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The 30th Legislature
Second Session

Alberta Hansard

Thursday morning, November 4, 2021

Day 124

The Honourable Nathan M. Cooper, Speaker

Legislative Assembly of Alberta The 30th Legislature

Second Session

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Legislative Assembly of Alberta

9 a.m.

Thursday, November 4, 2021

[The Speaker in the chair]

Prayers

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

Please be seated.

Ordres du jour.

Orders of the Day

Government Bills and Orders Second Reading

Bill 78

Alberta Housing Amendment Act, 2021

The Speaker: The hon. the Minister of Seniors and Housing.

Ms Pon: Thank you, Mr. Speaker. Good morning, colleagues. Today it is my privilege to rise to move second reading of Bill 78, the Alberta Housing Amendment Act, 2021.

Affordable housing is the foundation of an inclusive and thriving society. Right now the foundation is cracked. It is buckling under the weight of an outdated and complex system, growing demand, and inflexible regulations. The system is inefficient and is failing to address the diverse and unique housing needs of Albertans across the province. In the last two years Alberta's government has built more than 1,500 safe, quality homes for seniors, individuals, families with low income. But it is clear that government investments alone cannot keep pace with the growing demand, and we cannot keep throwing hard taxpayer dollars into the inefficient system.

Right now our affordable housing system is missing the mark. Alberta's government is taking steps to fix it with a balance of bold actions and careful changes. On November 1 I was pleased to release stronger foundations, Alberta's 10-year strategy to improve and expand affordable housing. It details the bold actions Alberta's government will take to provide more affordable housing options that meet the needs of Albertans with low income.

The directions align with the words from the Affordable Housing Review Panel. The panel completed its review of the affordable housing system in late 2020. The review included input from housing providers, private companies, and civil society organizations. The panel heard from almost 160 Albertans through the engagement sessions and received more than 120 written recommendations and submissions. The panel heard again and again that a single approach to housing will not work in every community in every situation. They told us that housing solutions can be found through various locations and development approaches. One participant said, and I quote: set a benchmark and get out of the way. Hold the not-for-profit and housing management bodies accountable. Unquote. Another participant said, quote: let us focus on people and the community first, not the building first. The building is the means. The ultimate goal is improving people's lives. Unquote.

Mr. Speaker, input such as this helped the panel make 19 recommendations to help government create more flexible, fair, and inclusive housing options. We took this advice to heart. Bill 78 will enable Alberta's government to pursue key initiatives under the stronger foundations strategy by amending the Alberta Housing Act. We are laying the groundwork for affordable and accessible housing options. The change will enable government to partner with more types of housing options and providers, attract outside investment, encourage innovation, streamline administration, and deliver more value for taxpayer dollars.

Mr. Speaker, Bill 78 allows us to better serve those who are in need of housing while making Alberta's tax dollars go further. First, we will create a new section in the Alberta Housing Act to allow government to enter into a joint venture and a partnership for affordable housing. Currently the act limits the kind of partnerships that are allowed. We want to open it up to allow P3 and other innovations and models. This would attract greater outside investments both from the private sector or a nonprofit partner or a housing provider.

Second, we will add the definitions of a housing provider and affordable housing accommodation. This will promote more nontraditional partnerships for affordable housing while ensuring accountability.

Third, amendments will enable a shift to competency-based boards for regular housing providers. One of the key principles of our strategy is that of tapping into the local experts because this community knows their unique challenges best. Competency-based boards for housing management bodies will set them up for success as they take on the biggest role in local housing delivery.

Finally, we planned amendments to simplify administration, red tape, and reduce more red tape. The stakeholders have told us that our regulatory structure is awfully complex, so we will cut red tape, streamline the regulations, and help ensure efficiency, sustainability, and financial responsibility.

Mr. Speaker, Alberta's government promised that more affordable housing would be available to those who are in need. These amendments keep us on track to keep that promise. I urge all members to support Bill 78, to ensure that Albertans in need have access to safe, suitable, affordable housing.

Thank you.

The Speaker: The hon. Member for Edmonton-City Centre.

Mr. Shepherd: Well, thank you, Mr. Speaker. I appreciate the opportunity to stand and speak to second reading of Bill 78, the Alberta Housing Amendment Act, 2021. Certainly, the question of housing and affordable housing is one that I've heard about from many of my constituents here in Edmonton-City Centre. You know, I have an incredible diversity of constituents, of both background and certainly socioeconomic class. I have some of the most expensive condominium penthouses in the city, but I also have people who live in some of the most abject poverty. Indeed, many who I represent have no housing at all.

Certainly, I have heard from many about the ongoing challenges of access to affordable housing, particularly for individuals who are on low and fixed incomes, certainly individuals who are on AISH, and, of course, seniors who are on fixed income. Indeed, many of them have noted how much more difficult it has become for them under this government as they have eroded many of the supports that they have depended on and indeed the overall financial implications of many of this government's decisions on COVID-19.

That aside, the main issue for most of these folks is the ability to afford a place to live. Now, of course, when you have individuals

who are on a fixed income, say individuals who are on AISH who have around \$1,600 a month, they're often facing situations where 50 per cent or more of their income is going towards housing. Certainly, the supports that have been available through the government of Alberta: indeed, we have had an increasingly growing wait-list for rent subsidies and other supports that allow these individuals to stay housed.

And, Mr. Speaker, when these individuals are unable to afford housing, when they are no longer able to sustain housing, say because this government has been busily taking away the additional shelter benefit for many folks on Alberta Works without giving any consideration to the impact it has on those individuals or seeing what the impact of that decision would be, then that indeed generates more costs for the government of Alberta.

9:10

The minister was just touting how this legislation is all about trying to save tax dollars. Well, let me tell you, Mr. Speaker, that many decisions of this government have in fact been costing us far more. When individuals are in precarious positions with housing, when they are driven out of their housing, when they are forced onto the street, that is greater cost for everybody involved.

The minister was speaking of their intent through this legislation to try to improve the situation, to provide more housing, more opportunities. I have to say that so far I have not seen any improvement on that front under this government. Indeed, we continue to have deep issues for individuals who lack housing.

The minister talks about how they want to build more partnerships. Mr. Speaker, where is their partnership with the city of Edmonton, which is currently in the process of constructing five supportive housing sites, to open next year? They have asked this government for a paltry \$5.9 million, a government that is willing to gamble one and a half billion dollars on the re-election of Donald Trump. It was willing to give \$5.4 billion away to corporations, who took the money, left the province, and cut jobs. It refuses still to put up \$5.9 million for supportive services, health and social services, to keep individuals, hundreds of individuals currently living on the streets of Edmonton, housed. I'm hearing a lot of words from this minister and from members of this government; I am not seeing much action.

The minister speaks of the consultation that they undertook. She says that the panel heard from 160 Albertans, 120 written recommendations and submissions. Certainly, as this debate continues, I look forward to looking into them and perhaps beyond the carefully chosen, I'm sure, quotes that the minister brought forward today. What I am hearing from Albertans is that they are not seeing the kind of action we need from this government.

Now, of course, the minister spoke at length – and a term that we continually hear from this government – about wanting to have more partnerships with others to build housing in the province of Alberta. It reminds me, Mr. Speaker, of not that long ago when this government brought forward plans to do exactly the same with our parks in the province of Alberta, to, they said, form new partnerships with other groups, to hand over responsibility for managing those parks, for managing those sites. We know what that was about. That was about selling our parks here in the province of Alberta, privatizing those spaces.

It's about a government that continually looks for ways that it can devolve its responsibilities on to others, that continually is looking for opportunities to take what are public assets and rightfully the responsibility of the government of Alberta to oversee, to upkeep, to protect on behalf of the people of Alberta and instead dump off those responsibilities on others, with less oversight, less assurance that the quality is going to be maintained. And we have them now

applying the same kind of thinking to Alberta's public housing stock.

Within this bill this government is amending the Alberta Housing Act to allow them to establish what they are calling these private-public partnerships and other joint ventures, which allows the province to be co-owners of affordable housing units. It creates a definition for affordable housing, gives the minister the ability to designate units as affordable housing, but there is no actual criteria in the legislation about what the implications of that designation might be. We again find ourselves in a position where the government is giving itself new power but not being very clear about defining what that power is. Albertans and the members within this Chamber as we consider this legislation are being asked to simply trust this government, and we have seen on so many issues that this government is not deserving of that trust. They asked us to trust them with our parks and with the eastern slopes of our mountains, but we've seen how doggedly they pursued their interests and the corporate interests of folks that they want to curry favour with over the express will of Albertans for months, Mr. Speaker.

Again, in this bill we have questions about this criteria that is not included in the legislation and what the implications of this new designation that the minister is going to have the ability to employ are going to be by allowing these affordable housing units to be part of joint ventures in public-private partnerships. And we have indeed seen challenges with this before here and in other jurisdictions when we have private entities that are involved in things which the government has an interest in like long-term care centres or others. What happens with these facilities at some point down the road when they decide that they want to sell them, about who takes the profit? What happens to the public dollars that have been invested in something which the public only has a part ownership?

Now, this bill is also providing the minister with power to create board competency requirements for housing management bodies. Now, certainly, I think it's not unreasonable that there be some sort of oversight of groups that have a responsibility for things that are within the public good, and indeed we see that is the case with many, you know, organizations that are responsible on behalf of work that involves tax dollars, dollars from the public.

We have to say, you know, that in the majority of cases these housing management bodies are already doing some impressive, impressive work to manage affordable housing in the province of Alberta with minimal funding. I certainly hope that we are not going to be in a position where we are suggesting that these board members, these folks that are doing this work are in need of greater control by government or have been engaging in any kind of activity or work that requires a stronger hand from the minister. I think that we should certainly be careful in recognizing that these folks have been doing incredible work with dwindling resources for some time and deserve our thanks.

Certainly, when I think about the other actions that we see this government taking in regard to postsecondary, now there is where they are, unlike what the minister is talking about with reducing red tape, indeed imposing new layers of red tape and government control. Is that not going to be a similar situation to what we see potentially developing here?

We're going to continue to review this bill. I think we're going to have the opportunity for extended and ongoing debate on this in front of the Legislature, and I'm certainly looking forward to having the opportunity myself to do a bit more consultation with individuals within my community, folks, those who have need for the housing as well as those who take part in providing it and overseeing that work.

9:20

But we do have some questions. As we noted, as we are moving into more private-public partnerships, P3s, and other models that the government may choose to put forward here for how this housing will be developed, operated, managed, owned, we note that there are no legislated requirements, nothing in this bill that states that any proceeds from the sale of that affordable housing be reinvested back into affordable housing. Now, this is a claim that the minister has made, that that will in fact be the case. But there is nothing in the bill that requires it.

Now, we've encountered this previously, again, with this government when they, again interestingly on parks legislation, brought it forward and said: "Absolutely. We will make sure that every single dollar that comes from this will go back into it." But of course they resisted anything that actually would require them to do so, much like the promise that we had from the Minister of Environment and Parks that there would be a trail fee that would be imposed on off-highway vehicle users, and now suddenly that is nowhere to be found. That also, interestingly, now is a responsibility he wants to devolve off to another third party.

Of course, we've seen that that's been the government's approach through much of the pandemic. They're very fond of giving other people the responsibility to enforce the things that they don't like. Again, this is a government that we see repeatedly – repeatedly – is more interested in putting their political interests first and the public interest, the good of the province, second. It's my concern that when we have seen that repeated pattern from this government and we have seen that repeated behaviour, when they make a claim such as the minister has put forward here but put no teeth behind it, we have good reason to doubt that the government actually intends to follow through.

When we have a government that has repeatedly shunned, avoided, and indeed tried to undermine any kind of accountability on so many files, they are simply working to make sure they have a convenient loophole and open door to do so again here. Again, the minister talked about who she consulted with in putting together this bill. She mentioned that the panel heard from 160 Albertans, 120 written recommendations. I did not hear any mention of what involvement there was with municipalities in developing this legislation.

Again, Mr. Speaker, this is something that I have followed very closely because of the significant implications for my constituency. Between myself and I think the Member for Edmonton-Highlands-Norwood we have a considerable portion of the far-too-high number of individuals, residents of Edmonton, who are living without housing, a number which has grown and I believe doubled or possibly more than doubled throughout the course of this pandemic.

We have seen the city of Edmonton under the former Mayor Iveson take significant steps to address that problem and provide housing here in the city of Edmonton, as I mentioned, five supportive housing sites funded by the city of Edmonton and significant dollars from the federal government of Canada but absent any participation from this government, even that small investment I mentioned of \$5.9 million.

We hear no mention from this minister of including municipalities as part of this consultation. Now, let's be clear, Mr. Speaker, that municipalities bear the brunt in many respects of the impacts of a lack of affordable housing. Municipalities, which have the smallest portion of the tax dollar to work with, end up paying a significant amount of the costs, whether that's through policing, whether that's through folks that need other services, other supports, and the impacts on the communities. But we have heard

nothing from this minister about bringing those municipalities to the table to talk about the development of this plan. Municipalities play an enormous role. They handle the zoning. They handle the land use. They are deeply invested in how this kind of a program would roll out, and we've heard nothing from this government about their involvement in the development of this legislation.

