

Province of Alberta

The 29th Legislature Second Session

Alberta Hansard

Tuesday morning, May 31, 2016

Day 36

The Honourable Robert E. Wanner, Speaker

Legislative Assembly of Alberta The 29th Legislature

Second Session

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Legislative Assembly of Alberta

10 a.m.

Tuesday, May 31, 2016

[The Deputy Speaker in the chair]

Prayers

The Deputy Speaker: Good morning.

Let us reflect. Let us reach into our creative minds and think outside the box in looking for new and innovative solutions that'll lead us to new opportunities, ideas, and thoughts. May we continue to work collaboratively in this Chamber, always remembering that we're working towards making Alberta a better place for future generations.

Please be seated.

Orders of the Day

Government Motions

The Deputy Speaker: The hon. Minister of Municipal Affairs.

State of Emergency

18. Ms Larivee moved:

Be it resolved that pursuant to section 18(4) of the Emergency Management Act the Legislative Assembly continue the state of emergency declared in the regional municipality of Wood Buffalo on May 4, 2016, OC 107/2016, up to and including June 30, 2016.

Ms Larivee: Thank you, Madam Speaker. This extraordinary emergency requires co-ordination well beyond the boundaries of Wood Buffalo. This can be best accomplished under a state of provincial emergency. Evacuees are currently spread throughout the province and, in fact, throughout Canada. The careful, orderly return of 80,000-plus people to Fort McMurray has to be a responsibility taken on by the province. Extending the state of emergency will allow the province to provide a greater level of coordination and support to evacuees and the municipality and bring provincial assets and resources that are needed throughout the initial re-entry phase.

The council has been consulted and supports extending the state of provincial emergency. As soon as this re-entry phase is complete and the municipality feels that it has the capacity and ability to take on the responsibilities, we will transition authority for this work back to the regional municipality of Wood Buffalo, with the full knowledge that provincial resources and support will still be available and provided where and when they are needed.

The Deputy Speaker: Any other hon. members wishing to speak to the motion? The hon. Member for Olds-Didsbury-Two Hills – Three Hills.

Mr. Cooper: Thank you, Madam Speaker. I feel like I may have been discounted a hill there. It's not a significant challenge. The good people of Three Hills will be happy to have an extra hill. You should come sometime. It's lovely there. You can see all three of them

In all seriousness, it's my pleasure to rise to speak in favour of the motion that the hon. minister has brought forward. I'd just like to take a couple of moments to thank so many in the regional municipality of Wood Buffalo, to thank so many of the first responders, firefighters, individuals who've been literally working around the clock to prepare for tomorrow's events and the staged re-entry.

There have just been so many heartwarming stories. I think of the story and the video footage, that's been making the rounds, of the 300 South African firefighters who are coming to the aid of our province. There really has been much about a horrific situation that has brought out the best in people.

I appreciate the government's decision to not enter into this motion lightly. I appreciate that they reached out to the council. I think that given the circumstances that surround this and the significant number of logistics that still remain, particularly in light of getting folks of Fort McMurray back home from all around our province and our country as we continue to serve those folks who have been evacuated to evacuation centres and as we move to see a number of those close as well, this is a reasonable motion.

Obviously, any time the province declares a state of emergency, it should be done with the fulsome thought and discussion of the severity of that. In this case members on this side of the aisle also agree that it is a step that needs to be taken, so we'll be happy to support this motion.

The Deputy Speaker: Thank you, hon. member. For the record I've spent time in Two Hills, in Hairy Hill, in Blue Hill, but I've never visited Three Hills, so I look forward to that opportunity soon.

Any other hon. members wishing to speak to the motion? The hon. Member for Calgary-Elbow.

Mr. Clark: Thank you very much, Madam Speaker. I just wanted to take a brief moment to thank the minister and all of the staff within Municipal Affairs, within Transportation, within Environment, all of the emergency responders, first responders for the remarkable work that's gone on. It's been amazing watching the outpouring of support from Albertans, from around the country, and from around the world for what is, you know, the single greatest natural disaster in our province's history, I'm sure, and perhaps even our country's history. The scale of what has gone on is truly remarkable

So, of course, I support the extension of the state of emergency. It's not something, I think, to be taken lightly when we're establishing a provincial state of emergency, and I know it's something the minister and her team have thought very hard about. When we have a situation where we're working in consultation with the municipality and they've made that request, for the provincial government to then respond to that request, especially as we move through this very important milestone of moving back into the regional municipality of Wood Buffalo, getting people back into their homes in a safe, controlled manner, I think the state of emergency will give us the tools that are needed.

