



Province of Alberta

The 30th Legislature
First Session

Alberta Hansard

Tuesday morning, June 11, 2019

Day 11

The Honourable Nathan M. Cooper, Speaker

Legislative Assembly of Alberta
The 30th Legislature

First Session

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Legislative Assembly of Alberta

10 a.m.

Tuesday, June 11, 2019

[The Speaker in the chair]

Prayers

The Speaker: Hon. members, the prayer. Lord, the God of righteousness and truth, grant to our Queen and to her government, to the Members of the Legislative Assembly, and to all in positions of power and 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 prejudice, keep in mind their responsibility to seek to improve the condition of all. Amen.

You may be seated.

Orders of the Day

Government Bills and Orders

Second Reading

Bill 7

Municipal Government (Property Tax Incentives) Amendment Act, 2019

[Debate adjourned June 10: Mr. Feehan speaking]

The Speaker: The hon. Member for Edmonton-Rutherford has seven minutes remaining should he desire.

Are there others wishing to speak to the bill?

Seeing none . . .

Ms Hoffman: Yamahama.

The Speaker: The hon. Member for Edmonton-Glenora is rising to debate.

Ms Hoffman: Thank you so much Mr. Speaker, and thank you to all members for the opportunity to engage in this important dialogue. I definitely don't plan on using all 15 minutes because I think that the main message I want to leave all members with is that this bill – I love *Seinfeld*. Some of you may have heard me talk about it already once in this House. I'll probably talk about it many more times. I think that this bill actually doesn't do anything. Some people said that *Seinfeld* was a show about nothing. I think it was a show about a lot of things that were entertaining. I think that some of the things in this bill are entertaining but that what is in place already through the work that was done in the review of the MGA has already achieved the likely desired outcomes as proposed in this bill.

With that being said, I think the time in this House is precious. I think the time around the cabinet table is precious. I know that many individual members, in speaking to Bill 4 around a bill to create a press conference, talked about specific things that they wanted to see in terms of reductions to redundancy within the public service. I think that those are the kinds of things that government should be spending their time considering around the cabinet table, not a bill that indeed actually is redundant and creates more redundancy. That's the main message I want to leave people with. I think that going into details about what's good or not good in the bill is actually not useful because the main message I have is: this bill is redundant.

I understand that there is a desire to be able to have an extensive list of legislation and say that there are many things being done. I

think this is a repackaging of what's already been done. Certainly, I welcome the government to talk about all the great things that the past government did, whether it's what our immediate past government or successive past governments have done, but what is in this bill has already been done. So I think that it is not beneficial for us as members of this Assembly to spend our time debating something that is completely redundant. That's my position, having read this in some detail.

The other piece I want to say is that I do believe that consultation with municipalities is absolutely important, and I think that if there had been consultation with municipalities in the lead-up to this bill, the main message that would have been heard is: we need certainty around what our revenues are; we need certainty around what our risk-share component is going to be when it comes to the price of natural resources in this province; we understand that provincial revenues ebb and flow; we understand that it seems reasonable to have some of that shared with the municipalities. But rather than actually developing that formula or making it a priority to act on the things that municipalities said in consultation, it seems like the government has repackaged a bill, rebranded a bill, and reinforced things that we've already enabled municipalities to do.

That being said, I think that this bill doesn't warrant much additional discussion. I imagine that there will be some amendments, and maybe one of them is to consider not reading it another time because these things are already in place. I'll be happy to offer commentary on it when it hits that point in discussion.

Definitely, my main message to all members of the Assembly is that this bill is a bill that is essentially about nothing or a bill to repeat things that have already been done in the past. Therefore, I'm urging members not to pass this new piece of legislation given that, in my understanding and through conversations that our critic for Municipal Affairs has had with municipalities, it sure seems like this is a bill to create more talking points perhaps, to create another press conference perhaps, but not actually a bill that will enable municipalities to do things that they don't already have the ability to do.

With that, Mr. Speaker, I will cede my time and urge colleagues not to support this bill but, rather, to work with their cabinet to move forward items that will actually create new opportunities for employment, new opportunities for partnerships with the municipalities all of us work with and represent, and opportunities to actually create new jobs rather than trying to repackage the opportunity for jobs that was already created under an NDP government and give it a new headline. Those are my key messages for my colleagues this morning.

Thank you, Mr. Speaker.

The Speaker: Hon. members, Standing Order 29(2)(a) is available if anyone has questions or comments for the Member for Edmonton-Glenora.

Seeing none, are there others wishing to speak to the bill? I see the hon. Member for Edmonton-Beverly-Clareview is rising for debate.

Mr. Bilous: Thank you very much, Mr. Speaker. It's my pleasure to speak to second reading of Bill 7. As pointed out by my colleague for Edmonton-Glenora, the proposed powers that this grants already exist in the MGA. I do look forward to the minister clarifying for us because I can tell you that as the former Minister of Municipal Affairs myself and my former staff went through this and determined that this was an authority or an ability that municipalities currently have.

Now, having said that, if this government is trying to shine a light on tools that municipalities already have, the questions that we've

heard in engaging with stakeholders are: well, what is the province bringing to the table? Once again, they're saying to municipalities: here, use this ability you have to forgo your property taxes, which, let's be clear, is one of the only tools that municipalities have to pay for much of these service that they deliver.

I was very proud of the work that our government did working with municipalities. We had a revenue-sharing agreement with the city of Calgary and the city of Edmonton. Our former Minister of Municipal Affairs was busily negotiating with RMA and AUMA for a similar type of deal where we said to municipalities: we understand that you need sustainable, predictable funding, but if you want that, then you also need to share in some of the risk that the province bears. Much of our revenue comes from royalties and other sources that, again, fluctuate. Those aren't guaranteed revenues for the province of Alberta. We had said to municipalities: we understand the position that you're in, and we're happy to look at some revenue sharing, but that also means, then, that when times are good, yes, there will be more money flowing to municipal coffers, but when times are challenging or in a recession, that means that you're going to get less, similar to the state of the province.

With this, though, like I said, Mr. Speaker, municipalities are looking for funding supports. Right now they're busy scratching their heads now that there isn't a carbon tax, which was funding major projects in some of our larger urban centres like the green line in Calgary and the LRT line here in Edmonton. These municipalities are wondering how they're going to keep these projects moving forward or if they're about to get scrapped or shelved. Again, the province is conveniently saying: no, no, we have no money to give you, but we'll provide you or shine a light on a tool that you currently have.

Now, I can tell you that one of the things that our government prided itself on was encouraging municipalities to be much more collaborative. I don't just mean encouragement through words. There were tools that we introduced, including municipalities having to have an intermunicipal agreement with all that share their boundaries. We also really encouraged municipalities to work much more collaboratively together.

I can tell you that there were a number of municipalities that came with me on international trade missions, and the most successful ones were those that went as a region or as a hub. Alberta has, unless it's changed, I believe it's 342 different municipalities in the province. When all 342 are competing with each other for investment, they are losing the big picture because – guess what? – when you're travelling internationally, how many companies know where a tiny little community is in Alberta? None. How many know where Alberta is? Well, we have to explain where Alberta is and how important it is and the opportunities that exist here, which is why trade missions are so critical. I can tell you that municipalities or regions that have been the most successful in attracting investment are those that collaborate.

10:10

Here's a great example, Mr. Speaker: the Industrial Heartland. The Industrial Heartland is made up of a number of municipalities that work together that have a revenue- and cost-sharing agreement. When they go out to the world, to investors and to companies, to say, "Come invest with us; these are all the amenities and services that we have to offer," they have a very powerful message. I'm proud of the work that our government did with the Industrial Heartland. In fact, they participated on every single one of my missions. We have seen the amount of investment, billions of dollars, coming to the Industrial Heartland, and that's in part because of the collaborative approach that we took working with

them, working with our municipal partners to show a Team Alberta approach, something that I would encourage this government to do.

I know that there's at least one minister that's busy on a trade mission. I will be finding out if there are municipalities that participated, businesses that participated. If you ask me, Mr. Speaker, government plays a critical role in opening the doors for companies for government-to-government agreements, but businesses need to be present in order to take advantage of these.

I was very proud, Mr. Speaker, back in November of 2016 to lead the largest trade mission the province of Alberta has ever led. There were 86 different businesses and business associations that accompanied me and our team to Asia. There were over 150 Alberta participants, and believe me, it left a significant impression. There were hundreds of millions of dollars worth of trade and investment that came from that trade mission alone. So it's very, very important.

My point, back to this bill, Mr. Speaker, is that if we want our municipalities and our regions to compete on the international stage, they need to collaborate. Shining a light on this and focusing municipalities to use this tool doesn't do that. It's a disincentive for them to work collaboratively.

As we already see, Mr. Speaker, municipalities do compete with each other. Now, not all. Again I want to applaud the many regions and municipalities that work together. A great example: the city of Grande Prairie, the county of Grande Prairie, and the MD of Greenview. Those three have created an industrial park with the help of our government. It took a while. But I'm proud of the fact that what we were trying to get to was really a plug-and-play model, that other parts of the province are very interested in. When we talk about expediting regulatory approval, well, this is one of the ways that we did it. We didn't just talk about it. We actually did it, and we're starting to see the fruits of our labour. I know that the former Minister of Municipal Affairs and myself, the former Minister of Environment and Parks, and the former Minister of Energy travelled the province and encouraged regions to look at how they can position themselves as a region.