Now, if I'm incorrect on that point and if the minister has indeed consulted with individual municipalities or with the AUMA or indeed with any body representing municipal governments in the province of Alberta, I would certainly welcome hearing about it. That would certainly be helpful to us in the course of this debate, but so far we have heard nothing.

We have heard nothing about discussions with the federal government. Now, federal governments over many years, of course, have also devolved, starting in the early '90s, the responsibility for support for affordable housing, which is part of what brought us to where we are today. Certainly, consecutive Conservative governments in the province of Alberta also contributed to that. The most serious of that was, of course, under the former Premier Klein and his serious erosion of supports for individuals struggling with mental health that turned many out onto the streets.

The federal government, the current federal government, has finally started to flow through some of the dollars that they promised and committed originally, and certainly a significant amount of that has come here to the city of Edmonton. But a further amount was blocked because this government had refused that \$5.9 million, limiting what the city of Edmonton has been able to do in their leadership on this.

We see nothing here. We've heard no mention from this minister about collaboration while talking about wanting to build partnerships, not a word about collaboration with the federal government to maximize the dollars that are currently on the table. We are set to repeat a pattern we've seen from this government, where throughout COVID-19 on many files – indeed, we're still waiting for the Minister of Children's Services and her claims that she is negotiating a \$10-a-day-child care deal for the province of Alberta.

I know my time is coming to a close for this portion of debate, but certainly I'm looking forward to delving deeper into this legislation, getting a better understanding of the government's plan. I can say at this point that I and I think many others have many questions given the good reasons we have not to simply trust this government that what it says it intends to do is, in fact, what it is trying to accomplish. As much as they want to hold housing management bodies more accountable, we need to do the same for them.

The Speaker: Are there others? The hon. Member for Edmonton-Glenora.

Ms Hoffman: Thank you very much, Mr. Speaker and to my colleague from Edmonton-City Centre for his remarks before this and to the minister, of course, as well for her introduction here of second reading for Bill 78, Alberta Housing Amendment Act, 2021. I have to say that I spent quite a bit of time in recent – there were other elections happening, both municipally and federally, and I spent quite a bit of time door-knocking. Not as much as the local candidates, of course.

It's always interesting when you're a volunteer going out with somebody seeking another order of government to hear what kinds of questions get brought up on the doorsteps for them about the issues that they're dealing with. Regularly as a provincial candidate when you door-knock, often people bring up a number of municipal issues, specifically related to roads and alleyways in the mature

neighbourhoods I represent as well as – yeah. The maintenance of roads is probably the number one that I get that isn't of provincial jurisdiction when I door-knock for myself provincially.

Door-knocking municipally this time: the number of people who brought up houselessness as their number one issue – and these were people who were housed, right? I was door-knocking houses, primarily single detached houses. I wasn't going into common-living spaces, of course, given the severity of the pandemic and the fact that we were in a fourth wave. I was prioritizing houses that had, you know, sidewalks and driveways, middle-income neighbourhoods primarily or more affluent neighbours as well. The number of people who brought up houselessness as their priority issue was greater than it was in prior provincial elections. They usually would say: I know this is a provincial and a federal responsibility, but I need my city to step up, too, because we simply can't continue the way we have with this many people living without a house.

I appreciated that so many people were thinking collectively about the impact of people being unhoused and what that means to those individuals – there was a high degree of empathy – and also what it means to social services, what it means to perceptions around public safety, what it means to access to parks and other green spaces.

9:30

A number of encampments and people camping on either privately owned land or park space in our city over the last year, probably a year and a half, actually – last summer was bad as well, really bad. Not far from here, in Rosedale, there was a very visible camp set up. It speaks to how much we as a society and specifically this government have failed to address the urgent and growing needs Albertans are facing when it comes to a safe place to live. [interjection] I certainly welcome the interjection.

Mr. Dach: Thank you, Mr. Speaker. I had a question that I'd like to ask the Member for Edmonton-Glenora with respect to the urgent need for more affordable housing that occurs to me regularly, and that is that quite often we see this government looking at investments in public services and in public expenditures as a cost rather than an investment. They see it as a drag on the budget rather than as something that will ultimately be rewarded in terms of other lowered costs in social services later on and also in better outcomes for people who are housed in better quality housing over their lifetime. Children, in particular, I'm thinking of now and people with disabilities who don't have opportunities to find housing at an affordable price in the market for regular housing. The number of individuals who would be served by the benefits of affordable housing are seen as an investment.

Ms Hoffman: Thanks very much, Mr. Speaker and to the Member for Edmonton-McClung. I will say that often the economic argument is one that many people who consider themselves to be on the more progressive or left end of the political spectrum give, hoping that the economic argument will be enough to convince people who don't want to invest in affordable housing that it's in their best interest as well. Unfortunately, I'd say that those arguments often fall on unresponsive ears.

Part of that, I think, is because regularly governments, especially when trying to tout themselves as being more fiscally conservative, want to be able to say, "Look at how much money we cut" or "Look at how much money we saved." The impacts of those short-term cuts certainly drive up the long-term costs. Research shows that particularly for the hard-to-house, particularly for people who have experienced chronic houselessness, for people who are struggling with severe mental health and substance use challenges, when housed, the costs go down significantly in areas like justice and

health care. Often it's because, when you don't have a safe place to live or you're living precariously, you need more interventions from folks who are responsible for public safety or responsible for ensuring that somebody who is in a state of crisis when it comes to their health is removed from that state of crisis.

But it does take a little bit of time to see those economic returns, so often governments that want to be seen as fiscally conservative make severe cuts or efforts to divert responsibility onto other orders of government. We already saw evidence of that. Like, when I talked about door-knocking in the municipal election, it's not to say that this is a municipal problem. It's to say that citizens deeply care about this, and they want to make sure that we all live in a city where basic human needs are met.

It's pretty simple. I don't recall if it's still in the grade 3 curriculum or not, but I know that a few years ago human needs – what do you need to be able to live? – was a real focus of the curriculum. Of course, children talked about safety, water, air, housing. This is something where I don't know why it is that we need to debate this or talk about it as whose ideology best supports this, because every single person in this room and every single person in our province should want their fellow citizens to be able to have their basic human needs met. That's part of what governments should do, ensure that safety and access to basic human needs can be achieved no matter where you live.

I also want to clarify that it wasn't just on one side of the river. I was door-knocking with Michael Janz south of the river, with Erin Rutherford north of the river, and again this was an issue that was brought up regularly. Perhaps it's because they saw somebody who was a provincial representative with a municipal representative, and they were thinking about areas where the government should be working more effectively across jurisdictional responsibility, and I would have to say that I agree. But this issue of houselessness came up over and over and over again, particularly supportive housing.

There are two projects being constructed by the city of Edmonton in the riding I have the honour of representing right now around supportive permanent housing with wraparound services, and I live about halfway between each of them. It's been interesting watching them go up, and they're going up quite quickly. Hats off to the construction crews who are being involved in this. I know there were some questions at the beginning about the scope of the project – size, number of units, and the type of wraparound services – and I feel that the vast majority of the neighbours and community members surrounding these buildings are looking forward to the progress that they're seeing there. [interjection] I welcome an additional interjection.

Mr. Dach: Thank you, Mr. Speaker. I wish to comment and ask a question about the rapidity with which we need to react to the dearth of affordable housing, as the member was alluding to, talking about how quickly the current projects that she's seen recently seem to be going up. The solution that has been brought forward by the government in order to achieve a more rapid response has been to choose, not surprisingly, following their pattern, to have these buildings built by a P3 model. I know that the member had been on the Edmonton public school board for quite some time prior to her election to this Chamber, and over that period of time there was a reticence on the part of school boards to opt to support P3 construction models for schools. I'm just wondering what sorts of red flags she saw there as a school board member that are applicable to the P3 modelling that she fears here.

Ms Hoffman: May I have a time check, please, Mr. Speaker?

The Speaker: Eight minutes and 45 seconds.

Ms Hoffman: Thanks. I will attempt to answer the slight detour and additional comments I want to make.

With regard to the question, certainly a very good point made by my colleague the Member for Edmonton-McClung. Absolutely, there were a plethora of problems with the P3 model, and my most close experience, of course, was with construction of schools here in Edmonton for Edmonton public. Most of those P3 schools – ASAP schools they were also called, Alberta schools alternative procurement – were part of the P3 model that was rolled out. I'd say that the number one issue is that contractors, when they are also owners, abide by the contract to the letter of the law, right? That is a legal agreement.

The government certainly didn't take into consideration that children are in these buildings all day, every day; for example, not being able to have your own boiler-certified mechanic who works in the school full-time as a custodian. In Edmonton public there's a requirement that all the custodians have a boiler certificate, and others have the opportunity to pursue that as well. In P3 schools – in this example Honeywell had the contract – they needed to be the ones to service them. I can tell you that when the boiler is acting up and it's pumping out heat nonstop in the middle of June, that's a problem. Or if it's failing to work in December, that's also a problem, particularly when you have a building full of young children. Children don't have the same type of heat regulation in their bodies as those of us do who, you know, are more mature. Their bodies haven't matured to the point where they can heat-regulate in the same way as ours can. Regularly there would be an issue with a boiler, and the contractor would have to be called, according to the contract, and it would be hours before anyone would come to remedy the situation.

9:40

When you don't have that skilled tradesperson working in the building, that certainly is problematic. There were many, many other things, including not being allowed to do certain things to remediate drainage on school sites or the contractor, who was part of the P3 process – the other owner, in essence – not wanting to do the things to make the schoolyard actually functional. Because it wasn't part of their contract, they didn't have to do it. But, of course, they did have a responsibility around the grounds as well in these contracts. It essentially made large sections of school grounds inaccessible and sometimes even the school inaccessible, depending on where the drainage issues were.

When you create public spaces and you're working with contractors who are also owners, I think it takes away the intent of the building or the asset that you're talking about, which is about creating spaces that the public – the number one priority should be about meeting the needs of the public in that space, not meeting the terms of the contract that's been created with a private entity. So what happened is that under Conservative Education ministers and Infrastructure ministers they determined that P3 construction for schools wasn't working. There weren't the kind of financial returns that the government had promised, and there were detrimental impacts on student learning. At this time, prior to the election of the NDP, the Conservative government said: we're not moving forward with any more P3 construction for schools; it just doesn't make sense.

School boards and parents and children and staff were quite relieved. We did have the largest infrastructure build around new school capital while the NDP was in government, during that one term, and those moved forward with a non-P3 model. Now here we are with a government that has played yo-yo on capital planning, hasn't committed to any new schools in the city of Calgary for Calgary Catholic or Calgary public in the most recent fiscal plan, which included the capital plan. Now they're talking about pushing

a P3 model for school construction and in this bill as well for housing construction. So I do have significant concerns when private interests are put as the paramount concern over housing of those who are most in need.

I talked to a lot of people who are interested in running for our party about the process, about my experience, and a number of people who have been stepping up lately are interested in seeking nominations. When I say, "Why do you want to be an NDP MLA?" they lead with affordable housing, which is, again, an interesting thing. Often I would expect people to talk about public health care or public education, but housing is one of the things that comes up more and more frequently. It might be because their child is trying to get into the housing market and can't access it in any way. It might be because they have aging parents who wanted to move into a lodge-type model, but those spaces are getting fewer and farther between. Also, for those who are living in what used to be more of a lower needs type of housing situation, it is becoming a higher needs health care situation.

Every single Albertan should be able to live with dignity and with comfort in their home. The gap between those who have and those who have not in this province has grown significantly, especially in the last two years. I think we owe it to Albertans to ensure that every single Albertan, at any age, has an opportunity to live safely, comfortably, and with pride. I think everyone should be able to take some pride in their home and be able to enjoy where they live safely.

I have to say that I think this bill falls short on achieving the goals that the folks on the doorsteps have identified as high priorities for them. I think that it's clear in this bill that the current government is trying to avoid responsibility to provide safe housing to Albertans and that there are many questions left unanswered in this bill, including who the intended recipients are of any new homes and what it is that private developers would be interested in. The developer's job isn't to build housing for the public good. A developer's job is to build housing and make a profit. That's their job, and rightfully so. [interjection] I welcome the third and final interjection from my colleague.

Mr. Dach: Thank you very much, Mr. Speaker. I'll be brief. I just wanted to know from the member if indeed she has found that the long-term underfunding of affordable housing has impeded, in her neighbourhoods, projects that might have otherwise been undertaken. I know that for a period of six years when I was a member of the city of Edmonton Non-Profit Housing Corporation, which had over 700 units of housing, the federal government and provincial government brought forward no funding, and no other additions to that housing stock were made during that whole period of time.

Ms Hoffman: Thank you, Mr. Speaker. Absolutely, there is a significant backlog. My hat is off to the Member for Edmonton-Riverview for the work that she undertook in the approximately three years she was leading in that ministry. There is a significant shortfall. It's interesting because one of the things in the brief time, about a year, that I was – maybe not quite a year. I think it was January when the file – it wasn't even called Seniors and Housing; I think it was just called seniors at the time – was removed from my areas of responsibility.