But I do want to take this opportunity just to express again to the people of Fort McMurray that we in this Assembly and Albertans and, I know, Canadians are with them through this challenging time. It's going to be a long road; there's no question. It's going to be a long road, but it's an important milestone tomorrow as we finally start to see people back in their homes. That will be an important day.

You certainly have my commitment to provide whatever support we can over the months and years as people resettle and rebuild. Fort Mac will fight back. We've got your back Fort McMurray.

Thank you very much to the minister, and thank you, Madam Speaker.

The Deputy Speaker: Standing Order 29(2)(a) comes into effect should any hon. members wish to take advantage.

Seeing none, the hon. leader of the third party.

Mr. McIver: Thank you, Madam Speaker. I just wanted to rise in favour of the motion that the Municipal Affairs minister is leading on and just say that I understand that it's going to take a little bit longer and that to give the province the authority to do what they have to do right now seems like a completely reasonable thing. My only encouragement would be for them to be careful and to use that power for good wherever they can.

I had the opportunity to spend some time with some of the folks from the Fort McMurray Construction Association last evening, and they remain concerned that too much of the work to restore the municipality and the region is going to people outside of the municipality and the region. When the government says that they're trying to include people from the municipality and the region, I'm not doubting that, but I would ask the government to use these extra powers, amongst other things, to look to see if you can have the work to restore the community done by people that live and work in the community because what will actually put the community back to work.

10:10

I would respectfully ask the government to be very careful and to make efforts in that direction when and wherever they can and to carefully consider definitions that might be in use right now for what is a Fort McMurray company. As I understand, the common belief is that the definition is that if they have one employee from Fort McMurray, that's a Fort McMurray company, which could explain, if that is indeed the case, why some people from Fort McMurray feel like there are a lot more people from outside doing the restoration work than from inside. Again I will respectfully ask the government to consider these things carefully.

With that, I shall sit down and prepare to support the motion before us.

The Deputy Speaker: Any other hon. members wishing to speak under 29(2)(a)?

Any members wishing to speak to the motion? Seeing none, I'll call the question.

[Government Motion 18 carried]

The Deputy Speaker: I apologize, hon. minister. I didn't ask you to close debate. It's early in the morning.

Ms Larivee: I'm okay with that.

The Deputy Speaker: All right.

Government Bills and Orders Second Reading

Bill 20 Climate Leadership Implementation Act

Mr. Cooper moved that Bill 20 be amended by deleting all the words after "that" and substituting the following:

Bill 20, Climate Leadership Implementation Act, be not now read a second time but that the subject matter of the bill be referred to the Standing Committee on Resource Stewardship in accordance with Standing Order 74.2 and that the committee report back to the Assembly no later than October 31, 2016, if the Assembly is then sitting or, if it is not then sitting, within 15 days after the commencement of the next sitting.

[Adjourned debate on amendment May 25: Mr. Bilous]

The Deputy Speaker: The hon. Member for Lac La Biche-St. Paul-Two Hills.

Mr. Hanson: This is speaking to the referral motion?

The Deputy Speaker: Yes.

Mr. Hanson: Thank you. I want to stand and just reiterate our position on bills like Bill 20, that are very, very important, that have far-reaching consequences for all Albertans. The importance of referring this to committee is so that people will have a chance to stand up and speak and have their input on it.

I was at a meeting last night. We spoke to a gas distribution company, one of the major ones here in the province. They're very concerned as a distributor and a consumer because of the staff that they're going to have to hire just to implement this program, that is going to be onerous.

I've talked to a municipal leader. You know, with the removal of the grants in lieu of taxes and some of the MSI funding that they've lost and now this carbon tax on top of that and the fact that they've had no input into it, they're very concerned and haven't been properly informed on where the government is going with this and how it's going to affect these companies. They only have one other source of income, and that is to pass any of their costs on to the ratepayers in their communities. There's a very big concern about that from my communities.

