



Province of Alberta

The 30th Legislature
First Session

Alberta Hansard

Tuesday morning, June 4, 2019

Day 8

The Honourable Nathan Cooper, Speaker

Legislative Assembly of Alberta
The 30th Legislature

First Session

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Legislative Assembly of Alberta

10 a.m.

Tuesday, June 4, 2019

[The Speaker in the chair]

Prayers

The Speaker: Good morning.

Lord, the God of righteousness and truth, grant to our Queen and her government, to Members of the Legislative Assembly, and to all in positions of responsibility the guidance of Your spirit. May they never lead the province wrongly through love of power, desire to please, or unworthy ideas but, laying aside all private interests and prejudices, keep in mind their responsibilities to seek to improve the condition of all. Amen.

You may be seated.

Orders of the Day

Government Bills and Orders

Second Reading

Bill 3

Job Creation Tax Cut (Alberta Corporate Tax Amendment) Act

[Adjourned debate May 29: Mr. Toews]

The Speaker: Hon. members, are there any wishing to speak? I see the Member for Calgary-Mountain View rising.

Ms Ganley: Thank you very much, Mr. Speaker. It's my pleasure to rise today and speak to Bill 3. Interestingly, this sort of politics was one of the things that ultimately drove me into politics. I think probably my biggest problem with this bill is that it won't work. That alone doesn't necessarily mean that it's damaging, but I think there's an enormous amount of good evidence that it won't work. I think the thing that makes it damaging is the fact that it blows a gigantic hole in the budget at precisely a time when Alberta doesn't need – I mean, no one ever needs a gigantic hole blown in the budget, but I think it's precisely right now, when we're trying to recover from an unprecedented drop in oil prices, when we're trying to recover from an incredibly difficult time, that blowing a hole in the budget to achieve nothing is the worst possible plan we could have.

One of the other things about this bill is the title. It's one of these things that used to irritate me before I went into politics and actually continues to irritate me to this day. It's all flash and no substance. The title says that it will create jobs, but there's no evidence that it will. Even on the government's own numbers, which are rose-coloured glasses, as I think Mr. Jean put it, it's not going to have the impact they say that it's going to have. Basically, it's a political game. It plays on the fears that people are quite justifiably and reasonably experiencing, and rather than trying to have a difficult conversation and do a difficult thing and transition the economy and make us more resilient to these changes in the price of oil, the government has decided to introduce a bill that sort of waves its hands and pretends to do something but doesn't actually achieve anything.

Trickle-down economics: I mean, I think it's become pretty clear by this point that it doesn't work. I think most folks know it doesn't work. You know, it was an interesting theory. If you look back at textbooks where it was taught in the '70s, there are some interesting examples whereby philanthropists in certain countries who were running companies donated money to put a fountain in the town square. Well, that's fine, but it's not a working theory. It's a story.

It's a thing that happened once. So I think, Mr. Speaker, it's become increasingly clear that it hasn't worked and it won't work.

Interesting backstory on this. One of the first times I remember having a sort of genuinely political thought was actually in the 8th grade. We were doing projects on different countries in the world, and my project mates and I happened to have Brazil. We were working on a project about Brazil, and we were talking about, you know, a situation within South America and the sort of history of how things came to be the way they were. The impacts of the exporting of these sort of artificial, "Give all of the money to the rich and that will solve all of your problems," ideals that had come from the U.S. were pretty clear already at that time.

I think the fact that still today we're having these conversations and these debates and there's this idea that it might work is just wishful thinking, really. These sorts of problems are complex. The economy, especially on a world-wide scale now, is incredibly complex. People want to believe that there's a simple solution, that you just give all the money to the rich and magically that will solve all your problems, but it doesn't, and it hasn't, and I think there's no evidence that it ever will.

What there is a lot of evidence of is that people on the lower end of the income spectrum, people at the median income and below, are far more likely to spend their money in the local economy. People who make median or below, people who are spending the majority of their income in order to meet their basic needs, are going to spend it on groceries. They might buy a car a little bit earlier. They might rent a bigger apartment or even buy a house. Those individuals are going to spend their money in the local economy in a way that increases the local economy. You know, they get an extra \$5 or \$10 a day, and maybe they'll stop at a coffee shop on their way to work and buy a coffee.

That has a tendency to have a very beneficial impact on the economy, but this, of course, is quite the opposite. This is a move to ensure that we're putting that money not in the hands of middle-income earners, not in the hands of low-income earners, but in the hands of the highest income earners. This essentially allows corporations to give larger returns to their already fairly wealthy shareholders, who will likely not spend that money in the local economy. So it doesn't have a beneficial impact.

It also has, in my view, serious negative impacts on social mobility. If you look throughout the world, there's actually a study – I wish I could remember the name of it – that came out recently that talks about social mobility in different countries. One of the interesting things is that the U.S. has one of the lowest social mobilities in the world, and it's precisely because of policies like this, where we cut taxes on the wealthy and we cut taxes on corporations. We give away giveaways to people who have capital to input as opposed to labour to input, people who were born with money as opposed to people who are working hard. That has huge negative impacts.

Scandinavian countries, on the other hand, countries that have strong social programs, tend to have a much higher social mobility – that means that your destiny is much more determined by yourself and what you're willing to do than it is by the situation into which you were born – as opposed to the U.S. and, I guess, the place that we're trying to go to right now in Alberta.

I think the other thing is that, I mean, you can cite studies and statistics until you're blue in the face. People don't always listen to that. But I think what's interesting is that it's not particularly intuitive, this idea – the business exists to do a certain thing, say, to run a coffee shop, right? – that somehow they're managing with fewer employees than they need or that they have the right number of employees, but if they get more money, they're going to hire people to do nothing, apparently. You know, businesses will

expand based on conditions, and in that case, they may hire more individuals, but just ensuring that their taxes are lower I don't think is going to have that impact.

So those are a long litany of the reasons that I don't think it will work and I don't think it's good for the economy, but the reason that I think it's genuinely bad for our society and the negative impact I think it will have is the hole it creates in the provincial finances. I definitely don't think that this is a time where we can do with \$4.5 billion less.

Provincial revenues dropped significantly in 2015 as a result of the drop in the price of oil. Many of you may remember that when we had our election in 2015, everyone was very concerned because oil had dropped to \$60 a barrel. Well, we didn't know what we had coming. You know, it dropped all the way to \$26 a barrel. And that has – I'm sure the members on the government side are discovering this right now – a massive impact on the finances in Alberta. We had a choice at that time. We had a choice to make. Do we protect the citizens of this province, those who had paid into and rely on public health care and education and other social programs, or do we throw them under the bus? We chose to protect them, and I stand by that choice.

10:10

You know, I think we're just in a position where the economy is starting to recover. We're just in a position where we can start to head back to balance in terms of our provincial finances and do it without balancing the books on the backs of those who are most vulnerable. Instead, you've decided to create this huge hole. We already see coming from the government side the usual rhetoric that the right wing uses, "Oh, we've been misled; we were told a story; the finances are much worse than we were told they were," which, of course, isn't true.

There are accounting standards that require the government to publish budgets, and in fact Alberta has one of the most transparent budgeting processes in the entire country. The Auditor General was generally happy with our budgeting process. Across the country we're considered the gold standard in terms of the budgeting process. Now, in some cases I don't a hundred per cent agree with that because while it's very transparent to accountants, I'm not sure it's super transparent to everyone else. But that aside, I think there's no question that the budget was what it was, that there was no misleading, no wool pulling, nothing like that.

That isn't to say that the situation isn't incredibly challenging. It is incredibly challenging. I know it's challenging. I'm sure members on the government benches know it's challenging. They've certainly learned it now. When we were in government, we certainly knew it was challenging.

It requires a series of incredibly difficult decisions, balancing one thing off against another, determining what is most valuable and what must be protected, making choices like – there are 15,000 new students coming into school. What's easier to pay back? Is it easier to pay back some money that you had to pay to make sure that those students had teachers, or is it easier to recover from the fact that one of those or some of those students went in and they had challenges learning to read and they needed a teacher's aide? You know, if those children don't get that help at exactly that moment, there's nothing you can do to pay it back. They'll never necessarily recover from that. So I think it's clear, at least to me, that it's easier to pay back some money you borrowed to ensure that that student had a teacher than it is to deal with the fact that that student may have challenges reading for the rest of their lives.

I think it's the same in the health care system. I think that if you get the health care that you need, if you get the medicine or the

treatment or the surgery that you need, at the end of the day, that's something that can't wait. It's something that you can't deal with later whereas, again, paying back money: maybe you can deal with that later.