Now, Mr. Speaker, like I said, part of the concern here is shining a light on the fact that this really is encouraging municipalities to try to undercut each other to get to the bottom. We have seen in some jurisdictions that you have one municipality that has higher property taxes, probably because they offer more services than an adjacent one, which can drop their taxes a little bit lower. You know, that's a factor in where companies are going to set up shop, so they'll go to the far corner of the lower taxed municipality. The workers and much of their products all come from the centre adjacent, but they don't benefit from any of the property taxes. Again, that's where our government tried to encourage this collaboration whereas this is something that is highlighting the opposite of that.

Now, it is interesting. You know, my colleague the Municipal Affairs critic did reach out and speak with Edmonton and Calgary and AUMA and RMA. At least AUMA and Calgary and Edmonton had no idea that this was coming. For a government that tries to say that they're collaborative and they're going to consult and lectured us ad nauseam in the past four years – again, I have some interesting adjectives I'd like to use to describe a government that claims one thing yet, as soon as they come into power, does the complete opposite. I'll leave it to our listeners' imagination, Mr. Speaker. Now I'm losing my train of thought here. The fact is that they weren't adequately consulted on this.

I think what I want to just touch on in my last few minutes is the fact of what this bill really is. It's not a bill enabling anything that municipalities don't already have the authority to do. What this is is an opportunity for this government to hold up a meaningless

piece of paper to say: “Look at us. We’re helping to create jobs.” Once again, this tool isn’t introducing new powers for municipalities, but because there was, I think, one line in their platform during the election, they want to move forward with a bill that does very little, which I think Albertans should recognize. All that this is is a PR campaign of, “Look at us, and look at what we’re doing,” even though we’re not actually affecting much in the way of helping municipalities to have new powers, to be able to develop, and to attract investment.

I mean, what would be better spent on, quite frankly, are continuing programs that we introduced. The capital investment tax credit program has attracted over \$2.2 billion of investment in Alberta. This is investment that has been deployed. What does it cost? I’m sure you’re curious to know, Mr. Speaker. About \$200 million has been conditionally approved to attract \$2.2 billion. Myself, I think that ratio is pretty solid, and that is a tool that we went to the international community with to say: this is another reason why you need to come invest in Alberta.

The other thing is, again, making sure that we’re leveraging the incredible international office network that Alberta has. I’m very proud of the fact that we added two new jurisdictions, both San Francisco and the United Arab Emirates, to that in order to have a presence in these two very, very important markets.

Mr. Speaker, I think that if the government wants to actually take meaningful action and meaningful steps toward helping to attract investment – I agree with that as a goal; I agree with creating jobs and supporting our private sector to create jobs – this, in fact, is not the right tool. In fact, this isn’t really a tool. It already exists, so this is a duplicate tool. This is like having two hammers in your toolbox. One does the trick; you don’t need both.

Thank you.

The Speaker: Hon. members, anyone wishing to ask a question or to comment under Standing Order 29(2)(a)? I see the hon. Member for Edmonton-McClung was on his feet first. I don’t know if teamwork makes the dream work here or what.

Mr. Dach: Thank you, Mr. Speaker. I’ll take the opportunity to speak under 29(2)(a) and ask the minister a couple of queries that I had noted while he was speaking, that had to do primarily with the theme of collaboration. That seems to be a theme that the current government is opposed to. They prefer to find ways to weaken any bodies that might oppose them, whether that be municipalities or school organizations. They seem to be intent on making sure, under the guise of freedom of choice or school freedom or a municipal government’s local autonomy, that they will pit them against each other. It’s a divide-and-conquer theory that this government seems to be incorporating into many of their pieces of legislation in an attempt to weaken any bodies that might form some type of collaborative opposition to them.

Within the context of this piece of legislation, Mr. Speaker, I think it’s evident in the policy whereby municipalities are given the opportunity – or at least the awareness level is raised of their opportunity – to lower taxes to attract business if indeed that is a factor that is one that does attract business. I wanted the Member for Edmonton-Beverly-Clareview to perhaps develop this theme a little bit more and to ask him if he believes that the collaborative theme that we used during our time in office is something that he sees as a real significant loss, what progress he made not only in economic terms but also in some jurisdictions, for example, where schools were looked at as an economic anchor of communities. These schools decided in different jurisdictions, for example, to have certain grades operate in one community, and then a neighbouring community would operate other grades so that the

schools in each community would be sustainable as a collaborative effort.

10:20

I think we’re looking at a significant loss, in my view, to this whole theme of collaboration that we tried to establish and really put forward in our term in office. It’s something that really changed the channel on how different jurisdictions operated. I know that historically in this province it has been a very competitive atmosphere, that was generated by successive Conservative governments, and it damaged local communities and didn’t really serve the economic purpose that they were hoping for in terms of creating efficiencies.

I’ve cited before in this House, Mr. Speaker, the example of the community and the county that I originally came from, that of Thorhild, where one community got the hospital – that would be Redwater – and the neighbouring community of Thorhild got the seniors’ lodge. There was a horrendous competition for both of those pieces of public infrastructure. It was a lasting, negative, adversarial relationship that persists to this day in those communities as a result of those fights over a competitive desire to win out over the other for infrastructure or economic incentive dollars.

I was wondering if the Member for Edmonton-Beverly-Clareview might want to expand a little bit on that theme of collaboration, which I think is being attacked by this government.

The Speaker: The hon. member has approximately one minute remaining.

Mr. Bilous: Excellent. Thank you, Mr. Speaker. I will endeavour to speak quickly. I appreciate the Member for Edmonton-McClung asking that question. Really, what pops to mind is a program that we introduced called the community and regional economic support program, or CARES, which was extremely successful throughout the province, I would add, especially in rural Alberta and smaller communities, where, really, we wanted to give them the tools to be able to pursue economic diversification and attract investment but, again, recognizing that at the local level they have the expertise. They know what strengths they have, their resources, they know their talent pool, so they should be the ones deciding how to diversify their economy, not someone sitting in the Legislature, not a bureaucrat sitting somewhere. It should really come from the local representatives.

We introduced the CARES program, which has given millions of dollars throughout the province and helped them diversify their economy and collaborate in order to compete internationally.

The Speaker: Hon. members, is there anyone else wishing to provide some debate this morning? I see the hon. Member for Edmonton-Whitemud.

Ms Pancholi: Thank you, Mr. Speaker. I’m pleased to rise today to speak in second reading of Bill 7, the Municipal Government (Property Tax Incentives) Amendment Act, 2019. I think my colleagues this morning have already given a great overview.

You know, we’re pretty skilled over here on this side of the House at talking for quite some time about things that the government is introducing. I don’t know if you’ve noticed, but we are struggling a little bit to actually fill our time here. The reason is because there’s pretty much nothing here in this bill that’s worth talking about. You know, look, I’ve mentioned it numerous times and I guess I’ll keep bringing it up: I am a lawyer. I’ve seen the Municipal Government Act. Many of you have probably seen it. It is a sizable tome of legislation. It’s quite large. I’m assuming that

the government is counting on the fact that most Albertans have not read the Municipal Government Act. Frankly, why would you? It's quite large.

You know, I think that perhaps they're counting on the fact that nobody has realized that what they're doing here is already allowed for in the legislation, so I think what we're seeing here is a little bit of smoke and mirrors. We know that this government has a very clear agenda about – what was it? – jobs, economy, pipeline, so far, in fact, that they're actually creating fiction. They're going to take responsibility for things that actually already existed and then hope that it looks like they're open for business and that they're doing things to encourage business and investment when, really, those tools were already there.

For those of you who haven't read the Municipal Government Act, allow me to read section 347. Everybody's favourite thing: to hear a lawyer stand up and read a section from legislation. [interjection] Thank you. It's very popular.

Okay. Section 347(1) of the Municipal Government Act states:

If a council considers it equitable to do so, it may, generally or with respect to a particular taxable property or business or a class of taxable property or business, do one or more of the following, with or without conditions:

- (a) cancel or reduce tax arrears;
- (b) cancel or refund all or part of a tax;
- (c) defer the collection of a tax.

And subsection (2) says:

A council may phase in a tax increase or decrease resulting from the preparation of any new assessment.

I think that's exactly what Bill 7 is supposed to be doing. The UCP will claim that municipalities currently can only provide tax breaks in times of hardship. Well, actually, section 347 of the act says nothing about the requirement of a hardship. The UCP will claim over there that there's no ability to defer taxes under section 347. But, actually, as I just read, section 347(1)(c) specifically says that the municipality may "defer the collection of a tax."

Really, what we have here is a piece of legislation that's meant to look like the government is doing something, but that already existed. I think that fits a theme that we're seeing throughout this government's positions in the session in the last few weeks, which is that they're going to create smoke and mirrors to present as if they're doing something to change the economic situation in this province, but really they're either gambling on it or doing it based on poor research, or they're actually doing nothing and are just going to claim responsibility if something happens. That seems to be their plan.