Albertans are very concerned about the priorities and the time that was given to a bill of this magnitude and why it has been slid into the back end of this session. You know, we've gone through 19 bills prior to this one, and some of them have been referred to as *Seinfeld* bills, which are bills about nothing, such as Bill 1, which has been on the books and off the books and carried all the way through session. Our feeling is that Bill 20 should have been brought in much, much earlier in the process here in the spring session and a lot more time given for debate. We would like to see it put to committee so that we can have some input from Albertans and have a chance for Albertans to better understand it.

I really do feel that we have another Bill 6 on our hands going forward. I'm starting to hear the rumblings. More people are getting concerned. More people are contacting my office. More people are calling me and sending me e-mails. Facebook is starting to rev up again just like it did with Bill 6. I really, really, you know, would recommend to the government that we not read this a second time or put it to third reading but that we send it to committee and have it properly studied and allow Albertans a chance to have some input into this before we commit them to a \$3-billion-a-year carbon tax.

Again, I find it kind of surprising that the government wants to go down this road again after what happened with Bill 6. It all came down to not talking to communities, not talking to people, not letting stakeholders have their input into the process. I really think it's a mistake for this government to push this bill through, to force it through at the end of the spring session without allowing us adequate time to debate it and allowing us the chance to go and talk to our communities before we have to make a decision on this.

So that's my position. I think we should refer this to committee and carry on with that. Thank you.

The Deputy Speaker: Standing Order 29(2)(a)?

Seeing none, are there any other members wishing to speak to the amendment? The hon. leader of the third party.

Mr. McIver: Thank you, Madam Speaker. I'm happy to stand and speak in second reading of Bill 20, which is titled the Climate Leadership Implementation Act. We've heard from a number of members already that there are significant flaws in the bill, and indeed on this side of the Assembly we still wouldn't mind seeing it sent to committee. We think that would be a better outcome to deal with the multitude of flaws in the bill.

The starting place is probably with the title of the bill because this particular bill doesn't really do anything for climate change. We know for sure that it's a wealth transfer program that will tax every member of society. [interjection] Of course, the government has said that themselves, so it's kind of funny to hear a government member laughing at a provision that her own government put in the bill. It's a wealth transfer process, where 60 per cent of Albertans will, in the government's words, get the money back.

Now, the government's words there aren't accurate either because they'll get some of the money back, not nearly as much as they'll pay. While the government hasn't admitted this, which is kind of weird because it seems as obvious as the nose on any of our faces, they won't get it all back. The government's own policy says that people will get back the amount they spend on gasoline in their vehicle and that they'll get back roughly the amount that they spend to heat their home. The assumption that the government seems to be making is that nothing else will be affected by this, that nothing else they buy will be more expensive. Of course, nothing could be further from the truth since almost everything else they buy arrives at some point on a truck or a train.

Consequently, essentially every family in Alberta will be poorer because of this bill. Sixty per cent of Albertans will get some relief from the additional taxes that the government is heaping upon them but surely not full relief, and consequently most families will be short somewhere between \$1,000 and \$2,000. It depends upon how much their family budget is, but it'll surely be light a bunch of money at the end of each and every year for whatever period of time Bill 20 is in effect, should the government still decide to forge ahead with this and not take a more reasonable approach and look for a climate change bill that actually does something for the environment. This one, clearly, is heavy on wealth transfer and light on the environment, and these are issues that certainly our caucus is concerned with.

Now, the government, unfortunately, in their debate has tried to make this, "You're either with us, or you're against the planet," which, of course, is a ridiculous argument. I think we've all accepted that climate change is a real concern. This bill, that headlines itself as doing something for the planet, actually doesn't, and that's one of the biggest concerns. There is very little of anything in this bill that actually does anything for the environment.

On the tax operations, if we look at section 4(2)(c), the part that deals with the carbon levy on certain fuels, that part doesn't address if the tax will apply to transformation of fuels into other substances. For example, if somebody transforms methane into synthesis gas and then into methanol and other fuels, how is that taxed? It isn't completely clear. While it looks like it is partially covered under 1(1)(hh), the definition of "rebrand," there remains an open question about carbon-emitting substances that can be used as fuel but which aren't generated or consumed using the processes set out in the schedule beginning on page 74 and following. Governments around the world, Madam Speaker, have learned the hard way with drug laws that careful attention to chemistry and processes is crucial in preventing criminals from getting around the law through technical modifications. This bill seems to fall short in protecting against those concerns.