Infrastructure is another thing like this. You know, for decades we had a huge infrastructure deficit in this province. We were behind on schools, we were behind on hospitals, and we were behind on roads throughout the entire province, just about everything we needed. I'm very proud that we started to make progress on that, but there's certainly more to do.

I think it's incredibly sad that we're putting that at risk, that we're putting those very students coming into school, those very people who have spent their whole lives paying into a public health care system and deserve to have it there for them when they get sick at risk. We're putting the future of our infrastructure at risk for this, which is just an ideological piece of propaganda that won't have the beneficial impacts.

I mean, even on the most charitable reading, even if we're sort of straying almost into the land of the Fraser Institute and the ilk of how to lie with statistics, you know, it still doesn't have as beneficial an impact as it's claimed to have. Even on the best read, what we're putting at risk, at the end of the day, in terms of our children, in terms of our elderly, in terms of the most vulnerable in our society, and in terms of society as a whole – there are a lot of different projects that are funded through the government that can have long-term benefits. I think it's really sad.

So those are my comments, rather lengthy, I suppose, on Bill 3. But I think, at the end of the day, the thing to note about it is that it isn't going to have, even on the best reading, anywhere near the beneficial impact it needs to for the cost, and that cost will be in terms of teachers, nurses, people who are ill, children who want to learn. I think that's really sad.

I know there's been a lot of talk from the government about not cutting those programs, and I'd love for that to be the case, but I think, given the rhetoric we're seeing already, this sort of ramp-up rhetoric, like, "Oh, it's much worse than we thought" and "Oh, blah, blah, blah . . ."

Ms Hoffman: Tough decisions.

Ms Ganley: Yeah, tough decisions, and they will be tough decisions. They're always tough decisions, but I think we need to say "tough decisions" when we're talking about an actual difficulty balancing off different interests, not when we're talking about: well, we just want a justification for the damage that we're going to do to this province.

With that, I will say that I am quite clearly going to vote against this bill, and I would urge all members of the House to do the same.

The Speaker: Questions and comments under 29(2)(a)? My apologies. We are just at the second speaker, and as such, 29(2)(a) isn't available. I thought we had proceeded further in the debate. However, we look forward to other questions and comments later this morning.

If I could indulge the House just for a brief moment, I would like to recognize a member in connection to comments made yesterday in the House. The hon. Member for Fort McMurray-Wood Buffalo.

Member's Apology

Mr. Yao: Mr. Speaker, in regard to comments I made in my member's statement yesterday, I may have used some unparliamentary language. I wish to withdraw such unparliamentary language.*

Thank you.

*See page 293, left column, paragraph 10

The Speaker: Thank you. Consider the matter dealt with and withdrawn.

Any others wishing to speak to the bill? I see the Member for Edmonton-Glenora rising.

Ms Hoffman: Thank you very much, Mr. Speaker, and I appreciate the potential retraction of the comments. I wonder if that's the entire member's statement or any specific sections. Nonetheless, it's always good for people to stand up and say when they were wrong or, in some cases, when they may have been wrong.

Debate Continued

Ms Hoffman: That being said, I want to thank the hon. Member for Calgary-Mountain View for the comments that she just made with regard to this bill. Certainly, making a decision today to roll back corporate tax rates by a third is, indeed, a situation that people are exercising before they have thought through, I believe, the potential ramifications of such a decision.

For example, I really appreciated hearing so many members, mostly private members but other government caucus members within cabinet as well, talking to I believe it was a government motion yesterday about how much they appreciate their local infrastructure that provides important services in their local communities: local hospitals, local schools, local government programs that help make our communities from all parts of this province strong and vibrant.

When you make a decision in isolation, like the decision to cut the revenue we receive from corporate taxes by a third without having the full budget and without having all of the other potential implications, I worry that members who paid lovely homage to these local services in their community yesterday are potentially making a decision today to kneecap those services in their own communities and in all parts of our province, quite frankly.

When I visit school groups, I often say, as I've mentioned previously, "You're my boss," and the other thing I say is, "You pay for the services that we all enjoy, all of us." So whether it be through us having government bring forward a tax regime so that all of us have an opportunity to benefit from good public education and health care and a strong policing sector, I would argue – the hon. member previous is our critic for that – that those are choices that we make together.

I also say, "You own the resources of this province," so when we make a choice as a government to set royalty rates, that's all of us collectively paying for our education. One of the reasons I say that is because I fundamentally believe it. The other reason why I say it is because I know – not myself, of course, hon. members – that sometimes students have a hard time getting out to school in the morning and thinking, like, "I don't want to go." But when you think about the fact that you're paying – all of us are paying – and that you yourselves as students are making this choice financially through your contributions through corporate taxes, through royalties to deliver a quality education system, I think it changes the mindset slightly about whether or not you should be there when you think about how we're all investing in this together because we want to make sure that every student in the province, every patient in the province has an opportunity to benefit from the wealth that we share together.

10:20

Today we are making a decision in this reading to collectively cut our wealth in terms of corporate tax revenues by a third. That's a big decision. Some of the reasons that have been given by government caucus members are around us needing to be more

competitive. Well, Mr. Speaker, the B.C. corporate tax rate is 12 per cent, the same as Alberta; Saskatchewan, 12 per cent, same as Alberta; Manitoba, 12 per cent, same as Alberta; Ontario, the lowest in Canada right now, .5 per cent lower, not significant; Quebec, .4 per cent lower, again, statistically insignificant; New Brunswick, 2 per cent higher; Nova Scotia, 4 per cent higher; P.E.I., 4 per cent higher; Newfoundland, 3 per cent higher. So I would argue that when people say, "Well, we need to be more competitive," we are right in the thick of competitiveness right now. In fact, we're either tied with or lower than most jurisdictions. Only two are slightly lower than us, but it's less than 1 per cent.

So for us to be debating a bill that will roll it back by 4 per cent has us in a race to the bottom. What that means for me and for the people I represent and for the people that all of us represent is that we're making a choice to put ourselves in a frame where we can't afford the things that, when I talk to students, I say that they are making a choice to invest in. By making a choice to cut your corporate tax rate by a third, or 4 per cent, you are making a choice to have less resources available for these kids in the gallery and kids right across our province.

There are sometimes ideological reasons why people enter into that frame. Some people talk about trickle-down economics. Again, I would argue, to spill some tea on that, it's only the bottom that gets soaked. It's not the rest that get the opportunity to benefit from those reductions.

There was a really beautiful video made recently out of the U.K. where somebody is talking about tax rates and bringing in big tax cuts for the incredibly wealthy and for profitable corporations. Again, just to remind ourselves, these are only profits in excess of \$500,000 a year. They were talking about how when you make those choices to put that money – all of us have collectively as a province a certain fixed pot of money, so when we're making a choice to cut a third of that pot of money and give it to profitable corporations, we're making the choice to move it out of things that are those public services that we're providing. We're also making a choice that the educational assistants who won't have positions next year or the teachers who may have reduced FTEs next year or other implications will have less money in their own pockets to invest back in that local economy.

This video out of the U.K. has a really poignant story, where they show that if you have \$5 and you give it to every person in the local market, they're probably going to spend it in the local market. Or instead of giving \$5 to 20 people in the local market, you can give \$100 to somebody in their office, and they can choose to spend it abroad, save it, or potentially spend some of it in the local market, typically not so much.

You're making choices not just about what resources are available to those folks, but you're also making decisions about where that money goes down the road because it goes on to show that when you give it to the 20 people to spend in the local market, those local people in the local market have an extra \$5 in their pockets, those vendors, and they continue to spend it in the local market as well. So it's also making a decision about ongoing, cascading implications for where that fixed amount, originally that \$100, will be down the road.

I have to say that I'm concerned that we are making this decision in isolation from the budget because naturally, when you create a budget, you should be putting all of the money on the table and dividing it up. Some people put in the jar system for – I know members opposite often like to talk about a household budget. I think it's reasonable to set up your fixed costs and say, "Okay; for food to feed my family, I'm going to need X number of dollars; for transportation I'm going to need X number of dollars; and for this I'm going to need this, this, this, this" instead of starting by saying,

“Okay; I’m going to cut my revenue by a third, and then I’m going to figure out where to put the rest of it.” I think it’s important to start with what our needs are, then figure out if there is additional surplus revenue to be able to cut. I think that that would be a reasonable thing.

I also think that when we look at some of the philosophy that’s driving this decision and we look at some of the decisions that have been made in other jurisdictions that follow it – President Trump campaigned on reducing the corporate tax rate from 35 per cent to 21 per cent. He said that there would be more jobs. But, as a result, what’s happened so far: 84 per cent of businesses have not changed their investment plans at all, and the deficit is actually up 17 per cent to about \$779 billion in the United States.