[The Deputy Speaker in the chair]

We saw that with Bill 3, with the corporate tax reduction. It's a gamble; we talked about that. My colleagues in this House presented very reasonable amendments to that bill, saying: "Look, you've got some research that says that corporate tax cuts will increase investment in jobs. Fine. There's also a lot of other research on it that suggests otherwise. Since it's a bit of a gamble, since you're gambling with Alberta's future and Alberta's resources, why don't we phase this in slowly and see how it goes?" But, no, the government has a very strong commitment to gambling with all of our resources, to putting all their cards on the table and, as we've seen previous Conservatives do for decades in this province, to putting all their eggs in one basket and "let's cross our fingers and hope."

This is part of a theme. Sometimes reading bills and Order Papers can be quite dry, but I actually feel like there's a really interesting story that's being told here by all the bills that this government has been introducing. It's about repealing, it's about gambling, it's

about not planning for the future, it's about show, and it's about smoke and mirrors. That's what we're seeing here again today.

One of the questions I have. You know, this is a pretty jam-packed legislative session. We're seeing a lot of bills coming forward. I think a lot of us on this side are putting in a lot of work and a lot of time preparing and advocating for our constituents. What I was struggling with trying to understand is that given that this bill actually does not do anything to significantly change the powers of municipalities and given that the power to do what the government is claiming to do already exists in the legislation, why bring it forward now? Why bring it forward now, in a session where we're already incredibly busy? There's a lot of work going on. I thought: why is this a top priority of this government? I think that we've only been here – what? – less than three weeks in the House now really debating.

Ms Hoffman: It just feels like yesterday.

Ms Pancholi: It does feel like yesterday. It does feel like we just started. Yet it also feels like we've been here for years.

Anyways, I was wondering: why would they put this at the top of their agenda? Why are they bringing this in here? I think we've come up with so many other issues that seem to be very pressing for Albertans right now, yet they're nowhere on the government's radar. They're nowhere on the government's agenda.

Let's talk about, for example, the Conversion Therapy Working Group. When are we going to hear about that? Well, in due course. What did we get back from the minister after getting some pressure from members on this side, from members of the working group? "Well, sorry. We're just not going to really deal with it right now. But, sure, send me your letters. My office is always open," unless, of course, it is to receive bouquets of balloons from children who are attending the Conversion Therapy Working Group protest outside. Then the minister's office is not open. No. No time to deal with that. They'll deal with that in due course.

Climate change: that's just a small little thing – right? – no big deal. Oh, the response from the government: "We'll consult. We'll think about it. We're not going to take any action. In fact, we'll dismantle any action that has been taken to date on it." Okay. So that's not a priority. Climate change is not a priority. We've heard that message loud and clear from this government.

Education funding. Well, after stringing along school boards and stressing out parents and administrators for months, actually, because we were talking about this back in the election, and having to be asked multiple times by the Member for Edmonton-Glenora about what the status of education funding was, finally, after, by the way, school boards had to submit their budgets – certainly, no assurances were provided before that, so it wasn't a priority to provide their stakeholders or school boards who are delivering education in this province. No. It's not a priority to give any answers to them. Nope. They waited until yesterday to finally announce that, oh, yeah, they are going to be funding student enrolment.

Thank you. You know, Albertans thank you for funding the students in this province. But, more importantly, we're going to be asking and watching and paying close attention to see if funding student enrolment means maintaining the same per-student funding. We will be watching that.

The school nutrition programs: no; sorry; that's not a priority for you either.

10:30

The Deputy Speaker: Hon. member, I would just stress and caution about staying on topic, which is Bill 7.

Ms Pancholi: Oh, I am.

The Deputy Speaker: I know you were getting there.

Ms Pancholi: Thank you, Madam Speaker. I just want to highlight what's a priority and what's not a priority for this government. Education funding: not a priority. Alberta health care: also not a priority. They're doing a review – we know that – and we'll see how long that takes. Providing a budget for Albertans: also not a priority. Of course, they need to make sure that they do their blue-ribbon panel review first, although we already know that they've got their marching orders, so we know what they're going to be coming back with in terms of a response from that. Albertans, wait till the fall to get your budget. And \$25-a-day child care: well, you know, we'll honour the contracts for right now, but all of those families who are counting on affordable child care beyond next year, sorry; you're going to have to wait and see about that.

You know what is a priority? Let's talk about what is a priority. A priority is creating legislative fiction. It's creating something that does not need to exist. But let's do that so that we can give ourselves a pat on the back and say, "Hey, look what we did for you, municipalities," regardless of the fact that no municipality was asking for this. Half of them, more than half of them, it sounds like from my hon. colleague here from Calgary-Buffalo, didn't even know – didn't even know – that this was coming forward. Yes, I anticipate we will hear the same responses as we've always heard, which is that it was in the 100-page platform. There were a lot of gems in that platform that I'm sure a lot of people did not know they were voting for. We'll see how long Albertans can tolerate being told: "We told you so. We said that in our 100-page document. You should have read everything. You agreed, by voting for us, to everything."

Maybe that's what the problem is. The government thinks that elections are consultations. Consultation actually requires feedback. Consultation requires taking the information from the people you're speaking to and incorporating them in. "But they voted," so there you go. You know what? That's okay. They're a new government. They'll figure it out. They'll figure out what the difference is between an election and consultation. Consultation actually means talking to stakeholders, hearing their feedback. You know, I was at a committee meeting this morning where I could already see what the government's priorities are around consultation. They don't exist. Let's just ram things forward.

Clearly, this government does not put forward any of those other issues, issues that everyday Albertans care about: their pay, their child care, their health care, their education, climate change. Those are not priorities. You know what is a priority? Let's just create new legislation that says the same as existing legislation. That to me sounds an awful lot like red tape.

Thank you, Madam Speaker.

The Deputy Speaker: Hon. members, 29(2)(a) is available. Are there any comments or questions? The hon. Member for Edmonton-Highlands-Norwood.

Member Irwin: Wow. Thank you, Madam Speaker. I did not expect the heat to be brought on Bill 7 of all bills. Thank you for that. The hon. member laid out a lot of really important points. Just as she and the Member for Edmonton-Glenora as well noted, there does appear to be a whole lot of nothing. I appreciated the Member for Edmonton-Beverly-Clareview's summary of some of the incredible work that he and his previous government did to really approach issues in a collaborative manner, to really work with municipalities. As he mentioned, I mean, there are countless

examples of being able to work together collaboratively and the rewards they were starting to reap.

Although there appears to be not a lot here, I do worry about the unintended consequences, and I worry about a degradation of a collaborative approach. We know that Mayor Nenshi from the city of Calgary spoke about some of his concerns. He noted, "We want to make sure that this does not lead to a race for the bottom with different jurisdictions who are competing for businesses, to start giving them tax breaks and tax breaks and tax breaks," the concern there being that this really transforms into more of a competitive model at a time when we really do need to be collaborating.

Mayor Iveson said something similar in the sense that, you know: "I think we've got to have a conversation because selective use by one of us to undermine the others could be a risk here," again, sort of pointing to the possibility of an undermining of relationships and an inability to move forward. I mean, this is a time economically where we should be collaborating, and our government should be promoting that model and should be the first ones to sort of lead the way on that.

I wanted to just ask the Member for Edmonton-Whitemud – I mean, both of us were not involved, obviously, in the previous government and some of the incredible work they did to advance relationships with municipalities. But I just wanted her to speak a little bit about, you know, from her legal perspective, some of the concerns she has around not moving forward in a collaborative manner and what this could mean, what some of the further consequences could be to such an approach.

The Deputy Speaker: Edmonton-Whitemud.

Ms Pancholi: Thank you, Madam Speaker, and thank you to the Member for Edmonton-Highlands-Norwood for her question. You know, I think one of the important things when developing legislation is to do that consultation because that's important. You know, it's easy to talk to individual municipalities, perhaps, but when you talk to them collectively, that's when you get some feedback about how collaboration could be undermined by such measures as this. I think when we see a government quite quickly put together a piece of legislation that has not been consulted on, that has not actually been asked for, that is not actually serving to fix a problem or address a need, that's when we run into the very big risk of unintended consequences.

Especially, I actually think that from a very technical legal perspective one of the challenges, when you amend legislation to add provisions that essentially do what already can be done, is that you create confusion in the system. I think that's one of the challenges as well because if we don't have clarity around what the authorities are for municipalities and you've got provisions that are overlapping, have concurrent issues, it creates confusion in message and, again, red tape. It causes more administrative nightmare.

Again, I think that if the government felt confident that this was addressing a need, I'd welcome it. We still have not heard that, that it's been brought forward for municipalities, that this is what they've asked for or that this is what they need. In fact, I understand from the comments from my colleague the hon. Member for Calgary-Buffalo, who used to be a city councillor for many years, that really what municipalities are asking for is stability in funding. They're looking for: what's their future? They're not asking for provisions that allow them to do what they could already do.

Again, I go back to that I don't think the true intent of this provision is about providing something that didn't already exist. I don't believe that it was actually about providing incentives. I think it's about smoke and mirrors. I think it's about looking like you're

taking action on a problem that nobody has identified with a solution that already exists. That to me is just grandstanding, to take credit for something or to look like you're taking action when the action was already taken. I think that had the government consulted and spoken with stakeholders – we learn a lot from stakeholders. We shouldn't be looking at consultation with stakeholders as some kind of way that slows down processes. It actually informs good decision-making.