10:20

Also important, there's no solid definition of a fuel system. We can hope that the regulations will define a fuel system, but the question remains if a fuel system can be decoupled or otherwise circumvented to avoid being captured by this provision. What about other systems where the fuel is not intended to produce heat or energy such as vehicles that carry refrigerated goods where the

intent is to provide cooling and where any heat produced is a by-product? It's not clear how that's treated.

Section 26(2): this part deals with recovery, refunds, and credits. It's not clear if Albertans will be taxed on fuels that leak during transport or transfer. It's probably a small amount of fuel overall and should be addressed proactively, but it's in Albertans' best interest to be open to the possibility of disruptive and expensive assessments and court proceedings under part 2 for reporting errors due to leaks. Let's find a way to make this clear while we choose to aggressively tax fuel whether it's leaky or not. This is one of the many things where the legislation falls short of being complete or being clear or being in Albertans' best interest.

In the legislation itself in section 34(1) the clause makes outstanding carbon levy payments the most senior class of debt in a bankruptcy, which is pretty interesting. Banks and other lenders that provide business financing capital would be lower on the list of creditors, potentially increasing their risk as lenders. Once again, the government is being insensitive to business, making it harder for business to get the investment they need to create jobs. They called their whole budget the jobs-creating plan though it doesn't create a single job that we can see, surely not as many as it kills, that's for sure. This is just one more example of another piece of this government's legislation that's hard on business, making it that little bit tougher for businesses to get loans from the banks by reducing the banks' interests below that of the carbon levy tax in a bankruptcy situation.

Similarly, it's not clear where Alberta's municipalities are on the list for outstanding property taxes, et cetera, nor where the Canada Revenue Agency would fit in on unpaid taxes, EI, GST, et cetera. It's kind of interesting that the province has put themselves above the federal government – it certainly appears that, anyway – on the recovery of their carbon tax, potentially before the federal government does. I'm not sure whether this is begging for a lawsuit or whether there is some precedent that sorts this out or not, but I haven't heard any explanation from government ministers or members to see where this all lands. This section needs to provide better clarity about where other creditors fit in during bankruptcy so that the government doesn't unwittingly do harm and jeopardize the interests of investors or other tiers of government even.

Section 43(1) deals with a notice of objection. This part does not outline how the grievance process will be administered; what type of administrative body, if any, will be needed to create and deal with these types of concerns; and at what cost. How much of the carbon tax is going – again, we haven't really found anything that is going to help the environment. How much of it will be soaked up in administration to deal with these newly formed processes that the government is creating through the potential passing of this legislation?

What kind of consideration did the government give to implementing the carbon tax within an existing tax system rather than building what appears to be a parallel tax system as envisioned in this bill? The government is acting as if this is the first day the world existed instead of trying to fit the legislation into the world as it has existed, as it does exist, and with the history that's here. Madam Speaker, it really shows, frankly, the immaturity of thought in creating this bill, very dogmatic and not at all pragmatic.

Madam Speaker, we cannot support the bill in its current form. Over time we will be bringing forward amendments that attempt to address some of the issues that I've raised just now and other things that we find in the bill as we go on. Clearly, Bill 20, the climate change leadership plan, isn't leadership, it doesn't address climate change, and it surely isn't a plan because it hasn't been thought through. So the government has really gotten this wrong on almost every count.

It's really unfortunate that in Alberta, a place where the citizens care about the environment and care about the economy, there's a bill brought forward that isn't going to do anything for the environment, it is going to significantly damage the economy, and the government sponsoring it doesn't seem to be able to explain it in any reasonable way at all. In fact, even in this House they're ignoring the most obvious, glaring inconsistencies and things that are wrong in the bill.

I'll go back to something I said earlier. It's so obvious, when a household is only going to get rebated for the gas in their car and the heat in their home and everything else they buy has a tax to it, that they haven't put a lick of thought into how much it's going to cost families outside of that. If they have, they surely haven't admitted it in this House, Madam Speaker.