Another example: AT&T promised that they would create 7,000 jobs if Trump brought in his tax cut. Instead, what they did was cut 23,000 jobs, so a big gap, a net difference there of 30,000 jobs. That’s a lot of households and a lot of potential workers. The thing is that he did deliver on what he said he was going to do. He did absolutely cut those taxes. Again, I just want to reiterate, from 35 to 21 per cent, and what we’re proposing here is 8 per cent. That’s a big jump from where even the United States is with their proposals. Those are a few of the initial points that I wanted to raise.

The other one I wanted to touch on is that many, many moons ago I worked for and then volunteered for the Alberta Community Crime Prevention Association, and one of the things that was clear in working with police officers and others in the community that were interested in reducing crime rates is that when you have crime prevention through social development, not only is it good for those individuals that you’re investing in socially, but it’s good for the broader community, and it’s also good for the fiscal purse. I believe that the projections at that time were that if you invest \$5 now, you save at least threefold down the road if you do it in ways that are proactive and that are focused on getting good outcomes in, particularly, the early years.

I know that when I’ve visited facilities, the remand centre for example, one of the biggest things, when I was talking to some of the staff there and to some of the folks who were serving time there, was that a lot of the folks who were there hadn’t completed high school. What a difference it makes, as the hon. Member for Calgary-Mountain View said, to have the right supports there in the early years to help people get on a track where they feel that successful completion of high school creates more opportunities for open doors and for other ways to earn income as well. Again, you take people who are on a balance sheet, costing the province money – of course, it isn’t free to put somebody in remand – and instead have them find ways to open their own doors, create opportunities for their own economic benefit, and, in turn, pay taxes back into the system that supports us all and creates good forward mechanisms.

I think the big point I wanted to say is that making this decision in isolation of the budget is irresponsible. I think that it is setting up government caucus and all members of this Assembly to be in a position where there will indeed be – and we’ve seen the foreshadowing – very, very tough decisions made, very, very tough decisions that will impact health care, education, and jobs in our own ridings. I think that that is not something that probably most of us campaigned on, wanting to close vital services in our own ridings. I don’t think it’s something that most members of this Assembly probably believe in, but putting yourself and all of us in this situation today, where we’re making a decision to curtail our own resources, our own opportunity for investment by a third, I think is highly problematic.

The thing is that we don’t need to do this. One of the things that I think of is the definition of insanity: doing the same thing over and over again, hoping for different outcomes. This has been done over and over again, and the outcomes are bad. Like, the outcomes

aren’t the message box, the message box around job creation or whatever the title of this bill is. That is not what any of the case studies show to be the case.

For example, in Kansas, 2011, long-time Senator Brownback was elected governor of Kansas with a large majority in the House, and in 2012 he passed into law one of the largest tax cuts in state history. It was meant to, quote, create jobs and stimulate growth. Sounds familiar. I think that’s actually the title of this bill, job creation. What it did, though, was that it was absolutely an experiment because the governor said that it would be a real live experiment, and through this tax cut, certainly, business income would go up significantly. What happened instead was the absolute opposite. The governor moved these tax cuts forward, and he said that there would be 23,000 new jobs, that it would ultimately be revenue neutral. Instead, what happened between 2013 and ’16: the economy grew at a far smaller rate than those jurisdictions that didn’t do this. So the economy in Kansas did grow 3.8 per cent. The national economy grew 7 per cent.

10:30

So, actually, through this race to the bottom by cutting corporate taxes, it actually hurt economic growth compared to other jurisdictions in the United States. Employment did grow 2.6 per cent. National rate: 6.5 per cent. Not only were they taking revenue out of those important services that could benefit all so that down the road they’d have more opportunities for all Kansas residents; they actually hindered their own growth rate.

One of the tiny examples I want to give is that when I was with Edmonton public, for example, I worked with executive search firms who were recruiting talent to this city. They said: “You know, when we hire one person, they don’t come in isolation; they bring their family with them. And that family wants to know what kind of good schools we have in this city and what kind of opportunities they have. Oh, and PS, we’re recruiting people from the United States who are used to paying private school tuition, and instead we can hire them and pay potentially the same or maybe even less because here they have public health care and public education that is second to none.”

It actually helped recruit the best, the brightest, and the most talented to these corporations and to these other important sectors in our province because we were able to say: we have all of these awesome opportunities here in Edmonton, or here in Alberta, for you and your family, and you’ll be saving money because you won’t be paying out of pocket for all of these other things that you have to in your current place of employment.

I worry that by making this decision today that we will not only hinder our ability to take that revenue and invest in all children but that we’ll actually hinder our ability to attract the best and the brightest. Study after study shows that it is only a race to the bottom when you undercut your own wealth. When you undercut your own opportunities for economic stability and for investing in those important sectors. I think that’s the main thrust of what I wanted to say, Mr. Speaker.

The Speaker: Thank you.

Standing Order 29(2)(a) is available now if anyone has questions or comments for the hon. Member for Edmonton-Glenora. The Member for Edmonton-North West.

Mr. Eggen: Well, thank you, Mr. Speaker. Thank you to the Member for Edmonton-Glenora for making a very tight and concise analysis of the problems and challenges associated with making adjustments to the tax structure as proposed by this UCP government. One area that I think you just sort of started to touch on, but I think bears further explanation, perhaps – I know from

when I was the Minister of Education that, as you said, attracting superintendents and senior management to the province: it was a good benefit that wasn't lost on potential candidates that our health care system and our education system are second to none and, really, helped to attract and entice talent to move to our province.

But, I mean, if you expand that out, Mr. Speaker, I'm just wondering if that same principle doesn't apply to choices around making investments or to move business and to help to diversify the economy of Alberta as well, in fact: corporations, tech businesses, renewable energy businesses, and so forth, attracting people to our postsecondary institutions to set up research and innovation. I'm wondering if that same principle of quality of life is a factor in attracting those businesses here to the province of Alberta.

I'm just wondering if perhaps the hon. member could, you know, extrapolate on that same idea. I know for a fact that it is a factor and something that we use to help to attract professionals here, but wouldn't that same system apply to quality of life for attracting business here as well?

The Speaker: The Member for Edmonton-Glenora.

Ms Hoffman: Thank you very much, Mr. Speaker. The member couldn't be more correct in his analysis. Absolutely, I would argue that's the case. When we're making decisions about things like this in isolation, we're making decisions about our investments in postsecondary. We're also making a decision about Alberta Innovates and whether or not we're going to have the money to invest in things that drive innovation, that work in partnership with business to be able to spur further developments, further technology.

There are often a lot of partnerships between the private sector, through the universities, through the investment of Alberta Innovates to push the envelope and to make sure that we're taking technology from here to the next step. That absolutely attracts people from around the world to look at Alberta as a place of opportunity. When I would tour hospitals, I would always be amazed by how successful we were in attracting and retaining folks from all across the country. We had many U of A graduates who were fantastic. We also had many graduates from other jurisdictions who came to do postdoc work or graduate work or to be faculty members because there was an important public investment in making sure we would drive research and innovation in our own province.

Again, I think that innovation is probably something that all of us think is a good thing. No matter what our political leanings are, we think it's important that we continue to drive to find new cures for cancer, that we find ways to make an organ transplant last longer, that we find ways to make sure that we're doing renewables in a more sustainable way or extraction of our own oil and gas. These are all things that Alberta Innovates invests in in our province, and these are all things that I assert will be hindered by reducing our own revenues so substantially.

Again, there is no need. When we look at other jurisdictions, we are in line with the majority. We are .4 and .5 per cent ahead of one other jurisdiction, and we're lower than many others as well.

So I think that this is something that has been set up as a false argument. While I appreciate the artistry of coming up with convincing titles for a bill, I couldn't disagree with the title of this bill more based on evidence, based on other case studies around the world, and based on the fact that they have been proven not to work. Obviously, I would love to be wrong, but I think that the most important thing for us to do when we're making decisions is look at evidence and research and how that will meet the outcomes that

we're aspiring for. If we're aspiring for job creation, I assert that cutting resources from health and education will not do that.

The Speaker: Thank you, hon. member.

The Member for Lethbridge-West is rising to debate.

Ms Phillips: Well, thank you, Mr. Speaker. Thank you for the opportunity to speak to Bill 3. One of the things that we may want to look at first as to whether Bill 3 will in fact be a successful economic experiment is to look to the experts. Canada's economic experts are forecasting central agencies – and associated think tanks and banks have in fact released their 2019 growth forecasts. For example, the ATB a couple of weeks ago revised their growth forecast downward for Alberta, cut their growth forecast in half after the election of this government. The Conference Board of Canada is now saying – I believe they reported last week – that we are close to another recession. The Bank of Canada is forecasting sluggish growth.