I've been on the side as a nonpolitician, as a lawyer with policy development, and there are a lot of important considerations that need to go into play. Now I'm on this side, and I'm frustrated that stakeholders and engagement in consultation seems to be presented as some kind of barrier. It's easy for us to stand up in this House sometimes and talk about passing laws without talking to the people they're actually going to affect, the organizations that... [Ms Pancholi's speaking time expired]

The Deputy Speaker: Are there any other members wishing to speak to the bill? The hon. Member for St. Albert.

Ms Renaud: Thank you, Madam Speaker. It's my pleasure to rise and speak to Bill 7, Municipal Government (Property Tax Incentives) Amendment Act, 2019. As some of my colleagues have noted, the Minister of Municipal Affairs has announced legislation that he says expands the powers of municipalities to create tax incentives for nonresidential properties for up to 15 years. Here's what's key. He claims that this will empower municipalities to attract investment, create jobs, and realize their full economic potential. Well, I agree with my colleagues. I do think this is a political stunt.

I think that when you look at this, the first thing that becomes very, very clear is that there was no consultation. I know that I met with the mayor of St. Albert late last week, and the simple question was, "Have you heard anything about this; did anyone contact you; have you been involved in any kind of consultation?" and the answer was no. You should know that St. Albert is the 10th largest city in Alberta, so it's a little bit disturbing.

An Hon. Member: I didn't know that.

10:40

Ms Renaud: You didn't know that? It is.

It is a little bit disturbing that the minister could not be bothered to consult some of the smaller communities, that aren't the large ones of Edmonton and Calgary.

I want to go back to the line about empowering municipalities to attract investment. I think it's important to think about this a little broader than just the dollar signs of investment because, ultimately, those decisions are made by people and, ultimately, it is the people that create the activity, that generate the revenue, that generate the growth in any kind of city, municipality, county. What is it that makes municipalities attractive for that kind of investment? It's not just about tax incentive. It's about quality of life. People are looking at: "Where am I going to lay down roots? Where am I going to invest? What's available to the employees that will come when I make this investment?" It's important to talk about that, and I think my colleague talked about that a little bit earlier. There are more things than tax incentive that sort of inspire companies and organizations to want to invest. Some of those things we invested in, and I think in four short years we started to see the benefits and the growth of that.

Some of the things that are often overlooked, particularly when faced with a recession like we were, are things like affordable child care. It is about people. When companies and organizations decide to invest, they look at: "What's available to our families? What's

available to our employees?" Things like affordable child care are important. We began the pilot project of \$25-a-day child care, and I think immediately saw relief for families. I think I read that economist Trevor Tombe was even referring to it. Now, certainly there were a lot of job losses as a result of the recession, but in 2018 we started to see a really steep growth in the participation of women in the workforce. We started to see income rates of women start to go up. There's a reason for that. We made some very strategic investments, some of those being affordable child care.

We also reduced the small-business tax, which was certainly helpful, but the other piece of this that's really important for communities is schools. Organizations are looking, scanning the province or scanning the jurisdiction: "Where do I want to invest? What is it that's going to keep my families and my workers engaged and part of that community?" Schools are certainly important. I know in St. Albert we spent years, actually the last four years, investing heavily, whether it was modernization or replacement of schools or building new schools. Where we had had empty lots with lovely signs before, we actually invested because when we came in in 2015, the advice that we were given was that now was the time to make those investments. So we did. We have new schools.

There's a brand new community in St. Albert called Jensen Lakes. It's actually still really muddy in some areas that you can't even get into, but there are two brand new schools there. There is one Catholic and one public. What that investment does is that it draws community. You'll see businesses popping up all over the place, very large ones, and I have no doubt that that will continue. What it is is that we've placed the infrastructure there in these communities, particularly in these newer areas, to be able to attract that. I would say once again to the minister: it's not just about tax incentives.

In fact, this legislation, although I understand the need to have distractions, really doesn't empower municipalities to do anything more than they could've done before. I'm not entirely sure, other than for distraction reasons, why they're doing this.

The lack of consultation, as I mentioned earlier, with municipalities on this legislation was astounding. I did sit in this place for four years, and I heard members of the Wildrose and Progressive Conservatives, then the UCP, just talk about the lack of consultation every single time that we introduced legislation. I mean, I don't know if it was in everybody's message box, but it was something that was said every single time. Then so quickly, just a few weeks after things have changed, they've forgotten that. They've forgotten that something that was so important to them previously doesn't seem to be all that important right now, which is concerning because you would think that with important legislation like this or legislation that related to municipalities, people would take the time to speak to organizations like the AUMA.

Going back to this, while the UCP claims that this bill will allow municipalities to defer taxes for up to 15 years, attract new investment and development as a result, it appears that the majority of the powers the UCP claim it's giving municipalities already exist under section 347 of the Municipal Government Act. I'm going to quote a member, actually the critic for Municipal Affairs, and this is a great quote: "I don't understand what the government thinks it's going to achieve with this act. The facts are that this is an empty bill that does very little but reinforce powers that municipalities already have." If you haven't consulted, if you haven't spoken to your municipal leaders, perhaps you should do so because I think you will hear that from them.

He also noted that the current government completely stalled on talks of new funding agreements for Alberta municipalities, causing further difficulties for local leaders hoping to plan for their communities' futures. Absolutely, that is essential. I think we all

realize how important it is to know what you're dealing with in terms of revenue. What will municipalities be getting, what can they plan on, and what can they do going forward?

The very same stressors that we heard from school boards we're hearing from municipalities. Things are changing very quickly, funding is changing very quickly, and they don't have any reassurance that, number one, they'll be consulted, because already in their short track record this government has demonstrated that consultation isn't a priority. I think we hear again and again and again: "Who needs consultation? We won the election. Woo-hoo." I think it's really, really important that this government learn this lesson early, that you need to talk to folks, you need to talk to leaders from the municipalities, you need to talk to the umbrella groups that they belong to, and you need to find out from them: what is it that they need?

Going on, I'm going to give you a couple of examples. The UCP is claiming with this legislation that currently municipalities can only provide tax breaks in times of hardship or for brownfield redevelopments. This is patently not true. Section 347 of the Municipal Government Act sets no requirement for hardship and indicates that a tax break can be provided in circumstances where "council considers it equitable to do so." Also, the UCP claims that new authorities will be created to allow municipalities to establish tax incentive programs for businesses, job creators, and investors through bylaw. It is already possible for a municipality to create a tax incentive program through bylaw, and this is not prohibited under section 347 of the MGA.

I could go on because there are a number of areas or a number of things that the government is claiming this legislation does that it doesn't in fact do. I'm going to give you one more: allows for proactive cancellation of taxes, not just retroactive tax breaks. Again, this is not true. Under section 347 a council can cancel, reduce, refund, or defer the collection proactively.

In short, while this bill may clarify existing authorities and prescribe how municipalities can create tax incentive programs, it does not fundamentally shift the authorities that exist under the act. These are minor tweaks and not major shifts. Again, it begs the question: why on earth would this government introduce this bill, that was not consulted, that is really not necessary, that doesn't really do much except, you know, cause us all to debate this in this Chamber? Why are they doing this? Is this simply a distraction, or are they looking for time to get something else done?

What I can tell you, Madam Speaker, is that municipalities want to be consulted. Organizations like AUMA want to be consulted. I would encourage this government to take the advice of the previous opposition and not do anything without consulting, because that's certainly the message I heard from them. Again, to be clear, an election is not a consultation.

Based on that – and I could certainly go on for a while about why this is, you know, a bill about not much – I am going to adjourn debate.

[Motion to adjourn debate lost]

The Deputy Speaker: Are there any other speakers under Standing Order 29(2)(a)? The hon. Member for Edmonton-Glenora.

Ms Hoffman: Thank you very much, Madam Speaker and to the member for her comments with regard to the importance of ensuring that larger organizations that represent municipalities are considered as well as consultation with local municipalities. I appreciate the fact that we have members in this House that represent many mid-sized cities. Given that St. Albert, which is the 10th-largest municipality in the province, failed to be consulted, I

wonder how many other municipalities failed to be consulted. For example, I wonder if the municipality of Airdrie was consulted about this change and if this was the number one pressing issue.

10:50

This is the first bill from the Minister of Municipal Affairs, presumably the most important thing for the Minister of Municipal Affairs to be addressing given that it's the first item of business. Certainly, this wasn't the most pressing issue I heard from municipalities at RMA or AUMA. The last RMA, I think, was literally the first day of the election period. I think the election was called maybe two hours before the RMA bear pit, and I was there. Not one person asked about this. Not one. They did ask about rural EMS. They did ask about sustainable funding. They did ask about matching funding from the province of Alberta to ensure that the money that's on the table for federal funding that requires provincial investment not be ignored. They did ask about making sure that they have opportunities to engage thoroughly and thoughtfully in consultation.

