving a capacity payment and then at the same time rejecting or denying the supplying of electricity when AESO wants electricity in order to spike electricity prices. This practice is intentionally pricing power generation out of the market to drive price spikes in many jurisdictions, and in many jurisdictions it is regarded as illegal. Without addressing it here in Bill 13, is this government accepting this behaviour and considering it permissible?

Here is another strong argument for hitting the pause button, as my good friend from Olds-Didsbury-Three Hills has suggested with his amendment. Mr. Speaker, this government is so concerned with new technologies and is putting money into them through their carbon emissions reduction plan. Given that coal is going to be used for power generation here in Alberta until 2030 – that’s another 12 years; it’s 12 more years till 2030 – these same coal plants will still be operating. For a government that claims to care about the environment, I have to wonder why there seems to be no investment – and you can correct me if I’m wrong – in the research and development of clean coal technology. I haven’t seen any clean coal technology investments coming out of this. Technology advancement could reduce Alberta’s emissions over the next 12 years. That would be a good thing.

If successful, these technologies could be exported to the world and have a far greater impact on the environment than any carbon tax or any domestic policy action within Canada because the rest of the world would be benefiting from lower carbon from the coal-

fired plants that are still going to carry on. As a bonus – the government should like this – they would be diversifying our economy here in Alberta and meeting one of the specific goals that this government has set out. I challenge this government to use our own resources, both people and products, to make coal-fired emissions meet the standard that the previous federal government had laid out and not wait 12 years and then just shut them down.

9:20

As long as I've been an MLA, Mr. Speaker – and I realize it's only been for a little over three years – I've had the privilege to speak to coal communities around Alberta and visit the various sites around Alberta. They truly – truly – take pride in what they do. They take pride in the fact that they have provided Alberta with clean, reliable, inexpensive electricity for many years. These same coal-fired plants and communities were and are willing to step up to the plate and make coal generation cleaner. This government, in my opinion, is missing a big chance here to diversify our economy and create a cleaner environment for both Alberta and the world and at the same time fight for Alberta jobs and cheap electricity. There are so many things that you could have.

In closing, I believe that we should all agree that this bill should be hoisted and not read for at least another three months, for the arguments that I've put forward and for the arguments of my colleagues and for the reasons that I've just stated, so that we can have a fulsome chance to talk about how to properly secure Alberta's future electricity and, further, to ensure that the reliability of our electricity system is not compromised as this government attempts to transition from an energy-only market to a capacity market. I believe that it is imperative to all Albertans that we look . . .

The Speaker: Are there any questions under 29(2)(a) to the Member for Battle River-Wainwright?

Are there any other members who wish to speak to the hoist amendment? The Member for Calgary-Mackay-Nose Hill.

Ms McPherson: Thank you, Mr. Speaker. I just have a few short remarks about this particular motion. I'm happy to stand in support of this motion. I think that the capacity market is pretty complex. There are a lot of different things that have to happen in order for this transition to be completed. It's extremely complex.

In January 2017 the Pembina Institute actually hosted a webinar to help stakeholders understand. It was called Capacity Markets 101. By slide 4 I was pretty confused; I felt quite lost. Slide 8 includes a number of variables that I'm not familiar with at all, including net CONE. I'm not too sure what that means. Variable resource requirement curve; system supply curve for annual, extended summer, and limited resources; clearing price: all of these things intersect in lots of different ways.

By slide 13 it becomes extremely complex: marginal value of system capacity, annual resource price adder – I don't think it's a snake; I think it's a price – extended summer price adder. The wheels of understanding, for me, just completely fell off.

Time is definitely required to more fully understand the bill, what the capacity market will look like as a result of the bill, to hear from stakeholders about how the bill will affect them, and to more clearly understand which pocket the costs will come from. Will it be a tax pocket, or will it be a consumer power bill pocket?

For those reasons, I'm happy to support this motion, and I urge everyone else to do the same.

The Speaker: Any questions or comments to the Member for Calgary-Mackay-Nose Hill under 29(2)(a)?

Does anyone wish to speak to the amendment?

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

[Several members rose calling for a division. The division bell was rung at 9:24 p.m.]