I know that the UCP used an Ontario forecasting firm for their election platform forecast, but since that time a number of private-sector forecasts have released their forecasts and are not seeing, whatever, the 55,000 jobs, et cetera and so on, that have been privately forecasted by the partisan forecasting exercise. In fact, the professionals who do this for a living such as the Bank of Canada and others are telling quite a different story. For example, the Bank of Canada reported in April 2019:

There have been several fiscal announcements since our last Report.

Here's what's interesting: this was before we moved forward with this Bill 3 exercise. The Bank of Canada said:

Initiatives taken at the federal level and in Quebec and [B.C.] will add to Canada's GDP growth. However . . .

the Bank of Canada writes,

. . . the lowering of projected government spending in Ontario is sufficient to more than offset all of these, so that fiscal policy now represents a net downward revision to our growth outlook for 2020.

This is what happens, Mr. Speaker, when you undertake massive cuts to the revenue side and then undertake a massive restructuring to the fiscal picture in a province such as Ontario. The central bank of the country then can trace a straight line to more sluggish economic growth as a result.

10:40

Now, one of the ways that we could judge the effectiveness of this policy, Mr. Speaker, is to look at its implementation in other jurisdictions. My hon. colleague from Edmonton-Glenora has touched on this in terms of an interjurisdictional analysis at the state level of Kansas. I don't know if people have been to Kansas, but their level of health care investment and infrastructure certainly does not keep pace with ours.

But we all have a massive example. About a year ago Mr. Trump signed a massive new package of tax cuts into law. Here is what's happened since. The results of a survey published in late October by the National Association for Business Economics showed that 81 per cent of American firms of the 116 companies surveyed say that they had not changed plans for investment or hiring because of that tax bill. Instead, what has happened is that there's been a bit of a stock buyback binge. Certainly, cheerleaders for this law have argued that companies would have incentives to invest more, hire more workers, and pay higher wages. This is the claim that was in the United States to support Mr. Trump's massive tax cuts. The evidence has shown – JPMorgan Chase estimates that in the first half of 2018 about \$270 billion in corporate profits previously held

overseas were repatriated and roughly about half of that, JPMorgan reports, was spent on \$124 billion in stock buybacks, Mr. Speaker.

Indeed, we see corporations moving money around to their advantage, but we do not see any evidence for the claims that have underlined Mr. Trump's tax cuts or indeed the exact same claims that have been made by the governing party opposite. They are emulating him, Mr. Speaker, but the evidence does not show that the positive effects will in fact occur. Perhaps the positive economic effects aren't really the point. Perhaps the point is to undermine the case for public investment in things like health care and education instead. And perhaps the point is just simply to emulate Mr. Trump.

Now, supporters of the tax cuts do claim that the economic growth that is created by this loss in revenue will offset their decline in tax receipts. Senator Mitch McConnell, for example, from Kentucky has claimed – and I will not attempt the Kentucky accent, Mr. Speaker.

Ms Hoffman: Thank you.

Ms Phillips: You're welcome.

Mitch McConnell says that he is totally convinced that this is a revenue-neutral bill, for example, when the bill first went to Senate in 2017. But not so much. I follow global trends in the United States in terms of a reasonable amount of strength, Mr. Speaker. The fiscal health of the United States balance sheet is, according to the *New York Times*, deteriorating fast. Revenues have declined sharply. The federal budget deficit rose to \$779 billion in the 2018 fiscal year, which ended September 30. That was a 17 per cent increase from the prior year.

Certainly, we know that the leader of the governing party, the Premier, does not mind too terribly running very large budget deficits, Mr. Speaker, given that during the Harper government some \$150 billion was added to the public debt, and in one year alone a \$50 billion budget deficit was run, roughly equivalent to the entire operating budget on the operating side for the estimates that are passed by this House. That's the staggering amount of budget deficit that the Premier of this province was happy to support during his time in government.

Certainly, we know that federal revenues now in the United States ran \$200 billion behind the Congressional Budget Office's forecast for 2018 even though economic growth did mirror economic growth in the rest of the world. The nonpartisan Committee for a Responsible Federal Budget also reports that nominal federal revenues are down by at least 3.6 per cent since the tax cuts took effect.

Now, one of the things, when large economies undertake these science experiments – and that's all this is, Mr. Speaker – is that they can have a destabilizing effect on the global economy. Indeed, we see that when Ontario had undertaken a policy of retrenchment and austerity, it had a downward effect on the growth performance of the entire Canadian economy. Two, do we see the United States – the evidence is showing us that Trump's tax reforms have in fact contributed to global instability according to the International Monetary Fund, especially given the boom in stock markets in the past year.

There are serious risks according to the head of the IMF, Christine Lagarde. She has indicated, quote, that it has an impact on the financial vulnerability, particularly given the high asset prices that we see around the world. The financial destabilization: the IMF has indicated, has said that they are worried about a bigger U.S. budget deficit. The extra borrowing by the U.S. Treasury will force up long-term American interest rates. That also makes the stock market vulnerable to a sudden downward lurch. The fiscal deficit also contributes to financial instability and inequality. That

was the main concern of the IMF last October, when they released a paper arguing that inequality was the thing that was undermining global economic growth and thus, quote, contrary to supply-side dogma, developed nations did not need to choose between progressive tax policies and growth-enhancing ones.

Again, Mr. Speaker, we refer to the global economic experts, the central agencies, the pillars of the Bretton Woods international financial institutions, the IMF, whose job is financial stability through currency stabilization, and others. The biggest issue that they are flagging for the global financial system is, in fact, inequality. What they have found is that the United States could raise taxes on its wealthiest and accelerate the growth of its GDP simultaneously. On the other hand, were advanced economies to cut taxes on the rich and consequently shift the burden of taxation to ordinary citizens or – here's the key – cut public investment, they would risk reducing global growth.

Mr. Speaker, in the context of Alberta, when we are talking about reducing revenues and therefore increasing inequality, we are talking about the retrenchment of public investment in things like reducing child poverty. We are talking about the nutrition program. We are talking about the classroom improvement fund that we know on the ground has a direct impact on more vulnerable children's lives. We know this. We know that it means an extra educational assistant in the classroom for a child who is at risk. We know that that nutrition program helps so many children and families on an annual basis. We know that investment in things like the child benefit program has halved child poverty in this province, and it did so during the context of a generation-defining recession due to a drop in the price of oil.

Mr. Speaker, we also see that the reduction in expenditure as a result of the reduction in revenue and the corresponding inequalities that result from that have very specific effects on vulnerable people's lives. I will give you an example, one that I think lives in the heart of many Calgarians. If we reduce our expenditures in the amount of four and a half billion, we will have less money on both the capital and the operating side for flood adaptation and mitigation. We know that the 2013 flood event affected so many people's lives, not just their livelihoods but their mental health, their family relationships, their future plans. It dislocated many people's lives, often irreparably.

10:50

When we do that, we need to be mindful of the disproportionate effects of more frequent and severe weather events on people's lives. It's not just through the provision of transitional funds. It is not just through the ability to help people in some cases relocate their homes, as this province had to do. It is not just in terms of fixing water infrastructure and moving intake valves and all of the things that happen through the Alberta community resilience program, which is through the operational budget, not capital investments of this province. It's not just those things. It's also about mental health supports in the long term. I know that those mental health supports are still ongoing for people who were displaced from the 2011 Slave Lake fire, they are still ongoing for people who were displaced from the 2013 southern Alberta floods, and they are certainly still ongoing from the 2016 Fort McMurray fire. Mr. Speaker, that was indeed the largest evacuation in Canadian history.

Now, Mr. Speaker, also when we reduce our revenues and therefore our expenditures, we are less able to respond and actually help communities that need the help the most. I am thinking here of people such as the good people of the Paddle Prairie Métis settlement, who just lost their homes and their stability and their place to go home to, their belongings, and their social connections

through the recent tragedy that happened to their community just a few short days ago.

It is those pieces of inequality that we put most at risk, and it should be what animates our public service, that reduction of inequality, Mr. Speaker. Government has a productive role to play in that, and you cannot pay for these things with magic. There is no magic in a budget. You must have revenue, and then you must have expenditures. We can disagree on where those appropriate expenditures may go, but I think we do all agree that it is the highest noble cause of the people in this Assembly that we seek to reduce inequality. When the global experts tell us that the path to a \$4.5 billion tax cut is paved by inequality, by individual families having less to be able to build their lives, that should give us pause as legislators.

It should make us ask: what is the evidence to back this reckless scheme to reduce corporate tax revenues by four and a half billion? Who are the beneficiaries of this massive giveaway? Are they already wealthy? Do they need more, or do we need to make sure that we stabilize our revenues in this province such that we can make sure that we are building the kind of province that we can all be proud of and where children have that good start in life? That good start in life starts with a good breakfast at 8 o'clock in the morning.