I said to the Member for Edmonton-Riverview that one of the things I remember saying to the Premier was that I hoped it would be somebody who could be in a leadership role in that file for a prolonged period of time moving forward, that it was a file in Alberta that had regularly been moved from minister to minister to minister, and our Premier certainly complied with that. It was over three years that there was a minister and where the housing file

actually got to be called housing, because, of course, affordable housing isn't just about seniors. They are, of course, an important demographic and one that we need to ensure that we're always thinking about, ensuring that every senior who lives in our province can do so in comfort and dignity and with pride, and also every other age group as well.

Actually naming housing as part of the portfolio was one step. Having one minister in the leadership for the remaining three years was another step in the right direction as well.

The Speaker: Are there others? The hon. Member for Lethbridge-West.

Ms Phillips: Thank you, Mr. Speaker. It's my pleasure to rise and to speak to Bill 78, the Alberta Housing Amendment Act, 2021. You know, in fairness I think we'll start with a recognition that it is important for all levels of government to grapple with issues related to affordability and, in particular, supply of housing. Certainly, the federal election, I think certainly for me anyway, was the first time in my memory that all three major political parties grappled with the issue of housing affordability.

Canadians, in fact, have been very concerned about this issue, and it's not just in the GTA, where the average home price has now topped over a million dollars, and it's not just in the Lower Mainland, where we've seen a number of initiatives taken by the provincial government around speculators' taxes and these sorts of things and action on foreign ownership and so on in order to grapple with some of the specifics that are driving their housing market. We do see these issues in stark relief in particular in Calgary but also in Lethbridge. There is no question. We've seen an inflation of housing prices across the province, and really what is driving that, Mr. Speaker, is supply.

Academic experts in all sort of areas of the political spectrum, if you will, Mr. Speaker, had a look around the federal platforms on addressing housing affordability. Not all promises were created equal. Some were much better than others, both in terms of their impact on the market and actually achieving the outcome of stabilizing prices and making more supply available for people in low and middle income, for whom housing is becoming increasingly unaffordable, whether it's on an ownership basis or a rental basis. What many found anyway – and they were extraordinarily critical of all three parties. When I started reading through these, I found myself quite critical of all three parties as well to the extent that they all had good promises to the extent that they were focused on increasing supply.

9:50

Certainly, the Conservative Party's promise of tying federal funding for transit to building activities that increase density near transit: good. Gold star, Mr. O'Toole. File that in the list of left-wing promises, like putting labour unions on boards, that I could get behind from the CPC. I also liked using the federal real estate portfolio to create housing, I mean, to the extent to which – you know, some people had quibbles – they're probably more than quibbles – around actually operationalizing this and how effective it would be, but it was a recognition that the supply was the issue.

Similarly, too, the LPC, the Liberal Party Of Canada's, promise to tie \$4 billion of new investments in municipalities to action on affordable housing and increasing supply: again, gold star for that particular investment. It recognizes the leadership role that municipalities play and the fact that supply is often tied to other regulatory planning and urban initiatives. That's where, really, the choke point is.

I was less enamoured, Mr. Speaker, with these kinds of, you know, ways to kind of increase consumers in the market, increase their risk exposure, either by tinkering around with CMHC rules or other initiatives, simply because they are extraordinarily expensive. I was noting that the first-time homebuyers promise from the Liberal Party of Canada is going to cost the treasury \$3.6 billion. That's no small amount of money. But also, economists sort of, like, from left to right and all over the place, everywhere, were indicating that when we do that but we don't have the right policies in place to increase supply, what we end up with is just a bunch of people crowding into an already tight market.

You know, housing can sometimes be really complicated because it involves all three levels of government. Sometimes there are other departments involved, whether it's Health, whether it's social services, mental health, Indigenous Relations, so on and so forth, but at its base it's kind of like electricity policies is how I explain it to people. It's basic supply and demand, people. That graph is actually pretty easy to follow: one goes up; the other goes down.

All of this is to say, Mr. Speaker, that having a piece of legislation around housing before this House is well timed. The problem here is the substance. [interjection] I yield to my hon. colleague.

Ms Gray: Thank you to my colleague. I just have to echo the point that is being made, that through the federal election and through media we see that this is an absolute priority issue for Albertans and for Canadians. The public interest in assuring there is enough affordable housing is really important. As the member moves through her speech, I simply wanted to reflect that I also was looking at the affordable housing of the federal parties and found that they often were not strong enough in addressing issues of homelessness and Indigenous housing, concerns that I also have about the bill that is before us. I think it's so important that we are focused on providing housing to those who do need it most. I want to thank the member for raising the issue of that federal election because it really does crystallize how important this is to everyone, that all parties were speaking to it. So thank you.

Ms Phillips: Thank you to my hon. friend from Edmonton-Mill Woods. We represent quite different ridings, she and I, but I think we share some similar concerns about this bill. One of them is – and I was kind of getting to this, Mr. Speaker. When we're talking about financing arrangements, you know, whether it's for first-time homebuyers or others, if we're not doing anything about supply, then we're just going to start to crowd the market with more eager buyers.

This, too, applies to rent supplement programs. If we are not doing something about supply, then it's just going to continue to drive up the cost of a not-so-nice two-bedroom rental that now in Lethbridge will cost you about \$1,200 a month. When I say not-so-nice, Mr. Speaker, I have seen many of these units, and certainly when I go canvassing, you know, and we are in areas with a high number of rentals, people are paying extraordinary amounts for less and less quality housing, if you will.

Again, if the regulatory environment and so on is not there to ensure a good supply of housing and even the market pushing private-sector landlords towards investing in their properties, because they will not be able to rent them if they're not nice, then that's the crux of this issue. This piece of legislation changes an ownership model for the existing housing stock, but it does nothing to incent more supply.

Now, I have come to believe that various levels of government have an incredibly important market moving and, in the first instance, stabilizing, but then government policy as well as government infrastructure investments: both things can in fact push

our housing market to where we want it to go. The role of government in this case is often to bend the river so that a whole bunch of other organizations can fish in it, whether it is nonprofits, for-profits, but there must be a push in order to ensure that the supply demand balances out in a way that meets a basic need, which comes to the level of essentially a public utility at this point, Mr. Speaker, which is that you've got to have a roof over your head in order to be a productive citizen. That is just the way it is.

What we have seen is that between 2015 and 2019, of course, there was stabilization of the rent supplement programs and stability and predictability there. There was an additional considerable investment from the provincial government side, a \$1.2 billion investment. By contrast, we are now looking at a \$238 million investment through the current government's capital plan. We have extraordinarily long wait-lists now, that housing authorities are trying to work their way through, because the current government thought it would be better to not enter into an agreement with the federal government and paused that and, as a result, paused rent supplement applications, causing enormous backlog, certainly, in my hometown as well. [interjection] I yield to the hon. member.

Ms Gray: Thank you so much. You're touching on so much that impacts my constituents in Edmonton-Mill Woods, so I appreciate everything that you're entering into debate. I'm curious. Mill Woods is a unique community as it was designed, and there's affordable housing in every neighbourhood. The \$1.2 billion investment that our government put in: I could see that at work in my riding as well as the impact of the stabilization of the rent subsidies in working with constituents. I just wondered: as a representative in Lethbridge working with your constituents and the correspondence that you received, were you able to see the impact of those investments through the casework that you received at your office, and how has that changed since 2019?

Ms Phillips: Well, certainly, we were able to see some movement in terms of stabilizing affordability, but challenges remained. There is no question. We have a higher number of residents in low-income status than comparative municipalities although between the 2015 and 2019-20 time period those incomes were able to come up a little bit according to the data. Certainly, we have a large proportion of Indigenous people who have come in. We have Canada's largest reserve just outside of town and another one a little further out by Pincher. That's Piikani and Kainai, respectively. We are also seeing pockets of increasing numbers of recently arrived Canadians. We have fewer than in the two major cities, but we are seeing increasing amounts of settlement activity through immigrant services.

What this means, though, is that it's not just – housing affordability as defined by the CMHC is, of course, if your housing costs less than 30 per cent of your gross income of households before tax and total income, too. So we're talking employment here and government transfers and so on.

10:00

Now, people who spend more than 30 per cent of their income on housing are in a core housing need. We see this for folks in low income in Lethbridge. Here I am quoting from the business plan from the Lethbridge Housing Authority. We certainly see that people in low income are spending more than 30 per cent of their before-tax and total income on housing, but we also see 1 in 5 people in those middle-income deciles that are also spending more than 30 per cent of their before-tax income on housing, which means, Mr. Speaker – I mean, at 1 in 5 that's actually quite high.

So there are a couple of things happening here, but the biggest one is that we have a supply issue. In my view, a lot of that comes from: in the first instance, there needs to be better provincial-municipal co-ordination around planning, densification, and a more thoughtful way that we are planning the city, especially on the exploding growth on the west side. As I go out there and I try to keep up with all of the new communities, I keep finding one every time I go out there. It's like they're popping up like little mushrooms out there. So I think that's the first piece, but I also think that what we see here is a lack of co-ordination around that lower income decile.

I yield the floor to my hon. colleague.

Mr. Neudorf: Thank you, Mr. Speaker, and thank you to the member. I think she brings up a number of very good arguments, and I appreciate her advocacy wholeheartedly for Lethbridge. I think she's touched on some of the extreme complexities about this issue. Coming from the construction background, I would ask her to consider and maybe share her thoughts on the question: as government tries to add dollars to infrastructure, if they control that process – coming from the construction background that I have, I've seen those costs extremely higher at the build stage than if a private member or a private entity company tries to build that. So that's a challenge, for sure, which I do hope we are trying to address in this legislation by allowing that private investment because they do that construction element more quickly and at lower cost typically than a government can. If she would just expound on that and her perspective on that, I would appreciate that in the debate.

Thank you, Mr. Speaker.

Ms Phillips: Thank you, Mr. Speaker. Well, the fact of the matter is that one of the reasons why public housing investments typically are one of the right ways to intervene in the market, which is why we saw these policies from the NDP to the CPC in the last federal election, is because that cost of borrowing is lower for the public sector. Certainly, the public sector: what they can do is attach some of those investments and that funding to a broader regulatory environment in terms of urban densification and planning and alignment with other economic, social, and environmental objectives over time. However, even conceding the hon. member's point that, you know, we need to have a vibrant market such that private-sector investment can occur, this bill simply does not accomplish that objective. What it does is that it takes the existing stock and says: okay; you know, a whole bunch of different kinds of people can own this. That doesn't necessarily at all address the problems or the challenges that he identifies.

Certainly, when we review the CMHC, as the CMHC has gone through a massive restructuring over the last 10 or 15 years – and you can read about it in the Harvard Business School. They teach the restructuring of the CMHC as part of some of their business curriculum, Mr. Speaker. When you review what the CMHC is saying, when you review even what other stakeholders say – for example, real estate organizations have had a lot to say over the years around affordable housing – you don't see this in the top five of the bullet points of suggested ways forward. I think that there are good-faith disagreements within the housing sector, within the private sector, within more right-leaning economists who study housing and more left-leaning ones and a bunch of folks in the middle, and we don't see this kind of half measure as being at all what is top of mind for people.

Now, I do want to raise one final question in the time that I have remaining, which is that one of the ways that we could ensure that this bill might actually accomplish a public policy objective would be to first know what the problem is, which is: what is the state of

the wait-list? Should we not have a set of transparent reporting criteria via the housing authority so that the public can know: what is the state of the problem? How many people are waiting for rent supplement given the backlogs that we saw over the last year and a half or so? That would be information that I would be seeking. It would certainly help and might be a way to begin to redeem the contents of this bill, Mr. Speaker.

With that, I will now conclude my comments.

The Speaker: Hon. members, are there others wishing to join in the debate this morning? I see the hon. Member for Edmonton-Ellerslie.

Member Loyola: Thank you very much, Mr. Speaker. On this particular issue on this bill I'll begin by saying this. Here we have another example of a government who is putting their ideological approach before anything else. As has been stated on both sides of this House, this is a very complex issue. I think that the hon. member that spoke before me from Lethbridge clearly outlined some of the complexities around this issue and the fact that this particular bill does nothing to really address the problems that we're currently experiencing in order to make housing more affordable here in the province of Alberta for people.

Now, before I actually get to some of those issues and discussing them at length, one of the things that we have to understand is the fact that it's around the concept of affordable, and one of the issues that we have facing us is that especially now, during this economic downturn, during the pandemic, it's getting harder and harder and harder for Albertans themselves to be able to make ends meet at the end of the month.

Some of those decisions, some of the impacts that Albertans are actually facing are due to this government's policies. They have made it more expensive for the average Albertan to actually make it to the end of the month. Therefore, the housing cost is actually way more than 30 per cent. For some people it's even above 50 per cent because of the additional costs and policies that this government has actually made through changes in legislation, and I can point to the fact that they took the cap off insurance companies. This has been one of the most drastic ones. In some cases I've heard from constituents where their insurance has gone up by more than 50 per cent. Right there that's something that this government is responsible for that has actually gone and impacted Albertans in a very negative way, making it even harder for them to make it to the end of the month. Another one is, of course, utility costs. Utility costs: again, we've seen from this government that their own piece of legislation actually made it more difficult for Albertans at the end of the day.