When you think about it, this bill is not ready for the Legislative Assembly. It's probably worthy of the status of a discussion document, of something that could be worked on and that perhaps someday, with a major rewrite and major reconstruction, has the potential to do something for the environment, maybe even do something that the government says all the time but actually never puts any action into. It could actually be something to help spur more diversification of the economy. Instead, what it's going to do is kill the economy. I think what most Albertans know, although the government seems oblivious to it, is that it's a lot easier to diversity the economy when there's money in the economy, moving around through jobs and businesses and investment and things like that.

Bill 20 will actually decrease jobs and businesses and investment and at the end of the day will be a huge hindrance to the diversification of the economy because it will weaken the economy. A strong economy actually helps bring in the brain power, the people with specific training and skills that would be more able to be part of Alberta diversifying the economy. Unfortunately, under Bill 20 and the consequences, both intended and unintended, it already has started, just the threat of it, to drive people out, drive the skill sets out that we need to diversify the economy. We believe it will continue to do that, and we believe that if the government is misguided enough to put this bill into legislation, it will have long-lasting negative effects on Alberta's economy, little to no positive effect on Alberta's environment, and will be a hindrance to the quality of life for Albertans for a long time to come.

For that reason, I will sit down now, and we will look forward, later on in the proceedings, to where our party will bring forward some amendments to try to improve what is, sadly, a very damaged, ill-conceived, really not ready for prime time piece of legislation.

The Deputy Speaker: Under Standing Order 29(2)(a), any questions? Go ahead.

Mr. Cooper: Thank you, Madam Speaker. I know that the leader of the third party has served in public life for quite some time, a number of years here in this Chamber and then has a very well-established record as a leader in the city of Calgary. Over that time, I just wonder if he might be able to provide the House with some comment on the types of good work that can take place at committee. This motion intends to send this piece of legislation to committee for a ton of great reasons, including Albertans being able to provide testimony. I just know that he has experienced some successful process at committee. I'm just curious to know if he might be willing to share with the House why that might be a reasonable thing to do with this piece of legislation.

The Deputy Speaker: The hon. member.

Mr. McIver: Thank you, Madam Speaker, and thank you to the House leader from the Official Opposition for the question. He'll

be happy to know that I can report that there can be a lot of good work done at committee. In this House right now, as it should be, there are the 87 of us here, and we are all here to discuss and debate issues. But let's face it. We are politicians, and, yes, each of us has individual skill sets and experiences from our life previous to politics. But at the end of the day, our job is really not to be experts at anything except understanding what's good for Albertans, combining that with what the professionals in the public service bring forward for recommendations, and applying the public interest to either accept those recommendations if they're good for the public or reject those recommendations if they're bad for the public. And there's nothing wrong with that. That's a good process.

But one of the things that can make the process stronger is being in a committee setting, where you can actually have professionals with high levels of expertise, where all sides of the House would have respect for their experience, their expertise, and their background and be able to ask them questions together. It goes a long way towards depoliticizing the process when we can have a known expert ask and answer questions and give testimony and give advice to members from all sides of the House in a less formal, more free-flowing committee structure and can actually help to bring consensus to all sides of the House in the decision-making process. I've seen that over the years. Certainly, on city council it happened over and over and over again and even here at the Legislature.

I haven't done a lot of committee time. But, interestingly enough, during the one committee that the House leader for the Official Opposition and I sit on with members of the government and others, the family-friendly committee, I think we have – you know, at the last meeting, just as an example, we had in the meeting with us by telephone the Speaker of the House of British Columbia, who talked about some of the things that they're doing there to create a family-friendly atmosphere while controlling costs and actually making it work for members of the Assembly there that have young children. That was one of those areas where I think it really brought us all together, gave us a common understanding of the issue.

I dare say – I'm always open to being corrected, but I think I'm pretty safe on this one – that when the committee meeting ended, as a result of that truly external expert advice and information given, we left there with a common understanding and a common purpose and will at some point be ready to come back to this House with a recommendation that I'll be surprised if not all members of that committee support and probably, by extension, all parties in the House support.

That's one example. I've got a limited amount of time. Lord knows, you're all well aware that I can go on for a long time when required to. But the hon. member, Madam Speaker, asked me for an example of when committee work could actually improve the process. I've tried to provide that, and I hope that's helpful for the hon. member and all of the House.

The Deputy Speaker: There are still a couple of seconds under 29(2)(a).

Any further speakers to the amendment? The hon. Member for Barrhead-Morinville-Westlock.