Thank you very much for the opportunity to speak to Bill 3.

The Speaker: Hon. members, Standing Order 29(2)(a) is available. I see the Member for Edmonton-City Centre on 29(2)(a).

Mr. Shepherd: Absolutely. Thank you, Mr. Speaker. It's a pleasure to have the opportunity to rise and speak this morning to the comments from my hon. colleague. I certainly appreciate the perspectives that she brings to this bill. I know her as someone who does a lot of research. Indeed, that's been something that she's been known for for many years, very thoughtful in how she approaches public policy and certainly is one that brings the receipts.

I know also that she is one that knows about bringing investment to the province of Alberta. In her time as the Minister of Environment and Parks she was responsible for, I think, one of the largest increases we've ever seen in terms of investment in green and renewable energy here in the province of Alberta and bringing the many jobs and that that have come with that and have brought benefit across the province and in the region of her own constituency in Lethbridge. Along those lines, I also know that she was part of the group that sort of worked to bring in one of the more significant agricultural investments we've seen in this province, that being the investment for the new food processing centre and other industry that came in with Cavendish Farms.

I was wondering if the member would be able to give us a bit of a thought and explain a little bit about what was it that attracted that significant investment by Cavendish Farms here in the province of Alberta. Was it about the tax rate, or were there other factors that were involved?

The Speaker: The Member for Lethbridge-West.

Ms Phillips: Well, thank you very much, Mr. Speaker, and thank you to my hon. colleague for the query. Certainly, through the renewable energy auctions, a competitive auction, we saw a number of international companies of some large size and consequence compete for those contracts, resulting in the first two rounds of a little over \$2 billion in private-sector investment into the province to avail themselves of the competitive, market-based structure that we brought in for renewable energy. That \$2 billion of new investment has already resulted in a number of different construction jobs, new training opportunities for local people, and,

in fact, an equity participation component for the Kainai First Nation.

On to the matter of Cavendish Farms, Mr. Speaker. Yes, that investment opportunity was circulating around Alberta for some time. However, the final investment decisions by the Irvings were made by balancing an offer, essentially, that was coming from South Dakota with an offer that was coming from Alberta, with South Dakota having far lower corporate tax rates. I don't even know if they have one. That might be a bit of an exaggeration, but certainly states like that, their revenue picture is reflected in the infrastructure that you see when you go to some of these states. That is to say, it is not the same kind of public infrastructure, whether we're talking about roads, highways, or water infrastructure that one sees prevailing in Canadian jurisdictions.

Certainly, some of the questions from the investors at that time were around the health care system, the schools, as my hon. colleague from Edmonton-Glenora alluded to. They wanted to know about quality of life in terms of attracting a workforce. They noted that the health care costs for the company would be significantly reduced given that there was no need to have a provision of private health care insurance as part of the overall compensation package for employees. Certainly, that was something that they talked about, and the ability to attract and retain people in a place that is quite desirable to live due to the provision of public services, in particular health care, education, and child care, was key for them. In addition, the province did make some contributions through water and waste-water infrastructure, Mr. Speaker, in order to support our municipalities. Those were the special investments that the province brought forward, and that was the successful package of those different elements that actually attracted that investment.

Now, the Irvings did have a couple of questions at that time over the years about the specified gas emitters regulation and its application to this particular facility and then the transition to the carbon competitiveness investment regulation. Once that was explained to them, they understood what their output-based allocation for this particular facility might be, what their compliance flexibility options were with respect to the carbon offset system, and those matters were not of concern to them, resulting in a positive investment, Mr. Speaker.

The Speaker: Hon. members, any others wishing to join the debate this morning? I see the Member for Edmonton-Rutherford on his feet.

Mr. Feehan: Thank you, Mr. Speaker. I'm very happy to rise today to address our conversations around Bill 3, the bill to increase inequality in the province of Alberta.

An Hon. Member: Is that what it's called?

Mr. Feehan: I'm sure that's what was said.

I'm very happy to have had an opportunity to hear a number of the other speakers on this side of the House because it's always very interesting to hear the depth of facts that are being brought forward with regard to a bill of this nature and the evidence that has been accumulated through multiple countries that supply-side economics is, in fact, not an effective governmental tool for the intended outcomes that are often purported. I, of course, will take some of my time to repeat some of those arguments although the facts tend to fall on deaf ears, I know, because they have a hard time piercing through rigid ideological stances that are part of the nature of the conservative mindset and world view in which change in and of itself is not viewed as a positive thing to be pursued. In fact, I want for you to know that I do understand that the nature of conservatism

is indeed to conserve; that is, to maintain what we know. Therefore, there's an intrinsic resistance to change and, of course, information that may provoke or lead to that change because of the fact that it might cause some dissonance in the individual.

11:00

I thought I would at least pursue this conversation with a little bit of information that might be considered a reasonable source for members of the Conservative Party so that we can, you know, demonstrate that on this side of the House we don't come from an ideological place but, rather, a fact-based place. We'll use those facts to make decisions about progress, just as has happened in many years as we defeat conservative ideologies, going back for literally centuries in Westminster democracies.

We go back and look at the very nature of democracy itself, the idea that the leader was not a Sun King and didn't rule by divine right somehow and that somehow we could have everyday, average citizens actually vote on something in order to make a decision. I can tell you that the conservatives of that time – that is, the people that wished to conserve – were aghast and kind of declared that the notion was ridiculous and that only people who were ordained by God would have the right to rule. Yet we know how ridiculous that is now. We know that democracy is, in fact, the strongest, the best form of government although it has been defined as the worst form of government except for all the others. I think we can cut through all that and say that it is the best form of government.

We also know, for example, that progress has been made in areas such as public education. When it was first introduced in England through social reformers, many of whom the social workers that I work with view as the grandmothers and grandfathers of their profession, they came forward and said that we would actually be able to improve our society by having everyone educated across the board so that they could contribute to the best of their ability to the well-being of everyone. The conservatives of the time indicated that this was something that was ridiculous and that poor people couldn't be educated and that it was a waste of money to educate those poor people and that we should conserve the notion that education was a good for the elite and that the elite were somehow different than everyone else in society. Again, conservatives worked not to protect something but to prevent growth and movement forward, and we've seen that they were wrong in that case as well.

I can go on and talk a little bit about that, but I want to get more onto Bill 3. I think it's important that we understand that the evidence is there, that the progress that has been made in society has demonstrated consistently that having faith in the people and supporting individuals is of great benefit to society, and that taking money and pooling it to just a few people and expecting everyone to benefit is foolhardy, just the same as taking education and pooling it only to a reserved class was foolhardy, just as taking governance and confining it to an elite social class was foolhardy. In the same way, this bill is foolhardy because it makes an attempt to take money out of the hands of everyday people who primarily derive their dollars from and spend their dollars in the local area and pool it in the hands of people who are not confined to and are not in the habit of earning and spending in the same locality.

Now, just to make sure that my sources for my facts were ones that would be acceptable, I spent a little bit of time reading the report from the Congressional Budget Office in the United States, which did a comprehensive study which was published in April 2019, just a few short months ago. Essentially, to summarize briefly, although I do encourage people to go and actually look at this information because it's something that maybe will help you to reconsider the foolishness which you have brought to this House,

their conclusion was that across-the-board tax cuts like the Conservatives are now proposing are not as effective as other programs such as extending unemployment benefits. So government intervention had a higher record of creating more jobs than did tax cuts.

Further, they go on to state in their conclusion that the best mechanism for increasing the number of jobs in an economy is to increase consumer spending, which drives approximately 68 per cent of all economic growth. As the consumers spend, of course, businesses begin to ramp up production to meet that higher demand, therefore creating higher employment. In other words, it's not supply-side economics that actually drives an economy; it is demand-side economics that drives an economy. That means that consumers going out and spending in the local economy are what fundamentally makes an economy grow.

Now, I think it's really important to remember that when a business gets more money, they don't simply create jobs because, "Hey, I've got more money; let's hire a bunch more people" if, in fact, they don't think they can sell the product that they would produce with those more people. They only want to produce just enough product to meet the demand that's available. If the demand is not there, you'd be a foolish businessperson to actually create more product. You'd lose money. So why would you use money that became available to you in a tax break to create more jobs unless the demand was already pre-existing; that is, if you were a sensible businessman, businesswoman.

What the Congressional Budget Office is telling us, then, is that if indeed you do want businesses to grow and you do want them to create more jobs, you need to increase demand, you need to give money to people to spend, and they have indicated in their analysis that that indeed creates significantly more jobs, that – wait for it – government spending works better than tax breaks, given to you by the Congressional Budget Office of the United States of America.