Now, I would like to see the government actually take responsibility for the decisions that they've made. They continually talk about making life better for Albertans, but here we see two examples where they've actually made it more difficult. When it actually comes to the issue of affordable housing, it's not only that the housing itself is affordable. I want members on the other side of the House to contemplate this because it's not just about making the rent or the mortgage that the person is paying more affordable for Albertans, but it's also making sure that the neighbourhoods where these affordable housing projects are established have amenities around them.

10:10

I want you to imagine being a single mom. I want you to imagine being a single mother or single father and the only place you can afford to live is so far from all other amenities, and you have the additional costs of transportation in order to get to work, get to the supermarket, buy your food, things that perhaps we in this House, because of our privilege, aren't really concerned about. I'm sure

that many of the members on the other side of the House, just like members on this side of the House, drive a car, and we don't have to worry about transportation costs. We're in a privileged situation, but not every Albertan is living the experience that we are. That's why I'm begging members on the other side of the House that when it comes to pieces of legislation and the complexity of issues, especially this one, you come into this House with more than just a suggestion based on ideology, which actually doesn't help at all. It doesn't help at all.

Affordable housing means that we're thinking about it in a more holistic way, making sure that the experience is also an affordable one, that people have access to amenities so that there are good schools in the area that their children can get to. This is something that we should be focused on. Now, of course – I keep forgetting, Member for Lethbridge . . .

Ms Phillips: West.

Member Loyola: My apologies. My sincere apologies. I just think, you know, that you're such an incredible advocate for Lethbridge. No disrespect to the other member from Lethbridge, but you do such an incredible job; every time I think about you, I just think of Lethbridge.

Mr. Neudorf: Oh.

Member Loyola: No disrespect. I said it. No disrespect. I'm sure the other member does a fantastic job as well. [interjections] Yeah. See, I've got nothing but love for you guys. Really I do, you know? I play a hard game, but I've got nothing but love.

Getting back to the issue at hand, Mr. Speaker, making sure that people have amenities, I'd like to bring up just a couple of examples. For example, in the early 1970s in the city of Edmonton – and this gets to the issue of different orders of government actually working together to come up with solutions to make sure that there is affordable housing – the whole area of Mill Woods, which Edmonton-Ellerslie and Edmonton-Mill Woods actually share in terms of the people that we represent in that particular riding, the whole concept, was created with different orders of government and then the city of Edmonton actually providing to Edmontonians, Albertans, land at below-market value so that they could actually build their own home.

That's one of the beautiful things about Mill Woods, Mr. Speaker. When you roll into Mill Woods from any other part of town, you'll see such a huge diversity in construction design. It was this incredibly beautiful planned region in the city where city planners even took into consideration what others were doing in other jurisdictions around the world. It was actually built around the concept of curvilinear design. Now, some people, when they go into Mill Woods and they're not used to the whole concept of curvilinear design, get really upset because people are expecting streets and avenues, and everything is, like, based on a quadrant, and it's very easy to navigate around. Mill Woods is not like that. [interjection] Please. I yield to you, sir.

Mr. Dach: Thank you, Mr. Speaker. On that point of the development of Mill Woods and the plan that went into it, I can certainly attest that it was a new type of development in Edmonton. Of course, as it was being built, I was working as a city of Edmonton garbageman, going to addresses that were difficult to find in Mill Woods, and even later as a DATS driver and a taxi driver I found it difficult.

More importantly, though, another concept that was incorporated into the development of Mill Woods was mixed development, where you had low-income housing incorporated into neighbourhoods

alongside or juxtaposed next to more expensive housing and even right close to some very expensive neighbourhoods. It made inclusion part of the neighbourhood concept, and that's something the minister talked about in terms of wanting to make her housing projects inclusive. Neighbourhoods should be inclusive as well.

Member Loyola: Indeed. I'm really glad that you bring up that point, Member for Edmonton-McClung. I'll never forget being a young boy and speaking to my father. One of the things that he said to me is that one of the reasons why he loved Canada so much is because it doesn't matter if you're a doctor or you're a maintenance person. Both of those individuals are going to the same mall. They're going to the same restaurant. That class division that my dad was so used to back in the home country didn't exist here to the same extremes.

Edmonton Mill Woods: that's why I love it so much, right? Being from southwest Edmonton, I grew up in Mill Woods. When you look at Mill Woods in terms of the population of Mill Woods, it's about 190,000 people. If you were to consider it a city unto itself, it would be the third largest in all of Alberta. I'm really proud of that fact because it was something that was planned to actually provide affordable housing to the population.

Now, the Member for Lethbridge-West was talking about the supply challenges, right? A big part of that and how different orders of government can work together is, then, the whole issue of land acquisition and titling. That's exactly what the city of Edmonton did with this Mill Woods project. It acquired the land. It bought the land because that land before was farming land, so they ended up buying the land from those families. They ended up putting together the plan, working with developers.

But the most important thing – and I remember that before being elected, I actually worked on a project about the history of Mill Woods. I'll never forget speaking to this elderly Jamaican fellow and how proud he was that he could afford – and he built his own home in Mill Woods. I even remember other members of the Chilean community talking to me about how they had their paycheque, and they knew that now they were going to be owning their own home and that the city of Edmonton actually provided this affordable means for them to actually be a homeowner.

What I would like to see from this government is bringing forward a piece of legislation that does way more than just transferring title, as the Member for Lethbridge-West stated. This is a complex issue, and it demands different orders of government working together, especially when it comes to issues of land acquisition and titling and zoning, and that we can actually make sure that there are opportunities for people that are interested in moving in this particular direction.

10:20

Now, one of the other challenges, of course, is actually securing finance. The Member for Lethbridge-West did make mention of this. This is another area that I think that the government of Alberta could actually help in. By working together, you can provide opportunities. One of those, for example, is housing co-operatives, where, you know, through CMHC you have members from the communities actually come together and work at alternative financing structures so that they can get home ownership and get access to affordable housing.

I'll give you the example of the Chilean co-op which is just off of 23rd Avenue and 85th Street. I'm very proud of the fact that my parents were actually involved in the design of that housing co-op. The community actually came together and decided: look, we need an alternative structure for us because we cannot afford to get into a mortgage-paying situation through a banking institution. Working

together as a community and connecting with CMHC, they were able to come up with this alternative process by which they can actually – and the housing co-op is still there, Mr. Speaker, and young families are still taking advantage of the fact that they can get into this housing co-operative. They pay a certain percentage of what their income is rather than an established amount. I've seen families and know families who went into the housing co-op because they needed it, and then from there, when they were on their feet and more established, they went and now they could get access to another mortgage through a banking institution.

These are the kinds of solutions that this government should be putting forward, Mr. Speaker.

The Speaker: Are there others? The hon. Member for Edmonton-Rutherford.

Mr. Feehan: Thank you, Mr. Speaker. Well, I appreciate the opportunity to speak to a bill in the House and to spend a little bit of time with the government and try to encourage them to bring a bit more depth to their work. That seems to be my ongoing request. Certainly, I think a bill on housing is appropriate. I just wish they had taken some time to investigate the variety of things that they could have done and actually done some of them.

The primary concern, I think, around housing right now is the absolute lack of affordability of housing in Alberta and the fact that we simply do not have enough of it. This bill really is just a reflection of one government's preferences of who owns the stock. It does very little, in fact, probably nothing, to actually increase the stock. You know, that's a frustrating thing for me to watch when I see how many people in the province of Alberta are struggling with housing. I certainly would have liked this government to spend its time thinking about: how do we actually make a move of increasing the availability of affordable housing, using market mechanisms if they want? If that's their preferred strategy for doing it, that would be fine, but at least look at the ultimate end of increasing stock.

I certainly believe there's a huge role for government in doing that. I mean, I of course believe that there's a role for government in doing it directly by simply building more, but I know the government doesn't always share that sort of generous, publicly minded philosophy that we have on our side of the House. It tends to have more of a "some people do well and other people fail" kind of philosophy and seems to be quite satisfied with that. But I don't think that they have, you know, even taken their philosophy and gone as far as they could have done.

As a result, I've written down a number of possible suggestions. I don't know how many I'll get through, but I have at least 12 possible suggestions of things that could have been in this bill if they'd reached a little bit farther. You know, the first thing is that they're saying that they don't want to be in ownership of the stock. But somebody has to own it, and I know they've just simply decided that it needs to be private people that own it. I just think that they could have expanded the wherewithal available for people to enter into ownership in a variety of different ways. They could have done it by increasing affordable housing trusts so that nonprofits would have more access to capital in order to be able to do this and supports for them. There could have been lots done around building up trusts and supporting trusts and giving trusts the wherewithal to be able to properly manage houses. They could have done lots in that area. [interjection] Yes.

Mr. Shepherd: Thank you, Mr. Speaker. My colleague from Edmonton-Rutherford was just speaking about the potential that could have been here for the government to support nonprofits more in terms of some of the challenges they face. Indeed, I myself know,

having spoken with many who have had an interest in building housing projects here within my constituency, that access to capital, access to the money to actually build the housing for those nonprofits then to manage, who often have expertise, I think, in areas that, say, private partners or government does not in that they work more closely with those individuals – I was wondering if you could offer more thoughts, I guess, on what those challenges are around capital and what the government could have done, then, to meet that issue here rather than simply devolving the stock off onto others and not really making concrete investments to increase it.

Mr. Feehan: Thank you very much to the member. I think there are a lot of things that the government can do that this government has failed to do in this particular bill. Just off the top of my head, I can give at least three examples. One, of course, is simply put more money in. When the NDP was in power, in June 2017 we put together a \$1.2 billion affordable housing initiative. This government has reduced that to \$238 million. I mean, it's simply an issue of dollars, and the government cannot tell us there are not enough dollars. I mean, they spent, you know, \$30 million on a war room, \$1.5 billion on a pipeline, \$4.7 billion on the reduction of corporate income tax. I mean, the money is there. It's about the choices that you make and what it is that you're trying to resolve. So that's not the issue.

They could also of course incent private builders to participate in a program that would increase housing trust stocks, capital, by making requirements for builders. One of the issues we have in cities like Edmonton and Calgary is that we keep building out farther and farther, taking up more and more farmland, and making it so that it's very profitable for builders to build single-family dwellings, taking up more and more land in low-density kind of situations. Why aren't you introducing something into the legislation that discourages that kind of building and encourages other kinds of building?

Instead, say: "Sure. Go ahead. Build 100 new houses in the new neighbourhood that's going to cost us millions of dollars to put in all of the city resources. But if you choose to do that, then there is going to be a tax on that type of building, and that tax is going to be put in so that the money will flow from that tax directly into housing trusts that are run by nonprofits in the city." You know, this whole "there's greater profit in urban sprawl" is a problem. If we actually made it less profitable to do that – to tax urban sprawl so that the money can come into inner-city housing would be a great idea. As well, of course . . . [interjection] Sorry. Go ahead.

[The Deputy Speaker in the chair]

Mr. Shepherd: Well, thank you, Madam Speaker. I appreciate the comments my colleague was making around issues around urban sprawl. Of course, those are things that we commonly talk about within my constituency here in the heart of Edmonton. Certainly, my constituency contributes an outsized proportion of property tax here in the city of Edmonton compared to some of the suburban neighbourhoods.

What I was thinking is that what he was talking about is something that indeed involves mainly, I think, municipal governments, zoning and decisions there. But that certainly wouldn't preclude, I guess, some robust discussions with municipalities about trying to accomplish that common goal, yet within this legislation, from what we see, there has been no consultation or consideration with municipalities. It seems to me that that is a significant gap in trying to achieve this goal, and I was just wondering what my colleague's thoughts might be on that.

10:30

Mr. Feehan: Thank you, Member. I appreciate these kinds of comments. Certainly, I don't believe the provincial government needs to or can do these things alone. They certainly have to be working with municipal entities because, of course, they are very close to the issue of building and housing. But remember that municipalities are the children of provincial governments, and the provincial government can make a variety of rules.

The provincial government provides funding to municipalities for transportation, for example. They could easily make requirements that as you build new rail lines through your city using provincial dollars, you will also ensure that affordable housing is built along the rail line. It's just a simple example, but there are many examples like that. They could do that.

They could certainly be involved with the city in providing tax incentives for builders, you know, making it so that there is a good reason why builders would choose to build higher density and more affordable housing; working with the city to look at issues like cheaper land for them within the cities, not way out in the burbs, where we're creating sprawl; looking at land within the cities themselves and looking at brownfield development and looking at greenfield development where it's possible within the city and creating a structure such that builders choose to build affordable housing on these parking lots that we have now and undeveloped inner-city zones. Helping builders to have an incentive, I think, would be a really great idea.

They can do all that with the city. They can make it part of their exchange with the city in terms of provision of dollars. I mean, they can work with the city on a whole variety of zoning application issues. You know, this government has often talked about reducing red tape, not that we've really seen any significant reasonable red tape reduction, but what about a process that really helped the builders move from an empty lot or a lot with a derelict building on it to affordable housing through an expedited process somehow so that they could do this in as quick a way as possible with as much support from the city and the province as well?

You know, these are all ideas that could have been in this bill and were not in this bill. This government could have put some money in through neighbourhood revitalization, because we know that as neighbourhoods revitalize, they tend to provide better housing options and more diverse housing options as they do that. They create circumstances under which housing becomes more desirable in neighbourhoods. The government could have thought about the many different revitalization programs that are touted around the world as things that they could bring in here.