[One minute having elapsed, the Assembly divided]

[The Speaker in the chair]

For the motion:

Barnes	McPherson	Schneider
Cyr	Nixon	Taylor
Ellis	Orr	van Dijken

Against the motion:

Anderson, S.	Hoffman	Miller
Bilous	Horne	Nielsen
Carlier	Jansen	Piquette
Ceci	Kazim	Rosendahl
Coolahan	Kleinstauber	Sabir
Dach	Larivee	Schreiner
Dang	Littlewood	Shepherd
Drever	Malkinson	Turner
Eggen	McCuaig-Boyd	Westhead
Feehan	McKitrick	Woollard
Hinkley	McLean	

Totals: For – 9 Against – 32

[Motion on amendment to second reading of Bill 13 lost]

The Speaker: Now on the motion for second reading of Bill 13, An Act to Secure Alberta's Energy Future, as proposed by the hon. Minister of Service Alberta and Minister of Status of Women on behalf of the hon. Minister of Energy.

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

[Several members rose calling for a division. The division bell was rung at 9:29 p.m.]

[One minute having elapsed, the Assembly divided]

[The Speaker in the chair]

For the motion:

Anderson, S.	Hoffman	Miranda
Bilous	Horne	Nielsen
Carlier	Jansen	Piquette
Carson	Kazim	Renaud
Ceci	Kleinstauber	Rosendahl
Coolahan	Larivee	Sabir
Dach	Littlewood	Schreiner
Dang	Malkinson	Shepherd
Drever	McCuaig-Boyd	Sucha
Eggen	McKitrick	Turner
Feehan	McLean	Westhead
Goehring	Miller	Woollard
Hinkley		

Against the motion:

Barnes	McPherson	Schneider
Cyr	Nixon	Taylor
Ellis	Orr	van Dijken

Totals: For – 37 Against – 9

[Motion carried; Bill 13 read a second time]

Bill 18
Statutes Amendment Act, 2018

The Speaker: The Government House Leader.

Mr. Feehan: Thank you, Mr. Speaker. I'm pleased today to rise and move second reading of Bill 18, the Statutes Amendment Act, 2018.

This year the Statutes Amendment Act seeks to make 36 changes to 19 acts. I will shortly list the acts: A Better Deal for Consumers and Businesses Act, the Alberta Corporate Tax Act, Alberta Human Rights Act, An Act to Strengthen Municipal Government, the Auditor General Act, the Conflicts of Interest Act, the Consumer Protection Act, the Election Act, the Electronic Transactions Act, the Employment Standards Code, the Financial Administration Act, the Freedom of Information and Protection of Privacy Act, the Municipal Government Act, the Occupational Health and Safety Act, the Public Interest Disclosure (Whistleblower Protection) Act, the Public Sector Compensation Transparency Act, the Public Service Act, the Public Service Employee Relations Act, the Vital Statistics Act.

As indicated at first reading, the amendments before you today are largely housekeeping in nature, updating details to align with similar legislation and current needs. They will provide greater clarity and efficiency in providing services to Albertans.

That being said, I ask all members to support this legislation. Thank you, Mr. Speaker.

The Speaker: Any members wish to speak to Bill 18? The Member for Barrhead-Morinville-Westlock.

Mr. van Dijken: Yes. Thank you, Mr. Speaker. I rise to speak to Bill 18, the Statutes Amendment Act, 2018. I thank the hon. minister for bringing this bill forward to make a number of minor administrative or technical detail changes in law. I believe there is nothing controversial here and that the government is not authorizing any direct spending of money, nor are we making criminals out of law-abiding citizens with these changes in law. Bill 18 touches on laws administered by the departments of Justice and Solicitor General, Labour, Municipal Affairs, and Service Alberta. We broadly support the changes being proposed as they are relatively minor in nature.

But there is a change I want to highlight, and that is a change to the public service transparency compensation act. When I first went through Bill 18, I was surprised at how many times I read the addition of "Election Commissioner" in Bill 18. It appears that Bill 18 needs to make a change in order to allow the public disclosure of the Election Commissioner's salary. We noticed the need to add the Election Commissioner to the public service transparency compensation act.

Now, I find it interesting that back in the debate on Government Motion 16, to appoint the Election Commissioner, government MLAs were a little sanctimonious when we suggested the need to publicly disclose the salary of the Election Commissioner. On May 1 I proposed an amendment that would have required the disclosure of the Election Commissioner's salary, but government MLAs spoke firmly against the amendment and spoke that, well, it was all going to happen in due time and the legislation was already in place that would allow it to happen. The Member for Calgary-Currie talked about:

As my hon. colleague from Edmonton-Centre already explained earlier in debate in great detail, in fact there is legislation called the sunshine list that will have that information . . .

the disclosure of the Election Commissioner's salary,

. . . become public in its due time, like for all other officers of the Legislature.