Some specifics from their study that may be helpful in this time here suggest that the across-the-board cuts do have some effect in creating jobs. Of course, sometimes businesses are looking for money, and when they do have money, they are trying to reach more demand, but that effect comes out to approximately 4 jobs for every \$1 million lost in tax revenue. Essentially, in that case, the government is spending \$250,000 per job. I think most people in the province of Alberta would just love to get that money. I'd like to have a job for \$250,000, and I think most of the people here would. Instead, they are suggesting that providing money directly to lower and middle-income individuals tends to create more jobs, bumping that 4 up to 7 jobs per \$1 million.

Of course, they do go on to explain a little bit about why that would be, and that is essentially the notion of capital flight. Now, I want to speak about the notion of capital flight because it's one that's used inconsistently, of course, by the opposite side of the House. They stand here – and they did for the last four years – daily complaining that somehow there was capital flight out of the oil and gas business in this province and that it had gone somewhere else and that that was the fault of the government of the day. So they seem to have some sense of that notion even though they, of course, demonstrate their inability to understand the difference in causality and correlation, as usual. But I can see that underlying the chaotic argument that they present is this notion that they understand that capital is mobile in our modern world. Yet when they come into government, they immediately act as if capital is no longer mobile, that if you give money to these corporations, if you give money to the elite, if you give money to the wealthy, somehow they will create jobs here.

11:10

Yet the evidence is that they don't. Their own evidence, that they present in the House consistently, is that corporations do not do that. They tell us on a regular basis that corporations will go and spend their money somewhere else if they don't like what you're doing here, and then they go and give them money to do that. There seems to be some inherent chaos in that thinking. I'm very concerned that the whole nature of this bill betrays the fact that there's not very strong business acumen on the other side of the House.

The problem here is that they only understand the benefit to their particular political party if they provide services to a group in society who will return that money at the time of election. But we know that what happens when we actually do provide the money here is that the only people that benefit are the political parties that receive donations from those corporations. That does not happen in terms of the larger economy itself. As has been previously mentioned here in the House, when a person of moderate income receives money, the vast majority, up to 99 per cent, of that money is spent in the local economy. That means that not only are they getting the benefits of the money that they have, but they are increasing the benefits for everyone around them.

The nature of gross domestic product is not how much money you have but how that money changes hands within an economy. Therefore, the more often that it changes hands within the economy, the better the economy is and the more that the gross domestic product goes up. What you want to do, of course, is encourage people not to hang onto their money but to spread their money around.

We know, on the other hand, though, that corporations tend not to spread that money around the local economy. They tend to take it into other places. And when they do spend it locally, they often spend it not on jobs, not on creating the local economy but on – what does the American Congressional Budget Office say? – buying stock back. That's what they do. They spend money on accumulating wealth and increasing pots of money for themselves and their shareholders. I remember that the governor of the Bank of Canada used to call that dead money. In fact, that's what this whole bill is. It's increasing dead money.

Thank you.

The Speaker: Questions or comments for the member under Standing Order 29(2)(a)? I see the Member for Lethbridge-West.

Ms Phillips: Well, thank you, Mr. Speaker. One of the things that we see in the natural world's functioning ecosystem is that connections and diversity are what underlie a functioning ecosystem in any given natural space. Same goes, too, for economies. The hon. member talked a lot about money circulating within an economy. I think the point he was driving at was that when money circulates more often, then it can be used for productive purpose in terms of reducing inequality and giving economic opportunities to everyone in a society.

Mr. Speaker, I know that the hon. member has direct experience with this with respect to investments in indigenous climate leadership. I'm wondering if he could share with the House: when we aggressively and without sufficient evidence reduce our revenues, how can we incent private-sector growth and, more to the point, social development in indigenous communities in this province and elsewhere?

Mr. Feehan: Thank you very much for the question. I appreciate the opportunity to speak about working with the indigenous community, as I have for the last number of years in my role previously as Minister of Indigenous Relations. As many people

would know, the community is very close to my heart. I had an opportunity to speak in this House before about many of the significant programs that were created by the indigenous climate leadership program, that was run in this House prior to the destruction of the carbon levy, and all of the benefits that flow out of that into the community.

One of the things, I think, that was very important about the comments that I made earlier was the fact that it had a very far-reaching effect around this province. We can say that all 48 First Nations in this province benefited from the carbon levy and that distributing those dollars around the province had the direct effect of increasing employment in indigenous communities in places where, very often, jobs are not easily available.

In fact, just yesterday members of the Conservative side of the House stood up and argued for a motion with the argument that we need to pay attention to local employment whenever we make decisions in the government, and they all supported, unanimously, I believe, on that side of the House, a motion that, in fact, economic evaluation should be done in a community before government makes a decision to remove jobs from the rural areas. So we know that they understand that government intervention and programs of that nature have a specific and direct effect on increasing employment in areas of the province where employment is hard to come by, and that includes, of course, First Nations and Métis communities.

On Monday they argue that fact, and then on Tuesday they bring in a bill that seeks to do exactly the opposite kind of thing, to take money out of the community and to pool it in the hands of a few who are no longer bound to spend that money in the local economy. I call tell you that studies that have been done around First Nations communities indicate that as a First Nations community rises economically and does well, the benefits to the local surrounding towns and villages also go up, and if we really want the small towns of Alberta, the rural areas of Alberta to do well, we should be supporting the indigenous communities from an economic point of view. How do you do that? You do that by ensuring that they have the resources in the local indigenous community to create jobs in that place, not jobs in Edmonton or Calgary or major centres but jobs where they live, and that will be money well spent for not only that community but all of Alberta.

Thank you.

The Speaker: Hon. members, the Member for St. Albert is rising.

Ms Renaud: Thank you, Mr. Speaker. It's my pleasure to rise and speak to this bill. You know, oddly enough, the roots of the phrase "trickle-down economics" – as we know, President Reagan's economic policies were dubbed Reaganomics, and they included a large tax cut that we in turn call trickle-down economics. But the actual term "trickle-down" originated as a joke by humorist Will Rogers, and the joke about trickle-down is that it is a decision to favour the wealthy and privileged while being framed as good for the average citizens. So, yeah, it's a bit of a joke.

[Mr. Milliken in the chair]

I would suggest that when we first get elected to represent the people that sent us here, it's a little bit overwhelming at first. I think the bills, legislation come at you fast and furious. You learn all about the message boxes. You learn about your roles on committees, speaking to bills, members' statements, all of those things. Sometimes it's tough to find the hours in the day to do the research that you're required to do in order to make informed decisions on the legislation before you. I would put to my colleagues on the other side and beside me over here – you know, I

would ask them: how much time did you spend researching this to understand what it is that you're voting on? By giving this massive tax cut to already very profitable corporations, what you are doing is blowing a hole in our revenues. It's pretty straightforward. It's pretty simple.

11:20

Sometimes I hear people sort of comparing our province's budget to a household budget, which doesn't make sense to me on a lot of levels, but let's just go with that. If your revenue is reduced somehow, you know that you have to make some changes on where you spend your money. Same thing here. When you're voting on this, I get that you're being told what you need to support and what you need to do, but I want you to think about what it means for the people in your constituencies. Mr. Speaker, some of the things that you really need to think about – and I think that we've heard from numerous members that it is going to hurt, that these are going to be tough decisions, and of course they are. You cannot blow this kind of hole in your revenues and not expect there to be repercussions.

Let's look at it on a very small scale, and let's look at what that means for individual people. I think we're starting to hear rumblings from different places in the province already. If you look at schools, for example, there's some uncertainty right now as to how this trickle-down is going to impact schools and the decisions that school boards are tasked with making. Let's say that it results in even a small reduction, and that reduction may simply be as a result of not funding the growth for that school district. Let's say that they have 1,000 new students coming in, and there are no additional dollars, right? Same old adage: well, you make due, you do more with less, tighten up your purse strings, pull up your bootstraps, whatever it is that you want to say. But the reality is that you're doing more with less, so you are diluting those services.

Now, of course, I've heard people say: "Well, you know, put a few more students into a classroom. We have highly trained, highly skilled teachers, educators. They can probably manage." Okay. I'll give you that, but what happens when you have students that have unique learning needs in those classrooms? Perhaps you have a student that has a diagnosis that puts him on the autism spectrum, or perhaps you have a student with a learning disability or a developmental disability or a behavioural concern that is really, really difficult in a classroom setting for just a teacher and maybe one EA to manage so that all the students can learn in the best way possible.