They could have also looked at tax incentives for people in terms of that very difficult phase of moving from renter to owner. They could have looked at things like that. You know, in the States, for example, most of us know that it's quite common that you can deduct your mortgage payments from your federal income tax – or in this case it would be provincial income tax – in that transition. They could create it so that it would happen at least in the transitional period between renter and owner. They could develop a program to increase data collection so that renters could be in a better position to establish their creditworthiness and develop credit scores so that they can demonstrate, through their consistent paying of their rent, that they are more eligible and notably reliable in terms of being able to take on a mortgage. The big issue is going over the barrier.

What would happen if renters could transform their continuing to pay the \$1,200 in rent but turn that into a mortgage without having to pay a big lump sum? Now, I'm hardly suggesting that people shouldn't have money to put down on a house, but there are a

variety of ways of transforming rental properties into ownership properties that might allow that.

It's been mentioned just recently by the Member for Edmonton-Ellerslie that we have not done a very good job of supporting co-ops in this province, and we could certainly do that. I mean, we have some extremely successful co-ops that have been in the city of Edmonton, for example, for well over 50 years and have demonstrated, you know, a variety of affordable housing in the city of Edmonton.

One of the nice things about the co-ops is that they also provide social supports in that they tend to help people to be successful in their home ownership and to get through the rough times. I certainly know a number of people that live in co-ops. In fact, at one time I myself lived in an inner-city co-op. The government has really failed to even look at that as a possibility in terms of moving forward.

You know, I think there are so many things that the government could do. They could even spend a lot of time helping the business community find ways to celebrate and engage in building affordable housing as a positive social contribution. There could be, for example, an architectural prize for the best designed affordable housing done in the province of Alberta every year or other initiatives like that or some kind of incentives where people's contribution to affordable housing is recognized in the community and supported with recognition and free advertising, essentially. That kind of thing can happen.

You know, I've mentioned quite a number of different things that I think the government can do. [interjection] Yes, a further intervention.

Mr. Shepherd: Thank you, Madam Speaker. I appreciate the opportunity to intervene. My colleague was speaking of, you know, recognition for contributions, that sort of thing. It does put me in mind of the ROOPH awards, which take place here in Edmonton on an annual basis – I'm not sure if my colleague was aware of it – put together by Homeward Trust here in the city of Edmonton. It certainly has recognized, I think, many individuals and organizations who have stepped forward and made some real contributions to advancing the cause of building more supportive and affordable housing stock here in the city of Edmonton. It's an idea that I think might be an interesting one to explore on a provincial level. It would be interesting, I guess, to hear if my colleague was aware of that particular program and the supports and impacts it's had.

Mr. Feehan: Yes. Thank you. I happen to be aware. The person who built my personal house also happened to have won an award through that program for some of the community housing, for building the very first multifamily net zero apartment complex in I believe it would be the Edmonton-Glenora riding.

Ms Hoffman: Yes. In North Glenora.

Mr. Feehan: In North Glenora. That's right.

I mean, I think those kinds of things are excellent things to do. It would have been nice to see the government move beyond their simplistic ideological stance of just simply saying, "Well, we're trying to get government out of things" and actually do the research to explore the things that government could possibly do. I certainly would support them to use market mechanisms. You know, of course, I would believe that government has a role of actually putting some finances in, but there is also the possibility of market mechanisms, and I've mentioned at least three or four of them that they could have used.

I certainly wish that they had continued to, you know, take the time to explore what they could do to actually achieve an outcome at the end, not just to simply do a dog whistle, reflective, "we're trying to reduce the size of government" bill here. I've seen so many bills in this session that come through that have done the absolute minimum of what they're trying to do, and this is one of them. Where is the actual work to demonstrate that you're going to actually improve the circumstances? You've simply transferred who owns the current housing here. You have done almost nothing to change the fundamental problem.

I just find that frustrating, and I certainly wish the government would heed the advice of myself and others and actually take on the role of creating new housing and making it more affordable for people so that more people would be major contributors to the economy in this province, which housing, of course, is. You know, there are plenty of examples around the world that they could have used, and I'd be happy to direct them to those.

At this time, however, I would like to propose an adjournment of debate.

[Motion to adjourn debate carried]

10:40

Bill 77

Municipal Government (Restoring Tax Accountability) Amendment Act, 2021

[Adjourned debate November 2: Ms Goehring]

The Deputy Speaker: Any hon. members wishing to join the debate? The hon. Member for Calgary-Buffalo.

Member Ceci: Thank you very much, Madam Speaker. I'd, of course, like to address at second reading, for my first time, Bill 77, the Municipal Government (Restoring Tax Accountability) Amendment Act, 2021. You know, the issue of unpaid municipal taxes by oil and gas companies is one that's been growing. We've all heard about it over the last few years. According to the rural municipalities association's latest survey there's \$245 million in unpaid taxes. The RMA says that that figure has tripled since 2019. It started out at about \$80 million.

Much of that, of course, is due to the hardship that many oil and gas companies have faced during this pandemic. We all know that last year oil prices actually went into the negative territory, which destroyed many companies' balance sheets. This pushed, of course, many companies into insolvency or to the brink of insolvency. While that represents the bulk of the unpaid taxes, we're also hearing that there are some profitable companies that are not paying their taxes, Madam Speaker.

A news release put out by the government of Alberta on the 28th of October, just a few short days ago, talks about that approximately 40 to 60 per cent of those unpaid taxes are the responsibility of companies that continue to operate in Alberta. I'll just say that again: 40 to 60 per cent of those unpaid taxes are the responsibility of companies that continue to operate in Alberta while the remainder are facing insolvency. So there obviously are some profitable companies, as I said, that are not paying their taxes.

Now that the price of oil has recovered, companies have had a chance to repair their balance sheets. In fact, some are making some pretty big profits, which means it's time for them to pay their taxes. Albertans have had to pay their taxes throughout this pandemic.

Ms Hoffman: If you're open to an interjection.

Member Ceci: Oh.

Ms Hoffman: Yeah. Thank you so much to the Member for Calgary-Buffalo for ceding a minute and to the Speaker. It's not every day that you have an opportunity when discussing municipal government and taxation, what's called the Municipal Government (Restoring Tax Accountability) Amendment Act – that's an interesting topic – to ask a question of somebody who was a municipal councillor for so many years and also somebody who was a Finance minister. I guess one of my main questions would be: in the days you were on council, if you would have thought, "Oh, wow, 40 per cent of the downtown isn't paying their taxes," what would the city have done in that situation with you as one of the councillors at the table? What would a responsible government do if they knew that such a large portion of those who are responsible for paying towards the functioning of society was failing to do their fair share? Arguably, the current rates aren't fair, but they're not even doing that. So, through you, Madam Speaker, to the hon. member: if this would have come forward in the time when you were on council, how would you have responded?

Member Ceci: Just briefly, the city of Calgary has been seized with that problem for the last probably five years. They've looked at dipping into reserves to help out that situation to ensure that the rest of the taxpayers in Calgary, whether they be residential or commercial or industrial, are not having exorbitant increases because of the equalized assessment, which means that the city looks to a certain amount of money and they apportion those monies across all of the property types in Calgary. So they've dipped into reserves to make that happen, and they have given in terms of ensuring that the tax increase to the others who are paying is not exorbitant. That's the primary vehicle they've been using in Calgary.

I want to just continue on and say that Albertans, of course, had to pay their taxes in the pandemic, so it's only fair that these companies do the same. All this legislation does is return the situation to the status quo prior to 2019 while also putting a burden on municipalities through liens and the seizure of machinery and equipment, and it should have never taken this long, Madam Speaker. The RMA, for instance, has been asking for this type of amendment for at least two years. This is an issue that we've been hearing about, and the UCP has failed to act until it has reached crisis situation, so the government has acted last and least.

One of the reasons I can speculate, of course, is that in just over two years there have been four Municipal Affairs ministers that service the needs of municipalities, including the RMA, and deal with their issues. Of course, it's been in three people but four ministers, so a change, a change, a change, a change has meant that there's been little activity from the Municipal Affairs ministers on this issue for the time that they have been in the file. Due to this delay it may now be impossible for many of these municipalities to recoup some of the taxes that are owed to them, taxes, of course, that they use to build and maintain infrastructure for their residents and to support their local economies.

Further, I have serious concerns that the administration and implementation costs for these municipalities might not be worth the recovered cost. In that case, it may actually be cheaper for the municipality to just let these taxes go unpaid, which means they're no further ahead.

I'm also concerned that this legislation still lacks the necessary teeth. There could have been stronger incentives put into this legislation. We've heard from the RMA. Indeed, the president of the RMA has, in that same press release that I've mentioned, talked about what those incentives are, and I'll get to that in a second. The RMA would prefer to see a rule where if you don't pay, then the Alberta Energy Regulator won't give you a licence to operate when

you come forward with new wells or pipelines or other things. It won't give you a licence to operate until you clear the debts owed to municipalities.

We have also heard from the RMA that they'd like to see more transparency around which companies are in arrears because these companies go across county borders, they go across municipal borders with their linear infrastructure pipelines and other things. Sometimes they treat municipalities quite differently depending on where their assets are and whether those assets are making money for them or not, so they would pay taxes in some municipalities but not in other ones. So the RMA is asking for greater transparency. They would like to see the AER publish a list of arrears and companies that are behind those and the amounts owed to municipal districts and the payment statuses. We already have that process in place if you look at a different system like consumer protection. This would further demonstrate who the good actors are and who the persistent bad actors are.

With regard to RMA, again, they're talking about the struggle in that news release. [interjection] Oh, sorry.

Ms Hoffman: If you're ready.

Member Ceci: Yup.

Ms Hoffman: Thank you so much to the member, through you, Madam Speaker. I appreciate that the former Finance minister has an opportunity to discuss a little bit about some of the pressures and realities and shortfalls in what we're being asked to consider today. I was wondering if he would be able to talk to us a little bit about some of the challenges. Nobody is saying that everything is perfect or was perfect a couple of years ago, but I think it's been exacerbated.

10:50

I was hoping that the member could talk a little bit about some of the large cities as well. I know that there was a big-city charter that was struck in the time when he was around the cabinet table. I appreciate the expertise he brought from his former work as well as the work he was doing as a cabinet minister, so if he could talk a little bit about what good negotiations look like, what good-faith negotiations look like, what could be done with municipalities to restore some of this, also acknowledging that the current Premier committed and so did the entire caucus to respect the big-city charter and didn't.

Member Ceci: Thank you very much again for the intervention, my colleague. I will say that with regard to revenues that municipalities anticipate on a regular basis, one of them is from the government of Canada, of course, in the form of grants and agreements. When we were government, we did strike the big-city charters with Edmonton and Calgary. It was a revenue-sharing agreement that would create certainty from the province of Alberta to those two large cities, and it was going to be the model for other municipal charter agreements subsequent to that one. There was work going on to make that happen.

While the big-city charters agreement took time and was a negotiation that had to be hashed out and worked through – it took several months – it was one that was respectful, and people walked away from the table agreeing that there would be revenue sharing. It would start at a certain date, and it would increase as the province's coffers increased or decrease as the province's coffers decreased.

There was a shared agreement there. The risks were shared and the rewards were shared equally. What the current government did was rip that up and go back to the MSI agreement and now have

extended the MSI agreement, as we know, and reduced the rewards for municipalities by 50 per cent while keeping the risks ever present.

The bill, as I indicated, is a good step. Certainly, RMA appreciates this step that is here, but they have been clear that they want additional steps, and that has not been done. I think that it hasn't been done because, you know, there have been so many Municipal Affairs ministers in the position that they've only done the least amount for RMA.

We know that the AER sanctions are something that the RMA believes will create greater responsibility with people who have property in municipalities that have an impact on those municipalities, not only with the inability to provide services, because all the taxes necessary to do that are not collected, but there's an impact on the road structure, on other infrastructure, on bridges, infrastructure in communities throughout Alberta that aren't being paid for. Their portion of that is not being paid for.

Those are some of the things that this bill does. It restores – after the AER and the orphan well fund in terms of costs owed by companies, municipalities will be second in line, which is good for them, but it's problematic in that they have to then go to court. If the company doesn't pay their taxes after 120 days, they have to go to court. [interjection] I will recognize my colleague.

Ms Hoffman: Thanks. I promise this is the last time.

Member Ceci: Yeah, it is.

Ms Hoffman: My third interjection, through you, Madam Speaker. Because that's the rule.

I guess I appreciate highlighting how onerous it can be to have to go to court to retrieve the monies rightfully owed. What are some of the methods that the member thinks would be more fair or more appropriate?

On the inverse, I wanted to thank him for being so persistent in getting us to change some other legislation. At the time one of the reasons that was highlighted was that there was money owed to individuals who were part of organizations that may have not received their payments or cashed their cheques. I'm one of those people that didn't even know that I had a cheque that was outstanding from Blue Cross, and I had an opportunity to have it reissued. So it was definitely active in trying to get people money back in their pockets that they were rightfully owed. I'm wondering if there is a way that municipalities, without having to go through the court system – if there was government will to make it easier for them to actually get back the money that was already assessed, what they might be.