Through you, Madam Speaker, to the member, I guess my main question is: what number one issues have you heard from your municipality or other municipalities that they think government should be addressing rather than bringing forward a bill to duplicate what we've already done?

Thank you.

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

Ms Renaud: Thank you, Madam Speaker and to the member for the question. There are a number of pressing issues. Obviously, what I heard first of all from the mayor of St. Albert was the lack of consultation. I think, number one, that without even realizing it, this government has set a tone that they're going to go ahead and do what they want to do without real consultation, without really speaking to the people that are impacted by the bill, which is disturbing, to say the least.

I know that the municipality that I'm very fortunate to represent is dealing with a number of pressing issues, just like most municipalities. Some of those things this government doesn't seem to like to talk about, but these are the things that they want to see legislation on, they want to see movement on. Those are things like climate change although, you know, I might see people roll their eyes: oh, climate change. What it is is that it has the ability to impact every single facet of our lives. To compare the need to address this crisis that we have – I think it was just yesterday or the day before that we're hearing from scientists that there is no question that the horrific fires in the north, the older fires and even currently, were certainly impacted and exacerbated by climate change, which is a very real focus that we need to be having in this House. I could tell you that I remember that day where it was smoky and awful in this place, the day that the smoke sort of enveloped the city, and it was really a jolt for me to think about.

You know, I'd heard the saying quite some time ago that it's hard to count your money when you can't breathe, so I think it's very important that we recognize that municipalities are struggling with very real issues, issues related to recycling, trying to manage the waste that municipalities generate, trying to plan for the future, needing to know: will our schools be built? Will the schools that we need be built? I know that in St. Albert we are desperately in need of another high school. Will that high school get built? Will our schools be staffed?

Will our people have clean air to breathe? Luckily, we have an air monitoring station in St. Albert, so we're able to keep pretty close tabs, but I'll tell you that when the smoke was really bad – I

think it was last week – St. Albert was even worse than the city of Edmonton. I don't know if it was just the way the air was shifting that day, but it was sort of a picture that this could be our future. We could see these impacts more frequently, as scientists have been telling us for decades, yet we choose to ignore them. I'm not entirely sure why. But those are some of the pressing issues.

Some of the other things that we hear from municipalities is that they would like investment to continue to focus on small business. Now, keep in mind that the corporate tax cut that the government likes to talk about . . .

The Deputy Speaker: Are there any other speakers to the bill? The hon. Minister of Municipal Affairs.

Mr. Madu: Thank you, Madam Speaker. I have listened carefully . . .

The Deputy Speaker: My apologies, Minister. You've already spoken at this stage of the bill.

Is there anybody else wishing to speak?

Mr. Ellis: Thank you very much, Madam . . .

The Deputy Speaker: To close debate?

Mr. Ellis: No.

The Deputy Speaker: Well, we're not – okay. As a learning opportunity for all members in the House, if the minister were to speak again on the bill, it would be to close debate, which is not where we're at at this point.

I will recognize the hon. government whip.

Mr. Ellis: Thank you very much, Madam Speaker, and thank you for the great debate that's gone on in this House so far. I think we'd like to continue on, so at this time I move to adjourn debate.

[Motion to adjourn debate carried]

Government Bills and Orders Committee of the Whole

[Mrs. Pitt in the chair]

The Chair: Hon. members, I'd like to call the committee to order.

Bill 3 Job Creation Tax Cut (Alberta Corporate Tax Amendment) Act

The Chair: Are there any comments, questions, or amendments to be offered with respect to the bill? The hon. Member for Lethbridge-West.

Ms Phillips: Well, thank you, Madam Chair. It's my pleasure to rise to provide some comments on Bill 3 at this committee stage. It's great that we've gotten to this stage for this bill on this day. There are a few things that I'd like to remind hon. members about as we're in this stage of more of a conversation around the bill, as we do during committee, as members are charged with doing, a real opportunity for us all to consider trade-offs that are contained in each and every piece of legislation that we pass through this House.

Now, we have discussed, certainly, massive corporate tax cuts to large corporations. It bears repeating at this stage, Madam Chair, that small businesses are not in fact affected by this bill at all. The small-business rate, having been lowered by a third by the previous government, is not affected, not touched by this legislation, and it

is only folks, companies with profits, that is to say, over \$500,000 that this bill affects.

We know that many of the large players in the economy, where reductions of the corporate income tax rate affect companies outside of that small-business threshold, have engaged in other jurisdictions in a massive undertaking of shareholder buybacks. We have that occurring in the United States on the order of billions now, and certainly the economic evidence coming from the Congressional Budget Office and elsewhere in the United States is showing that those corporate tax cuts, again, for already profitable, very large corporations are in fact not delivering the kinds of jobs and economic growth as were promised during the public relations exercise undertaken by the Trump administration a little over a year ago to justify this policy change south of the border.

We also see some of the destabilizing effects of this policy. They have been now noted by organizations such as the International Monetary Fund and others, Madam Chair. Certainly, there are destabilizing effects. When we have so much shareholder buyback activity going on, when we have concentration of wealth in fewer and fewer hands in large economies such as the United States', then we exacerbate inequality, we reduce government's ability to provide basic services. We're not even talking about, in the United States context here, what's nice to have such as reasonable health care or education services across the country. We're talking here about the ability to provide basic infrastructure such as water infrastructure, roads, and bridges to justify large investments from the private sector. That is something that, certainly, American governments struggle to provide, at least in some states. It bears some repeating because there is ongoing evidence being published on almost a daily basis on what has happened as a result of the massive corporate tax cuts south of the border.

11:00

In any event, I have to wonder and I have to put to this House and put to the members assembled here: just what kinds of trade-offs are they willing to tolerate? Certainly, when we give away 4 and a half billion dollars, then we necessarily show that we have lower revenue forecasts in our budget and therefore less fiscal room to make good on policy or programmatic commitments that we either made in the course of an election campaign, in the course of development of an election platform, or on emerging responsibilities in response to emergencies. Not everything is planned for within an election platform, and I think the hon. members assembled will find, as they move along in their work as legislators, that they are less and less able to meet the questions and legitimate needs of their constituents when they choose to undertake trade-offs such as this one. When we reduce our revenues, we are then less able to deliver on the services and the investments that, in fact, we need in order to grow our local communities and the Alberta-wide economy.

Now, revenue forecasts. It bears going back into this a little bit because this corporate tax cut is being used as a cover for other softness in revenue forecasts, Madam Chair. We have, obviously, a lower WTI forecast now than, for example, private-sector forecasters were projecting in 2018. We've seen some change in global markets. Obviously, Alberta has no control over that.

Around western Canada select, which is actually a more important indicator for budget forecasting in Alberta and, to a great extent, Saskatchewan, that differential between world price and WCS, we do see that the government has had to, out of necessity, pull some of the levers in order to ensure that that price and those revenues remain stable so that we can turn around and pay for important things like health care, education, bridges, roads, and hospitals.

Now, with WCS, obviously we're continuing to experience bottlenecks due to takeaway capacity, but there were some things the government could do. One, we undertook the not insignificant decision around curtailment. This is not something that anyone wanted to do, and we certainly agreed on both sides of the House at the time, earlier this year, that we had to take that decision, that it was in the best interests of Albertans. But in the longer term, while we await the outcome of the Federal Court decision around Trans Mountain, there was also a crude-by-rail decision undertaken by the previous government and contracts executed with private-sector entities, and when government executes contracts, it is best not to rip them up. We end up in a situation where it would create investor uncertainty when we do that.

But that was designed, again, to shore up some of those revenue forecasts and not blow a hole in them and to do whatever we could to ensure that we could continue to pay for things like health care and education as well as keep people at work. Certainly, we know that our lack of takeaway capacity is affecting jobs and could have affected jobs in a much worse fashion than it actually did in early 2019. So we have that piece around the revenue forecast.

But as we know from various studies around volatility and budget-making – certainly, the C.D. Howe Institute has had a number of things to say about this over the years – volatility is offset, particularly in resource economies like Alberta and Saskatchewan, by provincial personal income tax and corporate income tax, and those are the more stable sources of revenue. So when we go in and we introduce elements of instability, relatively unnecessary elements of instability, as has been mentioned by my hon. colleague for Edmonton-Beverly-Clareview, Alberta does have targeted capital and venture capital investment tax credits that are designed specifically to stimulate the economy and diversify the economy without blowing a hole worth several billion dollars in the budget for no specific end and with no way for legislators to then assess the utility or the efficiency or the wisdom of those revenue giveaways.

Certainly, we did introduce those. They have successfully begun to diversify the economy. Indeed, in 2017 and 2018 Alberta led the country in economic growth, and we saw growth in manufacturing, retail sales, other aspects. But we also, even through some of the softening in the economy due to the differential and some of the other actions that our government took really concrete steps to address, still saw, according to RBC, TD, and others, some strength in chemicals manufacturing and definitely some new investments in capital maintenance and new capital in the petrochemical sector.

Again, this was a targeted way of forgoing revenue in the out-years around royalty revenue in order to incent new capital investments in a value-added kind of way such that we are not shipping the jobs to Louisiana, that we're not shipping the jobs to the American Midwest, but we're keeping them right here and using our tremendous gifts of natural resources in order to create jobs right here in Alberta, good, mortgage-paying jobs that people can rely on, where they can invest in their communities, that have a number of associated service companies that can rely on them as well.