The cuts that you voted on and supported in order to give very wealthy, profitable corporations a massive tax cut – now, keep in mind that we were already very competitive, but your voting to give this massive tax cut will cause difficulties at a very local level, and you will hear about that. I'm sure you'd agree that, you know, your constituents will find you. They will get in touch with you, and they will let you know what this means for them, whether it's parents of students that are in crowded classrooms or that they used to have access to one educational assistant and now you've got three students relying on one educational assistant. That is a reality when you start to cut funding to education.

Persons with developmental disabilities is sort of a department within a larger ministry, Community and Social Services, and it supports people with developmental disabilities to create lives that allow them to live in their communities, work in their communities, establish lives in their communities. There are thousands and thousands of people that rely on these supports, and these supports pay for the staff to support those people. Now there's going to be a great big hole in the revenue, so efficiencies are going to come from somewhere. Typically these are the places they tend to come from.

We've seen it over and over again every time. Cutting supports for people with developmental disabilities in Alberta often doesn't look like your traditional cut. It looks like a finding of efficiencies story, or it looks like doing more with less, and very often what that means is a dilution.

Earlier this week I was able to ask a question to the Minister of Community and Social Services about releasing a report that was created by a group tasked with looking at this PDD system and recommending ways to make it more inclusive for Albertans. One of the questions obviously facing this group is looking at the eligibility criteria of this and deciding: is IQ an appropriate determining factor for people to receive this support? I think we can all agree that the answer will probably be: no, it's not appropriate, not appropriate at all. Really, it never has been, but – so be it – there it was.

By removing that, that will open the doors to so many Albertans that have been denied these supports: people with brain injuries that perhaps didn't quite score where they needed to on an IQ test or perhaps people on the autism spectrum that were difficult to test or, again, their scores were just questionable. You have all kinds of people, people with FASD – and there are thousands of them – that require supports, but they are not being supported right now because of old eligibility. If you make those changes and you open those gates to all of the people that really do need these supports, without new dollars you have created a scenario where there will be massive cuts. Massive.

A cut like that puts people's lives in danger. Not only does it impact their quality of life, their ability to be employed, to have friends, to live in their community, to have the lives that they dream that they could have, but it puts people in harm's way, in very real harm's way. I have no doubt that the people in this Chamber will see that in very short order if this is allowed to happen.

Another one of the things that I actually thought was one of the biggest jokes of all – and it's not a joke, and I don't actually think it's funny – is that we were on a different path before the election. I get it. I hear it every day, over and over again: you won the election, that was your mandate, no need to consult, you're good to go. I hear that loud and clear. However, what the big joke is to me is that we were on a different path. Our path to balance, of course, was about a year longer. But our vision was to go forward in a progressive way without cutting, without cutting essential services like education, like health care, like supports for people that need them, and growing our economy not on the backs of people that need these supports but by diversification, by reducing our reliance on one single sector, by making those investments in greener energy, in that energy transition that needs to happen. The world is changing, and we were ready to accept that and move forward, and we had a plan.

That came to a screeching halt, and now we're going backwards. We are now looking at a decision that will be made that will impact people now and well into the future. I've seen it far too many times to ignore it. You know, I get that members opposite likely don't like to hear this from us or whatever, but perhaps they'll listen to other experts or other groups like the International Monetary Fund. I don't know if that's in your list of acceptable sources, but what they've essentially told us is that this doesn't work. The member earlier referred to the Bank of Canada. They seem like quality experts to me; so does the IMF.

One of the things that they point to that's really quite telling – and what they say is that one of the biggest dangers or challenges facing us is the growing gap between the very wealthy and the poor. I can tell you that this move to once again give a massive tax cut to already wealthy, profitable corporations – I'm not talking about small businesses here; I'm talking about already profitable and

wealthy corporations. We are increasing that gap. We are squeezing and pushing out a middle class that has been squeezed and pushed out for years and years and years. This is what this will do.

I can't predict what this massive tax cut will do on the front lines of services. I can only share my experiences of what I've seen before. I've seen first-hand what it does. I've seen what the removal of a few hours of support for someone with a disability does, what it does to their lives, what it does to their families, what it does to their ability to work, what it does for their ability to support themselves, what it does for their future. I've seen what that looks like. I have a feeling that the members opposite will also start to hear what that looks like because your constituents will let you know. I believe that. They have seen another way.

11:30

We had four years after over four decades of one party. We had four years where we were well on our way to showing that there is a different way, and I think Albertans are very smart and will compare very quickly and see that we were on a different path. We had a different way of approaching things – that is, a realistic way to approach things – and not on the backs of people, small people, people without deep pockets, deep connections, and deep access, Albertans, because we believe that all Albertans should decide how this province goes forward, not just the wealthy and connected.

With that, Mr. Speaker, I am going to end my comments. I am sure that the members have heard enough from me right now. I will thank you for the opportunity, and I look forward to any questions if there are any.

Thank you.

The Acting Speaker: Under Standing Order 29(2)(a)? I see the hon. Member for Calgary-Mountain View.

Ms Ganley: Thank you very much, Mr. Speaker. I was very interested to listen to what the Member for St. Albert was saying and all of my colleagues. There have been some very articulate statements on the impact that this is going to have not only in terms of its lack of impact on job creation but in terms of its impact on the budget.

The member was speaking about potential changes to the PDD program and supports for FASD, and, you know, that triggered me to think of some of the things. We talk about a \$4.5 billion tax giveaway – right? – the sort of huge giving away of money, and I think we don't always know, necessarily, what that means. I certainly know that decisions around budget when we were in government were some of the most difficult decisions I ever made. There were incredible programs that, if expanded, could have had fundamental impacts on the lives of individuals in the community. I think of the community court program, that we were starting up, the drug treatment court program, that I had hoped to expand across the province one day. There were an incredible number of these programs, and most of what was the underlying premise of most of these programs is that, actually – and the problem is that it takes years, right? You input sort of upstream money, and that changes the course of lives, and 15 or 20 years later you see a massive impact in terms of decreasing provincial budgets on things like jails.

What I was going to ask the member about is just if she could expand a little on – you know, I certainly know that individuals with FASD have a tendency to come into conflict with the justice system a lot, and they have a tendency to be underdiagnosed because of what the diagnostic criteria are. I just thought that maybe you could speak a little about what you thought those supports might do if we were to spend the money on those supports instead of a tax giveaway.

The Acting Speaker: The hon. Member for St. Albert.

Ms Renaud: Thank you. I'm happy to answer that question.

First of all, I would like to thank the member for the incredible work that she did when she was the minister. Actually, she had quite a vision for where things were to go, and I'm grateful for her work.

Absolutely, we might not see the impacts of these changes right away, but we absolutely will see these impacts. A really good example of this is – sorry; I'm just going to go back to my notes.

Let me just say something first. I watch what's happening in Ontario, not because I'm particularly interested about what's happening in Ontario, but I do look to Ontario because of the similarities of things that are happening. It's a little bit, at first, maybe coincidental that the Premier of Ontario would say and do things that would then show up here, and the Premier here, before he was Premier, was saying and doing things very similar to Ontario. I have seen the moves that are being made in Ontario to groups that don't have access and influence.

Of course, we know that that government has decided to embark on another failed experiment about investing or giving massive tax cuts to wealthy and profitable corporations on the backs of people that need supports and services every single day. What we're seeing are sort of just cuts across the board, cuts to essential services.

Let me give you one example. You've probably heard in the news about cuts being made to supports for children with autism. Now, these were not presented as cuts. I think that initially it was called a way to reduce wait times or a wait-list. What it was was a very odd means test for families, and then it was a lump sum of money that was given, whether it was to the service provider or the families, to arrange for supports for the child, intervention or supports for the child with autism. Now, of course, the government was framing it as: "Look at this windfall. We are giving, for example, \$50,000 to this particular family to go out and find the best supports for their child." Okay. Now, when we look at all of the years that this child will require intensive supports to get through the school years, to get through those really formative years where they are learning how to navigate life, it was nothing.

Thank you.

The Acting Speaker: Any other members? I see the Member for Red Deer-South standing.

Mr. Stephan: Thank you, Mr. Speaker. I am really excited to stand and speak in favour of Bill 3, the Job Creation Tax Cut (Alberta Corporate Tax Amendment) Act, to restore Alberta's place as the most attractive place to start and grow a business in Canada. I am a tax lawyer and a chartered professional accountant. I have lectured on tax matters to the Canadian Tax Foundation, the Legal Education Society of Alberta, and CPA Alberta, the organization governing chartered professional accountants. I work with private businesses, their owners, and professional advisers. These are Albertans that work in the real world.

I've listened to the members opposite speak in favour of mediocrity, comparing Alberta to Quebec, citing and recognizing that their corporate tax rates are lower than ours and that that is okay. That is not how Alberta has competed and excelled. I've also heard them compare us to the Trump federal tax changes. They are comparing a federal jurisdiction to a provincial jurisdiction. That is not comparing apples and apples. That is not precise thinking. Taxation requires precision.