Member Ceci: Well, repeatedly in an article that I read subsequent to the actual news release and the stand-up of the minister introducing the bill, he talked about the hammer. You know, this would provide a hammer for municipalities. I'd submit that this will put municipalities second in line. If we're dealing with an insolvent company, all the resources of that company are going to get stripped off for the AER orphan well fund obligations that that company has, and there's not going to be any monies left for municipalities. That's what I, that's what people think. So the hammer is really less of a hammer than it is a smoke and mirrors kind of thing.

I think what the RMA is asking for in particular, you know, would be a hammer in terms of prohibiting companies that are still solvent, that are still operating, that haven't paid their taxes from being permitted additional licences until they clear off their debts. That would be the hammer. Then subsequent to that, there could be greater transparency about who the good actors are and who the bad

actors are, because that information is not available at this point in time.

Those are a couple of the things that I – can I have a time check, Madam Speaker?

The Deputy Speaker: Three minutes.

Member Ceci: Three minutes? Thank you very much.

Those are some of the things that I would recommend.

Looking at the bill, too, I think, speaking with some stakeholders, there's a problem with this addition, and it's on the first page. It says, "by adding . . . after subsection (2)." Basically, the idea is that "machinery and equipment becomes liable, jointly and severally with the person who is the assessed person in respect of the linear property or machinery and equipment, to pay the tax debt." How it was explained to me is that if there is an operator of facilities and an owner of those facilities, the owner is the one who is assessed the taxes. But in many cases the operators pay those taxes to the owner, and if the owner is not passing on that amount of money to the municipality, what you have is the operator paying twice because they want to keep operating in that jurisdiction. They'll pay the owner taxes because that's part of the obligation of the contract they have, and if the owner doesn't pass that on or fails to pay, then the operator will step up and address the taxes so they can keep operating. That's an issue, of course, between those two parties. But it's a new addition here, and what it does is that it puts the hammer on the operator to make sure the taxes are paid even though the owner may have walked away with those monies.

Madam Speaker, I think I'll conclude by just saying that more could have been done here. That's a failing of the government. They have made it hard for municipalities, not only with this bill but other things they've done; namely, I think, giving a tax holiday to new infrastructure, oil and gas infrastructure. Municipalities can't tax that infrastructure because of this government's feeling that all things had to be done to support the oil and gas industry even though it negatively affected municipalities down the line.

I would submit again that there could have been more done. We see some companies that continue to operate not paying their taxes, and they need more of a hammer than this bill allows. Municipalities have not been served well with the kind of ongoing changes to the portfolio of Municipal Affairs, and they're feeling that here with the lack of clear assistance in terms of prompt payments of taxes owing to them.

Thank you very much, Madam Speaker.

11:00

The Deputy Speaker: The hon. Member for Edmonton-City Centre.

Mr. Shepherd: Thank you, Madam Speaker. I appreciate the opportunity to rise today and speak to Bill 77, the Municipal Government (Restoring Tax Accountability) Amendment Act, 2021, at second reading. Certainly, I think it would be fair to say that this government has had a contentious relationship with municipalities in the province of Alberta. We saw this from fairly early days, both in decisions that the government made and certainly in the manner and the approach and the tone of the then Minister of Municipal Affairs, that I think certainly did not do anything to build partnerships and collaboration between this government and municipalities, and I think it may have, to some extent, done harm to them.

Now, of course, that minister has moved on, but that approach of this government is one that I think could be fairly described as, in polite terms, paternal; in less polite terms, condescending, insulting at times. I think some of my colleagues have already noted in this debate and in others that certainly we saw the greatest, most

significant evidence of that during the first budget from this government, where they broke their campaign promise and outright eliminated the big-city charters, which the mayors of Edmonton and Calgary had spent considerable time negotiating with the provincial government and something that this government had promised specifically in their campaign, in their platform not to do. The government likes to talk at great length about all the promises it's fulfilled; it fails to note some of the significant ones it has broken.

They have proceeded since then to consistently and continually download additional costs onto municipalities. We have seen them cut infrastructure money to municipalities by 25 per cent over the next three years. That was a change that came forward in the 2021 budget. It was enabled by their Bill 56, the Local Measures Statutes Amendment Act, 2021, tabled by the current Municipal Affairs minister. Under that bill the remaining funding, under the municipal sustainability initiative, sees a significant reduction. Again, these are for municipalities . . . [interjection] Yes.

Member Ceci: Thank you. My colleague from Edmonton-City Centre, you're on a really good line. The question I would have with regard to that is: when the money legs are cut out from under municipalities, as has been done – and you've been starting to outline that – what is the impact that municipal councillors have then to deal with? What are the choices they have to make with regard to the money that has been taken away that they anticipated? And what does that lead them to have to do at their local level? Maybe you could just kind of outline some of those reverberations, decisions that have to be taken.

Thank you.

Mr. Shepherd: Well, thank you to my colleague for that question. It is a fair one, because certainly we recognize that conservative governments like to speak loud and long about the fact that there is only one taxpayer. Indeed, that is true when we come to this situation where municipalities, who, again, as I have noted earlier, get the smallest portion of every tax dollar that's paid by an individual Albertan and when they have a government that breaks its promises, changes deals after the deals are done for the funding that they had committed, that was going to go into local infrastructure, local services, things that they were committed to providing to their citizens, that citizens had voted in support of having. When that funding is pulled out from under them by the provincial government, then they are forced to either not build that infrastructure, to cut the services, or to raise the local taxes through property tax on the individuals in their area.

Let's be clear. It's not a question of this being a fiscally responsible government that's making prudent choices. This, again, is the government that spends \$30 million a year on their embarrassment of a war room; 2 and a half million – 3 and a half million dollars, pardon me; they got an increase – on the embarrassment of the Allan inquiry, which could not find a single thing actually wrong and failed to fulfill any of the promises that the Premier made for what it was going to accomplish; not to mention, as we've noted, the 1 and a half billion dollar gamble on the re-election of Donald Trump. So it's not a question of this government trying to save taxpayers' dollars. They're more than happy to blow that money on their political interests and game playing. But when it comes to municipalities, they want to then make them and the people that they serve, the local taxpayers, pay for this government's mistakes.

This is important to consider as we look at another bill where we are talking about a request from municipal governments for some assistance simply in collecting taxes that they are owed. They are

not asking this government to pay a single extra dollar. Let's be clear. This is a government that, again, has downloaded multiple costs onto local municipalities across the province, that has made it more expensive for them to operate, more difficult for them to provide the services that their residents require. In this case they are not asking the government to provide more money. They are asking the government simply to empower them to get the money already owed to them. On the one hand, we have a government that is taking dollars out of their pocket, out of the municipal budget, and pulling back commitments that they had already made, increasing costs in other areas . . .

Mr. Hunter: We added a half a billion dollars to MSI.

Mr. Shepherd: . . . and at the same time they are turning around and not providing them with the tools to be able to get the money that they are actually owed to fill the shortfall of what this government has pulled back and taken away.

When it comes to policing, this government has also downloaded additional costs on municipalities. Their 2019 budget increased the government share of municipal fine revenue from 27 per cent to 40 per cent, a clawback of that police funding that will lead to tens of millions of dollars being cut from local police budgets. That's from their own analysis. More costs are being downloaded onto local municipalities, and they are simply asking this government to take steps to make sure that they can get the dollars they need to backfill the hole this government has created. [interjection] Yes, Member.

Member Ceci: Thank you very much. Of course, I overheard the member beside you talking about the \$500 million that was provided, front-ended. I want to be clear: front-ended, but there was a 25 per cent cut to the size of that MSI budget overall. I wonder what you think that does to the relationships when the government is saying, you know: here's the money; we're taking our steps to give you the money we think you need, but we're cutting it back. What does that do to relationships amongst orders of government, municipal and provincial? What does that do to the working relationships, the ability of municipal leaders to trust this government? Maybe you could provide some overview.

Mr. Shepherd: Thank you to my colleague for the question. Indeed, what I would say, Madam Speaker, is that it does great harm to that relationship. We have a government that continually likes to play shell games, word games to try to hide the actual actions they are taking. When we have repeatedly asked about the changes to police funding, they deny that it, in fact, takes place. When we talk about cuts to education, they claim that they aren't there. [interjection] I recognize that the Member for Taber-Warner disagrees, but certainly he at one point had a seat at the cabinet table and understood the importance of building actual relationships with people and, hopefully, honesty and integrity in doing so. But the fact is that the government, for which he once sat as a minister, is often undermining that relationship and is often, again, downloading costs, costing governments more, making it harder for municipalities to provide services, and then being much less than honest with those residents about the actual impact of their decisions. Indeed, we see that. Local governments and mayors and others recognize that fact.

11:10

Indeed, in the case of this legislation, in which the government takes what I will admit is one good step, the least they probably could have done in this situation, to try to help off-set these costs that they have downloaded onto municipalities, to give the municipalities one more tool where they could potentially get back

perhaps some of these additional dollars to backfill the hole that has been created in their budgets by this government that is so cavalier in its own case with the public dollar.

We certainly had some response from some of the local municipalities. Mayor Thorn of Okotoks, you know, again, talking about the relationship between this government and local municipalities, said that this government is saying that no decision – speaking of another case where this government is looking to create additional cost for municipalities with its barrelling ahead with trying to create an Alberta provincial police force, which the majority of Albertans have already said, including as noted in the Fair Deal Panel report, they do not want, she says in regard to that that this government is saying no decision has been made, yet the Minister of Justice went on a tour and was calling a provincial police force the opportunity of a lifetime. Sounds like an unbiased opinion, Madam Speaker. So they're saying that no decision has been made but were out there selling it as the opportunity of a lifetime.

My experience to date has been that consultation with this government is done to check a box, not to actually listen. It's great to say, "We're consulting," but if you're not actually listening to the information you're getting and factoring that into the decision-making process, I struggle with whether it's truly effective consultation. That is the opinion of folks that have to deal with this government. And let me be clear. It is not just the mayor of Okotoks; that is a lot of people in this province on a wide breadth of files.

What we have here in this bill, as my colleague from Calgary-Buffalo and our critic for Municipal Affairs has noted, has been observed by the RMA, and in general they said: "Well, okay. Absolutely. This is one tool we can potentially use to achieve our goals, to try to reclaim the more than \$200 million in outstanding unpaid taxes," so the ability to levy liens on companies that don't pay their property taxes. Now, this existed in the past. It was lost to them as a tool, and now the government is bringing it back.

We know that in the past it has not been particularly effective. That's not to say that it can't have some use, but certainly the RMA in noting this says that they have several outstanding questions, which, again, if on presenting this bill the RMA has several outstanding questions – it questions: how good, how robust was the consultation that actually went into this before the bill was presented? Was this just a case of the minister wanting to be appearing to do something, while, in fact, as this government has repeatedly done through the COVID pandemic, acting last and acting least, or did they actually sit down and have a thorough discussion and consultation? Certainly, the mayor of Okotoks does not think so, and the fact that we have significant outstanding questions from the RMA and they are requesting to meet with the minister to talk about them certainly suggests that he did not engage in that to begin with. [interjection] My colleague.

Member Ceci: Thank you very much for your debate so far. I've asked you about the decisions that are incumbent upon municipalities when they're not able to collect taxes and the government hasn't given them the tools to be able to do that in a fashion that they've requested, and I've asked you about the relations between municipal councillors, municipalities, and this government. I wonder now if I could get you to just briefly talk about what you think should have been done to address the needs that are being identified by municipalities and the RMA in particular? Where should this government have gone with regard to Bill 77, and what better support should they have given?

Mr. Shepherd: Well, thank you to my colleague for the question. I'd say that, first of all, what should have been done is, obviously, appropriately robust consultation with municipalities to determine what they actually wanted to see, to answer these substantial questions which the RMA still has about this bill and this process. That would have been a great place to start.

Secondly, I would note that one of the significant questions from the RMA is on how they can work to get better information sharing between the Alberta Energy Regulator and municipalities to ensure that municipalities have current owner and operator information for all of the oil and gas properties. That sounds to me, Madam Speaker, like there is an issue here of red tape, the former role of the member that was having so much to say to me earlier. Now, it seems to me that that should be a fairly simple thing, for the government to sit down and have a conversation with the AER to determine how they can just simply provide accurate information to municipalities so that they can actually make effective use of the tool that the government is bringing forward for them.

That is something this government regularly pats itself on the back for. Certainly, this government has been quick to pass legislation to make it easier for people's private health information to be sent out of the province, enabling the Telus Babylon app, which the Information and Privacy Commissioner noted many serious problems with. But they are not in this legislation taking a simple step to help municipalities access basic information about the owners and operators of the oil and gas properties from whom they are looking to collect taxes that are rightfully, legally owed.

That seems to be a simple thing that this government could have additionally done. Perhaps they would have heard about that if they would have had actual robust discussions with the local municipalities. The municipal leaders are calling for the AER to actually prohibit the issuing of licences to bad actors if they don't pay their taxes, again a simple piece of co-operation between levels of government. This is something that we certainly do for individuals, and this is a tool that this government itself has implemented in some cases. I recall that in terms of enforcement on COVID fines, they did say that if folks were not paying those fines, they would not be able to access registry services, renew their driver's licence, other issues like that.