Mr. van Dijken: Thank you, Madam Speaker. I rise to speak to the referral motion on Bill 20. Just some reflections on the previous member talking about the good work that committees can get accomplished and depoliticizing it: I would also agree. My experience on the Ethics and Accountability Committee, that has been struck to try and improve some of the processes within our

democracy here in Alberta – I believe that last week we had a very constructive meeting, with members from both sides of the House being able to have good discussions about how to best move forward in the interests of all Albertans. I thought I should highlight that as another example of where committee work can have a great impact on the confidence that all Albertans will have in the work that's being done in this Legislative Assembly.

I do believe that legislation as substantial as this legislation – some 95 pages long, I might add – needs to go through due process, needs to be sent to committee for study, to call in the expert witnesses, that all members of this Assembly can be exposed to and ask the necessary questions of so we can get both pros and cons with regard to moving forward in a direction such as this. I think it helps to alleviate the fears and to create possible amendments to improve legislation. By improving the legislation, we make it better for all Albertans, and we can build in Alberta a sense of moving forward together.

Wildrose has had a proud history of offering up solutions to environmental problems and to greening the economy. Wildrose members believe in responsible, fact-based stewardship of the environment, so much so that it is part of our member-driven and member-adopted policies. Taking Bill 20 to committee ensures that this is a fact-based exercise, not just some ideology-driven agenda. I refer back to the very fact that we can as Members of this Legislative Assembly take the information from all sides and from many stakeholders and as individuals and as members representing diverse constituencies throughout Alberta discuss the pros and cons of the directions that are being taken and bring forward legislation that possibly is more robust and that addresses some of the concerns that we would have on this side of the House with regard to the legislation that has been put before us at this time.

Some facts, like Genesee 3, a clean-coal technology, electrical generating station: it is a model of technology that needs to be exported. This type of technology needs to be exported to other jurisdictions - China, Japan, Germany - in order to lower their greenhouse gas emissions, clean up the NO_x and the SO_x and particulate matter emissions. I believe that this is one area where Alberta leads in many different aspects of this type of technology, an area where we can export that good knowledge and that good experience to many other jurisdictions throughout the world, that possibly could have a bigger effect on total global greenhouse gas emissions, maybe more so, probably more so, than this taxation policy that this government is proposing to move forward on. China needs technology like Genesee 3 to help clean up their local air quality. Japan and Germany need Genesee 3 technology in order to replace the baseload of electricity being lost as nuclear reactors are shut down.

Natural gas in these countries has to be imported either as LNG, liquefied natural gas, or by pipeline – they can get it by pipeline from less friendly regimes – or a combination of both, but this leaves them in a situation where they are relying on other jurisdictions to fulfill their electricity needs and to make sure that they are in a stable position to move forward with fulfilling the needs that their citizens are looking for.

Madam Speaker, we know that the sun does not always shine and the wind does not always blow. Battery technology is not there yet, and there needs to be a baseload available. Wildrose members want to make sure that an internationally competitive regulatory and fiscal regime that attracts and retains both upstream and downstream investment exists in Alberta. Not only this, but Wildrose members want to ensure that Alberta's standards for CO₂ emissions and pollutants fall in line with national and international standards. Again, Wildrose policy: there we are again, Wildrose members thinking outside the box and knowing that we have to get

along with our neighbours in Confederation, with other countries to make a difference in the environment.

10.40

This is a big question of the carbon tax and of Bill 20. Are we going to be in line with national and international standards, and if so, will we be able to attract the investment in both upstream and downstream oil and gas development? We do have to recognize the need to be globally competitive, the need to not put our jurisdiction at risk in the ability to compete in the global trading that we are in at this time. We need to be able to have those discussions in an open and transparent way in committee and to be sure that we are not only going down a route that allows us to address greenhouse gas emissions and that type of thing but that we are also addressing the impacts of the taxation that's being proposed and how that possibly will impact our competitiveness, especially if it's not being embraced throughout the world, where our competitors are also producing.

Are we going to be in line with those national and international standards? I would suggest that going to committee will allow us to get the experts in to answer these questions for us, to help us develop legislation so that we'll be sure that we are able to hold the standards on both sides of the equation, that we continue to be competitive and that we continue to address greenhouse gas emissions globally.