My impression of the former NDP government was a government that did not focus on details that impact taxpayers. I remember when the carbon tax was first introduced by the former NDP government. They told Albertans that that tax was revenue neutral. Mr. Speaker,

the government of Alberta is a very complex, sophisticated organization. It is very disturbing to think that a new multibillion-dollar tax was introduced by a government which did not even have a basic understanding of what the term “revenue neutral” means and, further, did not do the proper due diligence to inform themselves prior to incorrectly telling Albertans initially that it was.

Mr. Speaker, when the NDP decided to cancel complex power contracts, they did not even bother reading the contract fine print and ended up having to pay damages in the hundreds of millions of taxpayer dollars to power suppliers for breaches of contract. This was a government that did not do its due diligence. In the real world failing to do so would result in one getting fired or sued.

Mr. Speaker, let’s talk about the impacts of the 20 per cent increase to corporate tax rates. Alberta, as they should have known, competes with other jurisdictions for vital oil and gas investment dollars for our economic prosperity. What this 20 per cent corporate tax increase did, along with other NDP and Liberal actions, was to make Alberta a less competitive jurisdiction for investment.

11:40

So what has happened under this NDP government? Businesses and investors do not stage protests. They vote with their feet, and they leave for more competitive jurisdictions. I personally saw this. This old NDP government governed under capital flight of tens of billions of dollars. Are they proud of that? Mr. Speaker, the very constitution of the NDP states that its purpose was to “establish and maintain a democratic socialist government in Alberta.” Socialism does not work in the real world. During the election campaign I remember participating in a candidate forum at a high school in Red Deer with the former NDP Member for Red Deer-South, whom I replaced, and sharing with students how their parents and our city were experiencing first-hand how uncompetitive socialist governments operate in the real world and not just out of textbooks. I was able to share evidence, just like the members opposite are purportedly doing.

Let’s look at some facts. I was able to share with them how Alberta’s private-sector workforce actually shrank by about 25,000 individuals during the four years they were in power. That is abject failure. I was able to share how, because of a weak economy, with the NDP, a government that does not know how to compete in the real world, Alberta’s debt increased by more than \$45 billion and how in only four years their debts and deficits would buy every single house in Red Deer, Alberta’s third-largest city, more than two times over.

Mr. Speaker, the NDP likes to think they are the champion of government services; they are not. While the NDP wishes it wasn’t true, government services only exist if there are taxes from private-sector businesses and those who work in them to pay for them. How – how? – can a government be a champion of anything that they have no idea how to pay for? Irresponsible, undisciplined, uncompetitive NDP governments will by and by lead to the collapse of unsustainable government services.

Mr. Speaker, I have sat and listened to the NDP criticize the job-creation tax cut as an attack on workers. The NDP views business success as a zero-sum game. In their heart they think that if businesses exceed and do well, then workers do not. Businesses and investors have sensed this underlying hostility from a socialist government and have acted accordingly. Corporations are not natural persons. Corporate profits are used to reinvest and grow businesses and hire workers.

The NDP conflates corporations to wealthy individuals. That is sloppy thinking. The facts speak for themselves. As a matter of historical fact, the NDP way lost tens of thousands of private-sector jobs in the four years of doing things their way. I cannot honestly

ever recall, not once, meeting either a business owner or professional adviser working in the real world who believed the NDP were good stewards of the economy. Not once. Mr. Speaker, the numbers speak for themselves. This NDP was a dismal failure, and Albertans knew it. That’s why they were overwhelmingly fired on April 16.

The socialist NDP government has a philosophy that is in direct opposition to what is required for economic prosperity from a government. It does not understand or know how to compete in the real world. Unlike the NDP losing tens of thousands of private-sector jobs, the job-creation tax cut will create tens of thousands of private-sector jobs. According to analysis by leading economist Dr. Jack Mintz, the job-creation tax cut will lead to the creation of at least 55,000 full-time private-sector jobs. Contrast that against the NDP’s failed record of losing tens of thousands of private-sector jobs.

University of Calgary political scientist Dr. Bev Dalby estimates that the job-creation tax cut will generate a \$12.7 billion increase in nominal GDP, a 6 and a half per cent increase in per capita real GDP, and \$1.2 billion in additional government revenue by 2023-24. It is time to renew and restore Alberta as the most competitive and attractive jurisdiction in Canada to start and grow a business. Enacting the job-creation tax cut is an important step on that path.

Thank you, Mr. Speaker. With that, I move to adjourn debate.

The Acting Speaker: Under 29(2)(a), questions and comments? I see the hon. Associate Minister of Red Tape Reduction.

Mr. Hunter: Thank you. I was very interested to hear the comments by the hon. member about the constitution for the NDP. I have had the opportunity to read that riveting document a couple of times. At the end of the document it goes through a few of the principles and aims of the Alberta New Democratic Party, and I just wanted to read to you, Mr. Speaker, and to the members of the House here their version of how to jump-start economies. They say:

Socialism is essentially the application of democracy to the economy. Economic democracy, i.e. democratic socialism, assures production to supply the needs of all people.

It gets better.

Decisions about what shall be produced, when and where, and decisions about where we shall make our living and under what conditions, are now left largely in the hands of private interests. The market economy produces transnational corporations, who give private profit priority over public interest, social justice and workplace democracy. Through the efforts of many, we have achieved a degree of social and political democracy.

And here is the kicker.

Economic democracy demands a co-operative rather than a competitive system.

11:50

If you need to know anything about the intent of the NDP or any socialist party, for that matter, you just have to read that last sentence. They would like to take away free markets. They do not believe in free markets. They believe in a co-operative rather than a competitive system, and because of that belief system that they have, they continue to push away businesses that function in a free-market economy. This is the reason why over the last four years we had some of the highest unemployment rates in a generation. This is why we had some of the highest deficits on record that this province has ever seen.

You know, the member is an expert when it comes to tax law; he is an expert when it comes to accounting practices. I’d like to ask him: what is the outcome, in his opinion, of applying this kind of economic model?

Mr. Stephan: Well, one of the things that I had been very excited about doing as I met with both businesses and professional advisors who advise private-sector businesses throughout Alberta – prior to the NDP I really liked talking about how Alberta was, in fact, the most competitive jurisdiction to start and grow a business. I would see businesses in other areas of Canada seek to come and be subject to tax in Alberta. It's interesting from a corporate tax perspective that having the lowest corporate rate in Canada actually incents and grows the corporate tax base in our province.

It was interesting that, actually, when the NDP increased corporate tax rates by 20 per cent, which, by the way, is a gigantic tax rate increase, and took us away from being the most competitive jurisdiction in Canada to start and grow a business, government corporate tax revenues actually decreased. The interesting thing is that prior to that, corporations that were successful and profitable, because we were the most attractive jurisdiction, would seek to centralize and grow their businesses in Alberta, and that, actually, overall – and the facts again speak for themselves – supported the government surpluses that we enjoyed, that actually helped us fund all of the important government services that not only do the members opposite support but the members on this side and the government support in terms of providing those essential government services in a sustainable, economic manner. When the NDP increased – you know, using the common saying, they killed the goose that laid the golden eggs.

The Acting Speaker: I see the hon. Member for Cardston-Siksika standing.

Ms Sweet: A point of order.

The Acting Speaker: A point of order.

Ms Sweet: Sorry, Mr. Speaker. I just need a point of clarification for the House. My understanding is that the hon. member moved to adjourn debate. We didn't vote on the adjournment. If we could just get a point of clarity from the table through you around whether or not we should have actually adjourned the debate before 29(2)(a).

The Acting Speaker: At the time that the hon. Member for Red Deer-South was concluding his remarks, there were individuals standing to be recognized under 29(2)(a), so it looked to be an opportunity for people to take advantage of 29(2)(a) at the time.

Going forward, I believe that I saw the hon. Member for Cardston-Siksika standing to make a motion.

Mr. Schow: Thank you, Mr. Speaker. I rise to adjourn debate on second reading of Bill 3.

[Motion to adjourn debate carried]

Bill 4 Red Tape Reduction Act

[Adjourned debate May 30: Mr. Hunter]

The Acting Speaker: Are there any members wishing to debate on second reading of Bill 4? I see the hon. Member for Calgary-West.

Mr. Ellis: Thank you very much, sir. As you can see, we're very close to 12 o'clock. I think we've made some remarkable progress, and I certainly move that we adjourn until we reconvene at 1:30 p.m.

Thank you.

[Motion carried; the Assembly adjourned at 11:56 a.m.]

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