A simple situation here: if a corporation, if a company is not paying their taxes, don't give them licences to open more. It's the least we expect of a good citizen; it's the least we should expect of a good corporate citizen. It's a reasonable idea, but it's nowhere in this legislation. We haven't heard a word about it from the Energy minister or from the Minister of Municipal Affairs. It seems to me, Madam Speaker, that it may be, again, a case where this government is more concerned with its own particular political interests than about the public good, a repeated pattern with this government.

The RMA also wants to talk with the government about: what are the actual risks and liabilities that are going to be assumed by municipalities if they choose to seize oil and gas properties? That is their recourse through this tool that the government is bringing forward, but then what does it mean for that municipality if suddenly they are responsible for that oil or gas well? What are their obligations to the owner of the property on which that asset sits? What are the environmental liabilities? What are the other impacts that they are then being forced to assume? How is that going to change those relationships under the AER? Those are important questions, and I think they probably would have been good ones for the minister to have discussed with them before he brought forward the legislation.

11:20

They have questions about the applicability of licensing and regulatory requirements on the municipalities if they seize those oil and gas properties. There seem to be a lot of big questions here. The government, again, is very happy to talk about bringing out the tool, but they have done little thought or at least had very little conversation with municipalities, it would seem, about the details and implications of their decisions. Now, again, of course, that is a repeated pattern we see with this government, particularly on the COVID-19 file, though they, certainly, on that one have been repeatedly warned about the impacts of their decisions. They've just chosen to ignore them.

I'm looking forward, I think, to the opportunity to further debate at another time. Thank you.

The Deputy Speaker: Any other members wishing to join the debate this morning? The hon. Member for Edmonton-Glenora.

Ms Hoffman: Thank you very much, Madam Speaker. I look forward to being able to contribute to the discussion here today around Bill 77, Municipal Government (Restoring Tax Accountability) Amendment Act, 2021, or so it is called.

I want to say that one of the first things I imagine most ministers do when they meet with their officials is say, you know: "Where are the opportunities to be more efficient? Where can we find savings, and then how do we use those savings to implement our platform?" At least, that's what I said to the two deputies in the first meeting that I had with them. That's one of the things. We talked about many topics, but that was definitely one of my pressing ones: where's the, quote, low-hanging fruit, and how can we reprofile that investment to deliver on the commitments we made to Albertans?

One of the things that was offered as an option at a subsequent meeting was: well, you could pay less in taxes, because municipal governments are creations of the provincial government, so they can't assess you. You give a grant in place of taxes, but it really is up to the provincial government to determine how much tax they will pay to the municipalities within which they operate.

You know, I thought about it, because, of course, the idea of being able to spend less and still have the same access and the same supports would be appealing to many, but I realized that that wasn't fair. As the minister of housing there were many municipalities where we had government facilities, and it wasn't fair to cut our taxes and not anyone else's. By cutting our taxes, we would be downloading those costs onto everyday ratepayers, whether they be individuals or corporations in those municipalities, because there is no way for them to make up that shortfall if the government unilaterally decided to cut how much they were paying.

I'm not sure how the discussions happened with the current government, but I will tell you that Alberta Towns, Cities Feel Squeeze from Plunging Provincial Grants is the headline – and I will follow up by tabling this later today – of a CBC story by Bryan Labby. This most recent one was July 19 of this year. This is something that this government started doing in 2019, in their first budget after being elected, that they were going to pay less taxes to municipalities even though they had been operating in them and were going to continue to operate in them. Mayor Chris Warwick, for example, from Hanna said: "It's the arrogance of it. The biggest thing is everybody needs to pay their fair share." You can argue whether or not the tax rate is fair, but the government unilaterally deciding that they are going to pay less certainly is not fair.

"Warwick says his community of 2,600 people will lose \$38,000 this year after the province's full 50 per cent cut to the amount of money it pays in lieu of property taxes on provincial buildings"

once that kicks in. He says that maybe \$38,000 doesn't feel like an onerous amount to some municipalities, but the operating budget of Hanna is just \$6 million a year. [interjection] I certainly welcome the interjection.

Mr. Dach: Thank you, Madam Speaker. I wanted to comment on something that was just said by the hon. Member for Edmonton-Glenora, about the arrogance of some of the decisions made by provincial governments when they do decide unilaterally, quite often without any consultation, to limit the amount of revenue that municipalities receive from the provincial government by way of grants. Of course, that revenue stream is something that many of our municipalities count on. I know they all count on it. I know that my grandmother, in her term as councillor in the small village of Thorhild, would often bemoan the fact that the revenue streams were cut by provincial governments. Not only that, but now we are faced with the double burden of other costs being downloaded. Not only are the revenue streams decreased, but they're being asked to carry a larger burden of social services as well. So it's a double squeeze, and it's, I think, doubly arrogant of the provincial government not to recognize that. The relationship has got to be strained.

Ms Hoffman: Yes, hon. member, through you, Madam Speaker. Absolutely, this strains the relationship. Another person quoted further down in this article has now decided to seek leadership and was successful, that of another provincial party, to run against this government. I would say that, yeah, the relationship has certainly been strained. Imagine expecting to be able to pay half of what you've paid in the past and get all of the support and services that you've demanded in the past at the same time.

Of course, if there is a fire, they will count on the fire department, which is paid for municipally, to come and save the building, and rightfully so. That's one of the reasons why we should all pay our fair share, so that when you do need to rely on the other orders of government and the responsibility they have to serve those who reside and work in their municipality, they have the tools and resources necessary to do that. Of course, if the fire department budget was cut in half, like the government chose to cut their payments in half, the odds of being able to save buildings on fire would go down significantly.

The mayor of Hanna goes on to say that the impact of the cuts to the grants in place of taxes is significant. In that municipality, of course, it was almost \$40,000. Every single year the government is coming up short by \$30 million, and that impacts 170 different communities around the province. Again, the cuts were first announced in 2019, and they've been phased out in a very significant way.

At the same time, you know, I would hope that the government would take the current context in which we're living and the fact that so many individuals have been negatively impacted, both by government decisions as well as the state of global conditions, and that their revenues have gone down. For the government to cut their payments in half and expect that to be downloaded onto municipalities either by cutting services or by increasing fees, jacking up fees for everyday ratepayers, I think that is the height of arrogance and being out of touch with what everyday citizens and businesses are experiencing in this province. [interjection] Happy to welcome an additional interjection.

Mr. Dach: Thank you, Madam Speaker. Speaking of the impacts of downloads onto municipalities of extra service requirements and facing smaller provincial government support, it brings to mind a recent occurrence during fire season – it's still not quite over yet –

where west of Edmonton there was a significant fire, a very stubborn fire that got into the ground. It was causing families on acreages to flee for their lives. One of the families was told by the local fire service that if they wished to stay overnight themselves to mind the fire in case it flared up overnight, they could save themselves I believe it was \$64,000. Otherwise, if the fire department stayed, they'd be receiving a bill for \$64,000 for them to tend the fire overnight. That's downloading.

Ms Hoffman: Thank you very much, Madam Speaker. It absolutely is downloading. Let me talk a little bit about other downloading onto other municipalities. We've talked about Hanna, which is in the riding of the new associate minister. Many, many cabinet ministers, I believe the majority in the current cabinet – I could be wrong; I'm happy to be corrected – represent ridings in the city of Calgary. Calgary alone this year lost \$2.5 million because of the government making a decision not to pay its bills, and next year it will lose an additional \$900,000 on top of that. It will be \$3.4 million in one year just to the city of Calgary, where many, many cabinet ministers sitting around the table made the decision that they were going to download these costs onto, ultimately, their taxpayers in the city of Calgary.

Then they'll try to blame somebody else for it. They've made a decision to not pay their bills to the city of Calgary, and as a result ordinary families, whom they are sent to this place to represent, will get those costs downloaded onto them, or firefighters will be fired, or both. Municipalities can't run deficits, so they face tough choices, of course, Madam Speaker. They are put in the position, when the government doesn't pay their bills, of cutting services or increasing taxes or both.

11:30

The government brings us to this place today and wants us, under the leadership of the Minister of Municipal Affairs, who is also a cabinet minister from Calgary, who also sat around the table – so he can't claim ignorance, can't claim naïveté on this one – one of the longest serving members of this place, to say, "Well, we're going to make it so that municipalities can play tough, and we're going to empower them to be able to put more liens on, and they're going to be able to go after people who don't pay their taxes," when the minister who's bringing this bill forward refuses to pay his taxes, taxes that are owed to the city of Calgary on behalf of the government of Alberta for the buildings that reside within the city and services that are expected.

You know, you don't get to a provincial building without driving on municipal roads. You don't get to use the water in a provincial building – for example, in this place I go into the back kitchen, I turn on the tap, and I take a glass of water multiple times a day. Thank you, city of Edmonton. Thank you, ratepayers in Edmonton. Sorry that the government has decided to only pay half of what they're owed for the taxes contributing to this place. It's not like we're using half as much water as we used to use. It's not like we're only going to call the fire department half as often. It's not like we're going to avoid driving on half the roads to get here. It is the height of arrogance to say that we need to play tough and put liens in place for municipalities to go after those who don't pay their bills when the government refuses to pay theirs. Unpaid taxes, they say, amount to well over \$200 million. Well, add another \$30 million to that because the government refuses to pay theirs fully this year.

Again, there are so many questions that my colleagues have brought forward, and I will add a few as we're in second because I certainly hope that either the government answers them at this stage or in committee. When the government says that this is going to enable them to collect more taxes or more of their fair share, how

can we as citizens trust in that when in the past even these corporations that they're supposed to be going after haven't paid them? What's going to turn them into good citizens to take care of their environmental liabilities, that are impacts of this as well? The government says that there is more than \$200 million in outstanding unpaid taxes. Does the government have any estimate of how much municipalities will recoup with the ability to levy liens? If not, how can they put this forward as a solution when they haven't assessed what the problem is and how much this will actually address it? I would love to hear a little bit more about what kind of actual – we have to hear people talk about economic impact assessments. Like, surely there was some sort of assessment, some sort of projection, and some sort of accounting if this will make any impact on that.

Another example that was articulated is if there are two counties that a municipality is operating in. In the first county the company has assets, but they don't pay very good returns, and they don't pay their municipal taxes in turn, but across the county line in another jurisdiction the same company is making significant profits, and therefore they're always paying their taxes. Why is the government creating a structure where somebody who refuses to pay in one jurisdiction is being let off the hook? Why shouldn't all municipalities that corporations are operating in be expected to be treated equally and contribute to the operations of those jurisdictions fairly? [interjection] Happy to accept the third interjection.

Mr. Dach: Thank you, Madam Speaker. I would like to address the question of being let off the hook, which is what's been happening for too many years to oil and gas companies in particular, where they've decided not to pay their taxes and allow municipalities to struggle. What happens with those municipalities who end up on the short end of the stick with respect to taxes owing is that ultimately they fail in certain circumstances. We see annually now an increasing number of municipalities getting folded into their county as the result of becoming insolvent. The Minister of Municipal Affairs, certainly, with this piece of legislation hopes to avoid those kinds of things, but indeed, unless there are some real teeth in these mechanisms, just simply negotiating or giving the municipality the ability to negotiate isn't going to work. They need to deny operating licences.

The Deputy Speaker: Hon. member, I hate to interrupt, but the time goes back to Edmonton-Glenora.

Ms Hoffman: Thank you very much, Madam Speaker. May I ask how many minutes remain?

The Deputy Speaker: You have six.

Ms Hoffman: Oh, excellent. Opportunity to respond and also talk about a whole additional section here.

Definitely, I'd say that one of the things I'm most proud of when we were in government – and there's a long list: child poverty reduction, of course, comes very high on that list; keeping our commitment to give stable funding to education and to build so many schools that were needed is very high on that list; having labour peace, essentially, in health care and creating an environment where health care workers, you know, could hopefully come to work and focus on their job and not feel like the government was making it harder for them every day; freezing tuition, freezing the fees for postsecondary institutions.

It was actually freezing the fees on a cold day in the winter, probably around 2005-ish, maybe 2006, where I first got to really meet Dr. Raj Pannu, who was a member of this Assembly and who I'm confident acted in many critic roles, probably including

Municipal Affairs and maybe even Finance over the years. He had been our leader of our party as well. It was on the front steps of this building where I got to have a real conversation with him. We were out there frozen. It was winter, and we were all in our coats, and we'd all walked across the High Level Bridge from the University of Alberta to come on this place and to compel the government to freeze the fees, which they didn't.

Actually, that conversation gave me the confidence to go up to Dr. Pannu the next time I saw him and have another conversation and another one after that. The longest one I had with him, actually, was on an airplane when we were flying from Calgary to Edmonton. I was sitting at the back of the plane, and he was sitting at the front. I was so excited to see him, but I, you know, didn't want to be a jerk and go up and harass him. Then the flight attendant came on and said: "We need to balance out the weight on the plane. Would somebody on the back left side of the plane be willing to come to the front right?" I rushed up there right away, sat down beside him, and took that opportunity on that 30-minute flight to have a really good conversation. I think that's one of the conversations that brought me to be inside this place and gave me the opportunity to actually follow through on what he and I both rallied for on the front steps of the Legislature about a decade earlier, freezing the fees.