[Mr. Hanson in the chair]

There are certainly ways to forgo revenue in a way that is much more thoughtful than what Bill 3 proposes, and with them come some other trade-offs that are actually worth it in the end. If you have a targeted capital investment tax credit, if you have a targeted petrochemical diversification program, what you end up with is a more thoughtful approach to diversification. You end up with a much stronger revenue base for municipalities, for example. You

end up with a more diversified revenue base to even out some of that volatility that we talked about, that certainly has been studied by a number of different think tanks, economists, and others, Mr. Chair. So that was the approach that our government took.

But with this across-the-board reduction in corporate income tax revenue, we do not end up with any of those public policy outcomes. In fact, the evidence shows that we end up with hardly any public policy outcomes other than the concentration of wealth in fewer and fewer hands and tying at least one hand behind government's back in terms of ability to meet demands coming from communities, emerging issues coming from communities, whether those are the sorts that we can foresee such as a growing population, such as deteriorating infrastructure or need for new infrastructure, or indeed now the demands that we can foresee with respect to climate change. Climate change adaptation and ensuring that our infrastructure is able to withstand more frequent and severe weather events is something that we can now foresee that ought now to be planned for. Anyone who is not planning for it is a bit of a Clydesdale in blinders at this point, Mr. Chair.

[Mrs. Pitt in the chair]

When we talk about trade-offs in legislation, certainly we brought in the petrochemical diversification program, and for anyone who is examining the books, there are trade-offs in terms of forgone revenue. One ought to be thoughtful about that because it does inhibit our ability to meet the needs of our constituents. But with this massive giveaway, our constituents – many of the folks are not in Executive Council in this House – are not going to be able to deliver at all. All of us have schools in our constituencies that avail themselves of the classroom improvement fund. All of us. All of us have new educational assistants or speech-language therapists or counsellors or other supports in the classrooms, in particular for students with disabilities. Every single one of us has those in our constituencies.

11:10

Due to the fact that we are blowing such an unthoughtful and inadvisable hole in the budget, we will not be able – or at least the government will tell us we will not be able – to afford that classroom improvement fund, which is a specific, targeted fund of money that was to go towards a specific and targeted public policy outcome, which was to meet the increasingly complex classroom needs in the 21st century and give teachers the resources to be able to do that and give parents the resources to be able to do that.

Certainly, parents of children with disabilities: I heard from them over and over again in 2015, when we were facing the first rounds of massive cuts to the Education budget. Parents had real concerns about those increasingly complex classrooms, whether their child was one of the children who required some of those extra supports or not. Having a classroom overflowing with 30 children, four of whom or eight of whom are requiring some special assistance: that certainly is one of the trade-offs when you cannot pay for that, or at least when you allege that you can no longer pay for that, and you have built a budget that is structurally unable to pay for those investments.

As we look at both sides of the ledger – and this bill proposes to reduce revenues by a significant amount – these are not boutique tax credits. These are significant, across-the-board reductions in revenues, with no specific public policy outcome attached to them. That will mean that members in this House cannot look their constituents in the eye and say, "Well, yes, I know you need a new school, and you're going to get it," because that will be an element of fantasy, Madam Chair. Those funds will not be available.

Similarly, funds will not be available, I suspect, for things like rural hospitals, Madam Chair. Certainly, the blue-ribbon panel that is examining the province's finances is now tasked with looking at only the expenditure side. I can tell you that that blue-ribbon panel is being chaired by someone who gleefully closed rural hospitals. You know, if members here think that they can look at their constituents in Milk River or in Beaverlodge and say, "Yeah, for sure, we're going to keep your hospital open," I rather suspect that the Premier's blue-ribbon panel has another thing coming.

Now, as for the promise of some mythical jobs that came out of some economist's model to justify this reduction in revenues, I would just commend to the hon. members the private-sector forecasters who are projecting no such uplift in the economy and no such job growth, at least at this time, Madam Chair.

The other folks that I would commend to the hon. members assembled, in terms of their feedback on what happens when you blow a revenue hole in the budget, is, in particular, small and medium-sized municipalities, Madam Chair. We were very close to an agreement on our side of the House with small and medium-sized municipalities, modelled upon the agreement that we reached with the large cities in the city charters discussion, obviously commitments that this government has already gone back on with Bill 1. It is unfortunate indeed that the legislated commitment that this government made to large cities has already been broken. Certainly, this government would have to break it because they are in fact blowing a hole in the revenue source that might sustain our two largest cities over the course of time.

But small and medium-sized cities are home to some of the youngest, fastest growing populations. For example, the city of Grande Prairie has probably the fastest growing school-age population, followed closely by Lethbridge and Airdrie, and I think there are a couple of others in there as well. We have a tremendous number of young people who are moving to these small and medium-sized cities. They do so because of quality of life, because of job opportunities. I know that when I was knocking on doors over the last three or so years in Lethbridge, people would say to me: "Oh, I'm new here. I came here because of work, because the economy was growing quite well in Lethbridge." But those municipalities are going to be looking to the province's revenue picture with great concern because they're not going to see a corresponding investment in their cities. The province will simply not have the ability to do so.

Going back to what I indicated earlier, Madam Chair, about the concept of volatility, we are chipping away at our second-most stable source of revenue in a provincial budget, the first being provincial income tax, the second being corporate income tax. We're relying ever more on commodity prices in order to pay the bills. Now, that had a predictable outcome – and municipalities remember it well – in 2015. But the fact is that their MSI remained stable while our provincial finances dropped, which was a good lesson for all members in this House around relying on one product, one market, at one price. Certainly, we are united in terms of being able to break that deadlock of one market and one price on the question of market access and our energy infrastructure. But where we're not united is around the value and the virtue of petrochemical upgrading.

The Chair: Any comments, questions, or amendments?

Mr. McIver: Well, Madam Chair, I'm just going to briefly make a couple of comments here. What we just heard: everybody should record it and play it back, because that is nonsense.

The comments about revenue giveaways are quite interesting. What the NDP considers revenue giveaways is actually allowing

Albertans to keep more tax dollars in their pockets. In fact, they also heard along the way the comments that this doesn't help any small corporations. Well, Madam Chair, if you just imagine, for easy examples, the place where the hon. members across filled their car up with gas, it was probably some label of a gas station and probably a small business. But I would remind them that that small business is attached to a larger corporation, with the same label on it probably, that refines that product that the hon. members put in their gas tanks. Those businesses are connected. If the partner business is unhealthy, it doesn't help the small business.

The same thing could be held true for where the hon. members bought their coffee this morning, regardless of whether it was Starbucks or Tim Hortons. There's probably a pretty good chance that the local Starbucks and Tim Hortons are corporations, but there's also a hundred per cent chance that the local Starbucks or Tim Hortons is attached to the head office of Starbucks and Tim Hortons, which are corporations where the tax cut will help their health. Since they're partners, it does affect small businesses as much as large.

As much as the opposition would like to put their head in the sand and deny that there is a connection there, I'm just standing right now to help them connect those dots because they continually say things like this that just are flat not true.

I was also somewhat entertained by the comments: a budget structurally unable to pay. Well, I'll remind the hon. members that Albertans rejected the NDP budget that had Alberta going in deficit \$6 billion, \$8 billion, or \$10 billion per year, a budget that now has Alberta paying almost \$2 billion a year in interest on that debt. Madam Chair, I would remind the hon. members across that that's \$2 billion unavailable now to pay for schools, \$2 billion that's unavailable every year now to pay for hospitals, and \$2 billion every year now unavailable to pay for social services. Their government, if re-elected, was going to increase that to \$100 billion in debt, with \$4 billion in interest payments per year.

Now, if you actually want to talk about a structural budget problem, there's a reason that Albertans rejected the past government's budgeting habits. That was a severe structural budget problem when you are looking at them adding \$4 billion a year in interest payments not available to provide – listen, it's not going to be easy now because of the mess they made. But the biggest threat to providing public services that Albertans desperately need is an out-of-control government with an out-of-control budget and out-of-control debt and with an actual goal to go up to \$4 billion a year in interest payments without even touching the principal.

11:20

Madam Chair, I just am amazed by the nonsense that came out of the hon. member just now, and I also love the expression the hon. member used: mythical jobs from some economist. The members across, their government, oversaw the biggest number of unemployed that Alberta has seen perhaps ever but definitely in decades. I would also say: very well-respected economists. Their plan didn't work. Albertans rejected it. We're going to try something different, and we are trying something different with the advice of well-respected economists.

I would advise them to actually support this because that's what Albertans want. It was in our platform. This is what Albertans asked for on April 16, a big majority of them. I would advise the members opposite to perhaps respect the decision that Albertans made on April 16.

Thank you.

The Chair: Any other comments, questions, or amendments to the bill? The hon. Member for Edmonton-Rutherford.