But here we are now, and we see that the government MLAs voted against the amendment to disclose, and I can't imagine why. They asked why it was necessary to single out this particular legislative officer, but it is a matter of administrative fairness. Now the salary disclosure is back, and it's right here in Bill 18.

We know that the amendment was necessary because the Government House Leader admitted on May 8 that he provided inaccurate information to the House about the public disclosure of this officer's salary. I quote, from *Hansard* for May 8, the Government House Leader.

I'd like to briefly correct a misstatement that was made by me when this matter was under debate last week.

And then he also talked about the Public Sector Compensation Transparency Act, that there were provisions to correct that. There was also a comment in there – I found it very interesting – that:

I can further advise that no contract has been signed by Mr. Gibson, and there is therefore no contract to disclose. If and when a contract is signed, Mr. Speaker, we are prepared to discuss the matter of early disclosure.

I'm wondering if the minister is actually prepared to discuss that at this point because I would suspect that a contract has been signed.

I further note that this change for public disclosure still won't have the effect of letting Albertans know the details of their secret deal with the Election Commissioner until after the next election, but I suppose we're not surprised by that. Therefore, we support this, but once again the government is late to admit their mistakes, and it's only when held to account by the Official Opposition that they are forced to do what is in the best interests of Albertans. Mr. Speaker, no matter our party stripe, we're all elected to make Alberta a better place. Sometimes the partisanship can get a little excessive, and little fix-ups like this one can be avoided if we drop our partisanship.

On that note, Mr. Speaker, I would urge all MLAs to support this bill and that we adopt it expeditiously.

9:40

The Speaker: Any other members wishing to speak to the bill? Bonnyville-Cold Lake.

Mr. Cyr: Thank you, Mr. Speaker. I have to agree with my colleague. Whenever you've got minor changes to large pieces of legislation, it's always important that we push this through fairly quick. I do have a few questions, though. Going through this page by page, I'm just curious why we needed to change, on page 1, the Fair Trading Act with the Consumer Protection Act. I am curious if the reasoning is because they just want to be able to announce that they have now protected wonderful consumers. If that's what they're doing, then that's unfortunate.

Now, to move forward, page 2. I'm curious why the Election Commissioner is going to need access to the Alberta Corporate Tax Act. From the job description, which I have in front of me, I don't see anywhere in here where it shows that he needs to have access to our Alberta Corporate Tax Act. So if the government can explain to me exactly why the new position needs access to this when our existing Chief Electoral Officer has this ability already, that would be great. It does seem that we're duplicating responsibilities.

Now, on page 3, what we've got is that the Chief Electoral Officer is having "the Election Commissioner" added as a subclause underneath that. Does that mean – and I apologize if this has already been explained – that the office of the Chief Electoral Officer is above the Election Commissioner? It is a subsection throughout this entire clause. Will the Chief Electoral Officer be running the new office? I think that's a reasonable question. It is just strange when you start looking at: every other office is its own

point or its own clause. So when you're putting something underneath it like that, it just seems that the government is putting it in there. I'm just not understanding why. I'm not stating that the government has done anything wrong, but it would be nice to have some description.

When we move these miscellaneous tax acts – you can see that it's fairly thick; there's quite a bit here – and when we start going through them, we want to make sure that everything in here is actually a minor adjustment. When we do have questions like this, it is good if the government could get back to us with clear, concise answers.

Thank you, Mr. Speaker.

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

Are there any other members who wish to speak to Bill 18?

The Deputy Government House Leader to close debate.

Mr. Feehan: Thank you, Mr. Speaker. I think we have had an opportunity to hear some of the concerns from the House, but given that these are fairly minor changes to various acts, I suggest that we close debate at this time and call the question.

[Motion carried; Bill 18 read a second time]

The Speaker: The Deputy Government House Leader.

Mr. Feehan: Thank you, Mr. Speaker. Noticing the time, I think that I would like to make a motion to adjourn for the evening and begin tomorrow at 9 a.m.

Some Hon. Members: Ten.

Mr. Feehan: Tomorrow is Tuesday: 10 a.m. Thank you.

[Motion carried; the Assembly adjourned at 9:45 p.m.]

Table of Contents

Government Motions	
Duty on Cannabis Products	1239
Government Bills and Orders	
Second Reading	
Bill 10 An Act to Enable Clean Energy Improvements.....	1242
Division	1246
Division	1246
Bill 13 An Act to Secure Alberta’s Electricity Future.....	1247
Division	1250
Division	1250
Bill 18 Statutes Amendment Act, 2018	1251

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