All of this relates back, of course, to the bill at hand, the Municipal Government (Restoring Tax Accountability) Amendment Act, 2021, in that government should not operate in silence. They should not try to be disconnected from what happens in other ministries or what happens to the folks that we represent, the everyday families we represent. When this Minister of Municipal Affairs comes and says, "Hey, I've got a solution. Let's stop paying our taxes, at least half of them. Let's cut our taxes in half to municipalities. That's going to save us a bunch of money," I think it's incumbent on the other ministers around the table to unpack that a little bit and say, "Hey, hold on a second here. What's that going to mean to social services in our community and their need? What's that going to mean for the roads that we have to repair? What's that going to mean for the fire department budget? What's that going to mean for policing? What's that going to mean for libraries? What's that going to mean for transit?"

But it seems that this government has instead decided that they're going to impose a problem, cut what they pay by half – \$30 million a year, affecting 170 municipalities, I believe it was – and then say: "But it's somebody else's fault. We'll give them a hammer so that they can go after other folks who aren't paying their taxes even though we aren't going to pay ours." It just seems so disconnected from reality. What happens at the end is that all – this is where trickle-down does impact people – that pressure of cutting what it is that government is supposed to be providing to other orders of government, that they created and compelled to deliver these services on their behalf, trickles down to the taxpayers, to the ratepayers, to the citizens of those municipalities, and they either get their services cut, or they're asked to pay more. Often it's both.

This government has decided to bring forward a bill that they say will give new powers without actually saying what the monetary impacts will be, but they've refused to actually look at what they could do to make things a little bit easier for the citizens we all represent. Certainly, one of those things would be to actually pay their own bills. If they paid their own bills, there would be less pressure on all of us as citizens, as taxpayers, to pay the province's bill on their behalf.

According to the latest RMA survey – again, regional municipalities association, 69 members – there is \$245 million in unpaid property taxes. This survey was done this last February. The

president, Paul McLauchlin, has told the caucus that the problem has continued to get even worse since the survey just less than a year ago. The president was also quoted in the government news release but has called for action for the AER licensing issue to be identified, which other speakers have already highlighted, I believe.

11:40

According to the government of Alberta 40 to 60 per cent of the taxes that are unpaid come from companies that continue to operate in Alberta. I guess it's not a big surprise that when the government itself refuses to pay their taxes, corporations that don't pay their taxes feel that they're justified in that. We should be here leading by example. We should be doing our part, whether it's in response to the COVID situation and the responsibility that we all need to take to make sure that we create a safer society for all, that it's safer for those seniors who live in our province who are at greatest risk of deadly consequences of COVID, or whether it's children who still don't even have the choice to get vaccinated.

The Deputy Speaker: The hon. Member for Lethbridge-West.

Ms Phillips: Thank you, Madam Speaker, and I rise to provide some comments at this stage of debate for Bill 77, the Municipal Government (Restoring Tax Accountability) Amendment Act, 2021. This is a significantly and notably partial response to a massive problem of sustainability for rural municipalities in particular. This issue has been growing exponentially, in fact, since 2019. The 2019 survey conducted by the Rural Municipalities of Alberta indicated that the unpaid outstanding amounts were around \$81 million, and they now stand at about \$245 million. That's a 200 per cent increase from 2019.

This is an incredible amount of duress for a number of municipalities that are already bending and, in some cases, breaking under the weight of new policing funding formulas and being stuck with the tab by the province on this. With the reduction in various funding envelopes, whether it's the Alberta community resilience program, which allowed, especially, smaller towns and centres to upgrade infrastructure in particular in response to more frequent and severe flooding events, that piece of infrastructure funding disappearing from the books in the province, changes to the municipal stabilization initiative, reductions to regional economic development organisms – for example, in southern Alberta the operating budget for SouthGrow and others – we have a number of challenges for municipalities.

You know, in fairness – I always try to find the fairness here, okay? – maybe we can have a good-faith conversation about the relative amounts available to the government of Alberta to transfer to municipalities for things like infrastructure, municipal stabilization initiatives, or other program or capital spending. But what is so curious about this piece of legislation, Madam Speaker, is that this is not GOA money. This is simply the GOA empowering municipalities to collect amounts that are outstanding to them, having absolutely no impact on the bottom line other than positive for the province, because ultimately, if municipalities can recuperate the taxes and amounts that are due to them from the private sector, then this, frankly, takes the pressure off the government of Alberta to be making up those amounts. [interjections] I will yield the floor to my hon. friend.

Member Ceci: Just briefly, as the former minister of the environment – of course, what this legislation does is that it puts municipalities second behind the Crown or AER in terms of potentially being able to recoup monies owed to municipalities. It puts them second behind. In your former role as the environment

minister if a company is insolvent or going insolvent and has obligations, will there be any money left, in particular if it's an oil and gas company that has outstanding obligations under the orphan well fund? Do you believe there'll be any money potentially left for municipalities to garner once that situation starts to unfold? That would be my interesting question. In your former role you probably have some experience and knowledge of this.

Ms Phillips: Well, thank you for that query, and it is a good one. Certainly, as a condition of approvals under the AER operators have certain responsibilities for reclamation, abandonment, and so on. In the cases of insolvency it would depend, quite frankly, on the level of those liabilities left on the landscape, the scale of that particular operator's operation, and the stage in which those operations were actually when the company went insolvent.

The hon. member raises a good point that it is only in this case where this piece of legislation is changing the corporate tax and the liability environment for these operators vis-à-vis municipalities. There are so many other ways. Again, it is very curious that the government will not undertake this. They profess that they have a problem with fiscal sustainability. I would argue that, you know, when you give away \$4.7 billion in a corporate tax cut that does not achieve your economic objectives, when you seem to be completely fine with flushing \$1.5 billion on a ghost pipeline that depends on an extremely egregious human being to get re-elected to office, maybe you have some other problems related to fiscal sustainability.

Nevertheless, if you are claiming that there is no money in the till, the fact of the matter is, you would think, that you would be looking for other legislative tools to make up those shortfalls that are created not only by unpaid taxes but also by the downloading of policing costs, other infrastructure costs, changes to MSI, and other challenges that are being faced by rural municipalities across the province, Madam Speaker. That is why it is so curious that the government appears to have not at all listened to rural municipalities.

I can recall asking the Minister of Municipal Affairs in the budget estimates debate in 2019 in the fall about his response to this persistent problem, at that point identified as \$81 million in outstanding by the RMA, and they were passing resolutions at that time. I remember asking, putting the question directly to the Minister of Municipal Affairs: are we going to see some amendments to the legislation around this in the ways that the RMA are asking for; for example, whether the acquiring company has any municipal property taxes outstanding, whether municipalities may use tax recovery powers available for other pieces of property to address this nonpayment issue?

At the time, you know, the minister sort of slow rolled it and put it into a typical government kind of process answer of: oh, we're examining all of our options. Clearly, they were not because two years later here we have a piece of legislation that does not at all examine any options except for this one very narrow one in which it may not in any case address the actual majority of the problem, which is that, in fact, solvent profitable companies are just simply not paying their taxes.

It is so curious that this government would choose inaction when they could very simply put it in this piece of legislation and actually do something in the month of November when RMA meets, actually do something that people like. This is a novel concept in government, Madam Speaker, whereby governments do things that respond to people, and it makes people like them. Right now we have a situation where our government is not doing any of the things that people like, not even things that don't really cost all that much money, which having a more robust piece of municipal government amendments come before this House in order to properly empower

rural municipalities to get themselves on a better fiscal sustainability footing – that might have occurred to them.

11:50

Alas, with the least popular government in Canada led by the least trusted Premier in Canada, we simply seem to serially choose the option that does not respond to people's legitimate concerns, their legitimate feelings of uncertainty and what the future may hold, in particular for rural municipalities, who need that kind of certainty and planning, as I mentioned, in the face of a number of other government cuts but also in the face of the persistent out-migration out of Alberta and the persistent issues with rural and small city and small town sustainability that we see across the province.

We are on now five straight quarters of out-migration in Alberta. We are seeing now that it's not just anecdotal. We're seeing survey results now coming out saying that younger people in particular are not seeing their future in this province. [interjection] I yield the floor to my hon. colleague.

Ms Gray: Thank you so much. The five straight quarters of out-migration are incredibly concerning and something that is quite new to Alberta and needs active attention and strategies to try and maintain, yet this session we've not seen the government put forward any legislation that would support Alberta's youth to stay here in the province, to attend local postsecondaries. The affordability issue is a huge challenge.

As well, the government's very aggressive stance when it comes to our workforce, our health care system really seems to be having a strong impact. When we look at the outward migration, it is Alberta youth. That seems to be the real issue. When we're thinking about our rural municipalities, when we're thinking about rural sustainability and the need for rural doctors and health care professionals, I think that the connection you're drawing is important.

Ms Phillips: Well, you know, this issue of unpaid taxes, Madam Speaker, goes to rural sustainability and overall optimism for the future in the province of Alberta in the following way: if we do not have the right statutory regime in place such that municipalities can recover these unpaid amounts, particularly from those that are profitable and solvent, what ends up happening is that the municipality must then, in order to maintain, either have to cut or eliminate services or in some cases disestablish themselves entirely and be folded into a larger municipal district or county or whatever the case may be, as we have seen happen over the last couple of years.

But what happens is that those unpaid amounts – there has to be a base level of services remaining to be provided. Those go on to the residential or the other light commercial tax base. That becomes an increasing amount that needs to be taken up by people who are just trying to get by. In particular, then, if you're seeing these large increases in property taxes, whether it's to start a business or on your own home, one's calculation for staying in that community becomes ever more difficult.

Now, layer on top of that the fact that the school board in many rural areas and small towns is, in fact, the largest employer and you have a government that had no problem at all issuing 18,000 pink slips last spring. After that, oftentimes the health authority is one of the largest employers. We've seen an increasing level of reduced optimism from front-line workers. [interjection] I recognize my friend from Calgary-Buffalo, who has an intervention.

Member Ceci: Thank you very much. Of course, listening to my colleagues, previously from Edmonton-Glenora and now you, I'm just wondering about owners of property, oil and gas property companies, that have chosen to, you know – it's not a large amount

of players, but it is some players who have chosen to not pay their municipal taxes. I'm just wondering if you want to, through this bill and your understanding of this bill, speculate why that belief that municipal taxes are the last or not even required to be paid, if any of that, comes from the last two years plus and the views of this government.

Ms Phillips: Well, thank you to the hon. member for that question. Now, here's the thing. The algorithm of deterrence is such that if one does not want to do the thing that is prescribed in law that one ought to do, if there is no sanction for that or if it is not of the appropriate level of consequence, then the rule will simply not be followed. That is exactly what we see here, which is why there are some very simple legislative tools that could be restored to this legislation and actually make it meaningful for smaller municipalities in particular and counties as well and others.

One of the things that really does put a lot of pressure on municipalities and, again, could be a way that the province engages in at least some level of burden sharing with respect to the issue of unpaid taxes is that there's an education portion of our property tax, right? We all have this on our property tax bills for our homes, but some companies have this, too. Now, the municipalities are still on the hook for forwarding those unpaid amounts to the province even if the original folks who were supposed to pay that part of the bill don't pay it.

Now, here the province could simply recognize that this is an ongoing issue, which may in fact incent a little bit more action on the actual collection of those unpaid amounts by the province because they, then, too, would have to burden share in terms of the lack of collection. What they could say to municipalities is: okay; if these guys aren't paying that, then you don't need to forward us those education amounts because you simply do not have them. Otherwise, what municipalities are having to do is go back to the rest of the taxpayers and/or eliminate programs in order to forward those amounts.

So here, too, there is a level of partnership with the municipalities. These aren't my ideas; they're the ideas of the Rural Municipalities association. There's a level of co-ordination, of recognition that we are not levels of government. We are orders of government, and everyone has a role to play here, even if we have situations where the economy might mean that we have a more cyclical nature to some of the unpaid taxes.

Now, what I would argue, Madam Speaker, is that given what we saw in the latter half of 2020 in terms of recovery, crown leases, land sales, and projections for new activity – you know, we had that 203 per cent increase in unpaid taxes from 2019 – what we should be seeing now at this point in 2021, at this late stage, is an indication that those increased levels of activity in the oil patch that we started to see at the end of 2020 should be resulting in better fiscal stabilization for municipalities. I'm not hearing that yet, and that will be a question that I will certainly have in and around RMA when I am meeting with folks.

You know, I have heard over the last two years a level of frustration and anxiety from rural municipalities that are significantly affected by this, and I know that the members across the way have as well. They must share my frustration, in fact, that this piece of legislation is so woefully inadequate, that it does not take, like, low or no cost, in many cases no cost, steps to rectify this problem. It's not just about the money that might be recouped through adding a couple of legislative tools to the MGA or other pieces of legislation in order to make it easier for municipalities to recover these unpaid amounts. It's not just about the financial benefit that municipalities and therefore their tax base, that is to say the residents and the smaller business owners and others who are paying their taxes . . .

The Deputy Speaker: Hon. member, I hesitate to interrupt, but the clock now strikes noon. The House stands adjourned until 1:30 this afternoon.

[The Assembly adjourned at 12 p.m.]

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