Mr. Feehan: Thank you very much, Madam Chair. I'd like to take the opportunity to speak a little bit more about Bill 3. You know, it's very disconcerting that here we have before us a bill in the House that absolutely betrays the evidence that the bill is not an effective way to proceed. Here we are again with a government that simply chooses not to look at evidence, simply chooses not to act on that evidence whenever it's not convenient in their relationship with the funders of their party, who will be contributing to them in future elections and, of course, contributing to their friends in the federal election coming up later this year, which is really the underlying intent behind this whole bill, simply to funnel money away from the collective common good and the average person in society to a small, select group of people, who will be using that money to fund a particular party. So the real intent behind this bill is essentially robbing the poor to feed the rich.

I think that Monty Python had a sketch about that. Dennis Miller – I can't repeat the whole song to you because it uses unparliamentary language, but I'd suggest the government look up Dennis Miller, because that's the direction that they're going.

I want to go back and speak for a few moments about the evidence that has been presented numerous times in this House, because I just want it on the record again. I know it's been presented, and it's been presented well. I know that the government is not going to pay any attention to this at all because they essentially deny evidence whenever they get a chance, you know, like climate change and other kinds of issues like that, so I anticipate that they'll all just deny the evidence here. You know, in order to be fair to the government, we've actually taken the opportunity to ensure that many of our sources of evidence are people that are well known not to be left-wing commentary on society but, rather, right-wing commentary on society and therefore should be reasonable and acceptable to members of the government, but of course it's not, because they don't even listen to their own evidence-based people when it's inconvenient for them.

You know, I had an opportunity in this House to mention the U.S. Congressional Budget Office and the fact that they published a study in April 2019, so a very recent study. This is not ancient news. This is the most modern information that we have available by one of the most dependable offices in the western democracy, looking at the very question of tax reduction. The conclusions of that study are very clear. I know it's a big report, so skip the whole report. Just read the conclusions. I'm sure you have the time, while you're sitting in the House, to flip open your computer and have a quick look.

You will see that the U.S. Congressional Budget Office is explicitly saying that across-the-board tax cuts are a bad way to create jobs. Now, there may be some other benefits from it, but if you're saying that it's about creating jobs, then you're not in fact acting on the evidence available. In fact, they suggest that, at best, the number of jobs that might get created per million dollars is somewhere around 4 jobs per million dollars if everything goes well, and in fact much of the evidence indicates that jobs don't particularly go up at all. If it does work, if it happens to be the right economic time and it goes in the right direction, you might create four.

The same report indicates that in many ways this is almost accidental, that it's a side effect. It's not a direct effect of tax reductions. It's something that just happens by accident. I think that's exactly what we have here with this government. They don't really care about the jobs. They're hoping that a few get created by accident on the side. What they really want to do is make sure that money is shovelled to people who will benefit them as a

government, directly in their political life, and that's very disconcerting to me.

The U.S. Congressional Budget Office did indicate that there are much better ways to create jobs, that if you wanted to do a tax reduction, you could even improve the number of jobs created by shifting that tax reduction away from corporations and, rather, to middle-class and low-income earners. If you provide low-income earners with a lower tax rate, then the results indicate that you'll create somewhere in the neighbourhood of 7 jobs per million dollars, so at least a little bit better than what is being suggested by the government here at the present time.

However, they go on to indicate that that in and of itself is again problematic, first of all, because it's not really the most effective way to create jobs, and secondly, it has the same problem as the first one – that is, the corporate tax decrease – which results in less revenue for the government to provide public goods. It actually reduces the well-being of the lives of people in a society when it comes to all the other services that they depend on in order to make their lives whole and worth while. Services such as schools, such as health care, such as public roads: all of those are put in jeopardy by these kinds of tax reductions.

Now, thankfully, the report by the U.S. Congressional Budget Office goes on to talk about the fact that there are other mechanisms which have been demonstrated over time, over the last few hundred years, to actually create a greater number of jobs. The major thing that creates dollar for dollar a greater number of jobs is government spending on infrastructure and redistribution of dollars to people who are earning incomes and spending those incomes in the local economy.

Now, there are two pieces to talk about there. The first thing they say is that if you actually increase government spending by working on infrastructure, for example, then the average number of jobs that come out of that is 19 jobs per million dollars spent. We simply have a choice in front of us here in this House. We can create a policy which is good for a few and creates 4 jobs per million dollars, or we can create a policy that is good for the many and creates 19 jobs per million dollars.

11:30

Now, any objective person would start right away by saying that the measurable outcome that you are seeking would indicate that you need to spend more money as a government on infrastructure in order to create jobs. That's what the evidence shows us, yet this government is not doing it. We know they're not using evidence in terms of their bills that they're creating, but it also seems that they don't seem to care about the outcome that they say that they are intending to create – that is, they actually don't care about jobs – that the people who sit on the government side of this House, when it comes down to it, are fully prepared to deny that extra 15 people per million dollars spent, the jobs that would be available were they to increase money spent on infrastructure.

That's very concerning for me, what that might be about, and I think we need to explore a little bit about what these kinds of things may be about. We know that the reason why the cuts to corporate taxes do not work is because you don't have control over what corporations do with that money. You don't in fact have control over what the average citizen does with money either if you provide them with jobs through infrastructure development, as is suggested by all of the reasonable evidence.

What you do know is that there's a difference in what they tend to do with that money if we look backwards on the evidence of what's happened in the past. For example, in the United States last year they did a corporate tax cut, and a corporation, AT&T, for example, suggested that with that corporate tax cut they were going

to create 7,000 jobs. Within the same year that they got that corporate tax cut, they did not create 7,000 jobs; they actually cut 23,000 jobs. So the evidence is there that they don't use the money for the thing that they say they're going to. There's a 30,000 job lie inherent in that tax cut.

In Canada, for example, under Prime Minister Harper's government, of which our Premier was a minister, there was, over a period of about 10 years, an intention to reduce taxes. In fact, they did reduce taxes over that 10-year period about 10 per cent. But the evidence that came out at the end of that period of time was that it had absolutely no real effect in terms of business investment back into the community. In 2009 business investment was almost exactly as it was in the year 2000, before these tax deductions came into place. Both were about 12.4 per cent of GDP. Again, we have our own evidence here in Canada that businesses did not reinvest.

What did businesses do? Businesses tended to buy back stock, and they started to hoard dollars. We know, for example, that in Canada those cuts, at the time of the assessment of the report, the latest report that was available to me, led to about a \$500 billion stockpile in corporate cash, which subsequently, I understand from newspaper commentary, has actually risen closer to \$700 billion, a stockpile of cash which is not being invested back into the Canadian economy. This is money that a former governor of the Bank of Canada, Mark Carney, indicated is dead money. We know that Mark Carney is a very brilliant man because he went to the same elementary and junior highs as I did, had the same high level of education received in public education here in the city of Edmonton. St. Rose and FX: a shout-out to you both. The point of the matter is that anybody who calls Mark Carney a leftist really doesn't understand much about politics.

What we're saying is that the very people who ascribe to your world view are telling you that your decision is wrong, that you are not indeed going to create the outcome that you are telling the people of the province of Alberta you're going to create. Now, if you know that ahead of time – we have a word for that. I can't use it here in the House, but it rhymes with pants on fire. On the other hand, if you don't know that, then I would suggest that it is time for you to take this bill and return it, to do some work on it, to look at the evidence, to create for yourself some knowledge.

I want to speak a little bit about some of the problems inherent in the shovelling of money away from the everyday, average Albertan, who we are here to represent, to a very few people in society. We know, for example, that over the last number of years, ever since this trickle-down, supply-side economics was introduced by Ronald Reagan, we have had a significant problem get created in our western democracies, and that is that the gap of inequality between the wealthiest and the poorest in society has absolutely increased dramatically. We know, for example, that over the period of time of the last 30 years the wealth of the richest 1 per cent in society has increased somewhere around, depending on which report you read, 165 times over what they previously had whereas at the same time, for the rest of us, for the common good, the common people, our wealth has almost increased not at all. If you were actually to take not the 1 per cent but the .1 per cent, that increases to over 360 times.

What's happening, clearly, with the use of this supply-side theory is that we are taking money and we are returning to a 14th-century notion of the Sun King and godly wealth all in a single individual and the rest of the people not benefiting. Now, I know that to Conservatives that's not a problem. It's okay if one person is wealthy and lives in the castle and everybody else has to, as my ancestors did, be peat bog farmers out on the west coast of Ireland while the kings were living rich in Dublin. Now, I know that you're quite comfortable with that. It doesn't bother you to look out your

windows, as did King Wenceslaus, and find other people poor. Instead, you actually celebrate the fact that some people are wealthy to an extreme.

So I want to talk a little bit about why that kind of shift to inequality is severely problematic. First of all, we know, through the evidence again, which I know you don't have time to read, so I'll present it for you, that as inequality increases in society, a number of other undesirable things increase in society, and those are that the health of the average population decreases, that the rates of stress-related addictions and problems with criminality increase. We know that as the separation of inequality increases more and more, those few individuals with the wealth begin to have increased control over the lives of people without wealth. They begin increasingly to make decisions about what they can and cannot do in terms of their employment, where they can live, and what kinds of schools they can go to because the decisions are all being made by people with dollars in their pocket.

A great book written by Ortega y Gasset on the dictatorship of the majority talks about the fact that at a certain point you have people with power who begin to exercise that power over others simply because they can, because there's nothing stopping them from exercising that power. That means everybody who is not part of that elite power group suddenly becomes vulnerable to the whims of the power group.

11:40

That's what we're going toward, which is a complete betrayal of the last 300 years of democratic progress in western society. The very things we've been working against you are working to put back into our world. You keep going backwards in time. You haven't learned any of the lessons from the reform that we have seen, starting in Britain with the reform of public education, the reform of public health care, and how much that has benefited our society.

We know, for example, that the average life expectancy of people in society was more greatly increased by the implementation of public utilities such as public water than by all the invention of expensive medical procedures such as heart surgery. But, of course, you're not interested in everybody doing better. You're only interested in those people with money doing better. That's what happens when you make that kind of inequality possible, that money gets funnelled to those people who can afford particular surgeries that will only benefit a very small number of people but are very expensive.

The Chair: The hon. Member for Red Deer-South.

Mr. Stephan: Thank you, Madam Chair. It's my privilege again to stand and speak in favour of Bill 3, the job-creation tax cut act, which will restore Alberta as the most competitive and attractive place in Canada to start and grow a business. I honestly don't understand why the members opposite are speaking in opposition to restoring that status for Alberta.

Mr. Feehan: Because the evidence doesn't prove it.

Mr. Stephan: Well, we'll talk about that a little bit.

As indicated during second reading of this bill, I am a tax lawyer and a chartered professional accountant, and I work with private businesses, their owners, and their professional advisers. When the members opposite selectively cite some current successes to justify the status quo, I would suggest that Albertans are generally an industrious and innovative people, and in some instances they are able to succeed in spite of dysfunctional government policy and not because of it. Alberta does not have the lowest general corporate

rate in Canada. Ontario and Quebec, for example, have a lower general corporate rate than Alberta. Bill 3, the job-creation tax cut act, is focused on the general corporate income tax rate.

The question I have for the members opposite is: what do they have against being the most competitive tax jurisdiction in Canada? Why is that embarrassing? You know, why are they content with mediocrity? [interjections]

The Chair: Hon. members.

Mr. Stephan: What we're doing here with the job-creation tax cut is not new. Having the lowest corporate tax rate has served Alberta very well historically. I know that the truth may hurt. It has served Alberta very well historically. We have actually had billion-dollar surpluses while at the same time having the lowest corporate tax rates. So we have evidence based on historical fact.

You know, my impression, Madam Chair, is that the former NDP government was, again, a government that really did not focus on real-world details. For example, the prior government does not understand the concept of corporate integration and the complexities of our tax system. When they increased the general corporate tax rate by 20 per cent, they did not decrease the corresponding eligible dividend tax rate, which impacts overall corporate integration.

For example, generally speaking, when governments in the past have altered corporate tax rates, they have adjusted the dividend tax rates to preserve the concept of corporate integration. The NDP government did not do this. So what's the outcome of that? Well, consider a small corporation that owns just a couple of rental properties. It may not earn much income, but because of the nature of its type of business, it actually doesn't qualify for the small-business rate and, as a result, is actually subject to the higher rate and, with the increase, the higher general corporate tax rate that the prior government brought in, and there became an underintegration in corporate income, with a five per cent increase in a disadvantage between earning that rental income in a corporation as opposed to earning it directly. Corporations that had these rental properties inside the corporation found them trapped under this NDP government when it increased costs.

You know, you increased tax rates by 20 per cent, and you shrank Alberta's private-sector workforce by tens of thousands of individuals during the time you were in power. While you may not wish it was true, you know, government services only exist – they only exist – if there is an economic strength from the private-sector businesses and those who work in them to pay for them. You essentially declared war on those individuals and businesses that actually fund the government services that all of us appreciate and value.

The Chair: Hon. member, a reminder to speak through the chair.

Mr. Stephan: Thank you, Madam Chair.

The members opposite like to think they are the champions of government services, but the truth is that they are not. You know, if we continue with irresponsible, undisciplined, uncompetitive, NDP-type policies and governments, by and by it will lead to the collapse of unsustainable government services. The NDP views business success as a zero-sum game. You know, in their heart they think that if businesses do well, then workers do not, and that is a fundamental flaw in thinking. They are not win-win in their thinking. They view success as someone else's failure.

This old government had a philosophy, you know, a socialist philosophy that was in direct opposition to what is required for economic prosperity. This was a government that did not

understand how to compete and excel in the real world, and their record speaks for itself. It is a record of failure.

Let's talk about the culture in Alberta. You know, our Premier has correctly stated that Alberta is a meritocracy. That is how Alberta has competed and excelled in the past. That is how we have been the place of economic opportunity for the rest of the country, by being the most competitive jurisdiction to start and grow a business, and that has created the ability to create a record number of jobs.

Madam Chair, Bill 3, you know, represents a huge positive step amongst the other government initiatives to renew and restore Alberta as the most competitive and attractive jurisdiction in our country. But here's the litmus test, and I hope the members opposite are listening. In four years let's compare the record of the NDP losing tens of thousands of private-sector jobs, because that's your record. Let's compare it to the record in four years under the job-creation tax cut if it doesn't create tens of thousands of private-sector jobs. That will be the true test, and the record: again, the facts will speak for themselves.

Thanks, Madam Chair.

11:50

The Chair: Any other comments or questions? The hon. Member for Edmonton-Beverly-Clareview.

Mr. Bilous: Thank you very much, Madam Chair, and I'll thank the member for that lecture on how taxes work. I appreciate that he's an accountant. I will start off by saying – and the hon. member knows this. If he doesn't, well, then I can only feel sorry for some of his clients. Alberta is the lowest tax jurisdiction in Canada. You can look exclusively at the corporate tax rate, but you're being either naive or you're not looking at the full picture. Albertans don't pay a PST. We don't pay a payroll tax. We don't have health care premiums. That all is part of the taxes that Albertans don't pay. Because of that, even with the carbon tax Albertans paid \$11 billion less than the second-lowest tax jurisdiction in Canada, which is their best friend Saskatchewan. Why? Because Saskatchewan has a PST, they have a payroll tax, and they pay significantly higher. Now, at 12 per cent Alberta was still in the top third as far as the lowest corporate tax rates in the country. Ontario, I believe, is 11.5 per cent, as is one of the other provinces. So it's not that Alberta was far over, but the difference is that Albertans don't pay a PST.

The logic of, "just have a low corporate tax rate, and that's all it takes to attract business" is my favourite logic to discuss because if that was the case, then for the decades that Alberta had a 10 per cent flat rate for corporate taxes – that was the lowest in Canada as a corporate tax rate – according to that logic every business should only be in Alberta if that's the only driver, your corporate tax rate. How is it that Ontario with a PST and a corporate tax rate – they're well north of 15 per cent in taxes – has businesses that somehow remain competitive? How are they attracting investment from other countries?

I can tell you, Madam Chair, that part of the reason, which I wish members would at least acknowledge when we talk about the Alberta advantage, is the fact that we're sitting on the third-largest oil reserves in the world. Now, that wasn't Ralph Klein out there with a shovel putting oil in the ground, despite the fact that the members would, you know, give him accolades like he was actually putting oil in the ground. We are very, very blessed as Albertans to have an abundance of natural resources. Now, we also have incredible innovators and entrepreneurs that discovered ways to extract and refine, especially when you look at our oil sands and bitumen and the viscosity of it and the challenges that come around it. I'm very proud of the fact that it was Alberta entrepreneurs and

our oil and gas sector that designed SAGD technology that is used world-wide. That was developed here in Alberta.

Mr. McIver: You're welcome.

Mr. Bilous: I find it kind of funny that the Member for Calgary-Hays is saying "you're welcome" because I don't think you developed SAGD technology, sir. I will give credit to the entrepreneurs that did develop this technology.

My point is this, Madam Chair. I'm not arguing against the fact that, you know, we've been through a very, very painful recession over the last couple of years, that has had a significant impact on every single Albertan. I recognize that, and I recognize that the job rate is attributed to a number of different factors. I can tell you that when you look at companies in the digital or technology space, in which Alberta has significant competitive advantages, when sitting down with companies like Apple and Microsoft and others, their number one issue is not: what is the corporate tax rate? In fact, they couldn't give two hoots about what the tax rate is. What they want is talent. They want to see that there is a talent pipeline so that they can set up shop in a jurisdiction, which is what our government has been focused on, attracting and developing that talent.

The Chair: Hon. member, I hesitate to interrupt you. According to Standing Order 4(3) the committee will now rise and report.

[The Deputy Speaker in the chair]

The Deputy Speaker: The hon. Member for Bonnyville-Cold Lake-St. Paul.

Mr. Hanson: Thank you very much, Madam Speaker. The Committee of the Whole has had under consideration certain bills. The committee reports progress on the following bill: Bill 3.

The Deputy Speaker: Does the Assembly concur in the report?

Hon. Members: Agreed.

The Deputy Speaker: Any opposed? Carried.
The hon. Minister of Transportation.

Mr. McIver: Thank you, Madam Speaker. Based on the fact that it's 4 minutes to 12, we've made some good progress this morning, and heard some good debate from all sides of the House, I would move that we call it 12 o'clock and adjourn until 1:30 this afternoon.

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

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