There are parts of Bill 20 that play into Wildrose's policy to examine ways to move electricity generation closer to the end user so as not only to improve efficiency and reduce total demand but also to promote and encourage microgeneration of electricity by all parties. This would include industry, microgeneration within industry, individuals that might see an opportunity to have this to help support their electrical needs but then also to sell back into the electrical grid if that can be made possible, and to possibly – I have a long history of involvement in different co-operative movements. Co-ops are a very effective way as a community to come together and to recognize the need for some of this and to embrace these opportunities and to be able to recognize that it's an opportunity that can benefit a whole community.

I think that by referring this to committee, we allow that we can examine some of these Wildrose policies also and see where they can help achieve good results through Bill 20. For these reasons and many others I will be supporting this referral motion and would like to see more committee work being done, where we can, as the Member for Calgary-Hays stated, depoliticize many of these decisions going forward and come to an environment where we can feel that there's been good, wholesome discussion and input from all sides of the House before the legislation comes to this floor and that we have a good understanding of it before we see it come to us as a bill 95 pages long, and we have a week to digest it.

I guess there are a lot of dynamics within the bill with regard to how it affects the day-to-day administration of this taxation and how we do the nitty-gritty, I'm going to say, of the bill. Can we do it in a way that is going to benefit all Albertans? Are we going to be able to benefit the competitive side of individuals in industry as well as do our part to address the greenhouse gas emissions globally?

This is a discussion that needs to be done around the table and as we develop legislation, not after legislation has been developed. I think that all of Alberta is best suited and best served when we are able to do that in a very transparent and open manner in committee, relying on experts and relying on witnesses. Stakeholders will be affected and will have consequences that they will need to try and address in their day-to-day lives.

Thank you for that, Madam Speaker.

The Deputy Speaker: Standing Order 29(2)(a). The hon. Member for Olds-Didsbury-Three Hills.

Mr. Cooper: Thank you, Madam Speaker. It's a pleasure to rise. I'd like to thank the hon. member for his support of this motion to refer to committee. I know, because he's a good colleague of mine, the importance and the value that the member puts on the feedback of his constituents.

I also appreciate a lot of the work in terms of outreach that the government did prior to writing the bill. They went out and spoke to a lot of Albertans. But there is a significant difference between speaking to Albertans to get their feedback before a piece of legislation is written and then going back out to Albertans and asking: "Is this a reflection? Is this what you were looking for when we came and asked for your feedback? Did we get it right?" The actual feedback from constituents on what is before the Assembly is of critical importance, and I know that the hon. member values that input from his constituents.

This particular piece of legislation, as he mentioned, is some 95 pages, around 100 pages, comes with a royal recommendation, and it was introduced exactly one week ago, on Tuesday, the 24th of May. The government required debate on the bill the day after, so on the 25th and the 26th the bill was debated. Then on the 27th, being Friday, many of us were back in our constituencies. Again, I can only imagine that the hon. member was in his constituency over the weekend.

I just wonder if he would like to provide some comment on whether that's really a sufficient amount of time to discuss a piece of legislation that has major, major, major ramifications for the future of our province in terms of the direct and indirect costs both to families and industry. I wonder if he might provide some comment on whether or not that seems to be a reasonable amount of time or whether sending this bill to committee would then extend that time and allow his constituents to have feedback not only directly to the committee but also directly to him on some of the discussion and debate that might take place at committee.

The Deputy Speaker: The hon. member.

Mr. van Dijken: Thank you. I want to thank the member for the questions and the opportunity to reflect a little bit on the constituents that have approached me, some of the constituents. They're very involved in the agriculture industry. I myself am a farmer. Many of my neighbours have approached me and others throughout my constituency have approached me with concerns about how the carbon tax is going to affect the inputs that they are faced with in their businesses and how that's going to affect the food production costs in Alberta, whether that be, you know, in the livestock industry, the grain industry, the greenhouse industry.

All farmers, all agriculture rely on energy to actually get their products produced. We have a marked fuel exemption. This is diesel fuel. Gasoline is a very small part of the costs of energy within the agricultural community compared to some of the other inputs that we're going to see rise significantly, I believe, based on this carbon tax. One of the biggest costs in the manufacturing of nitrogen fertilizer is natural gas. When we see that we have natural gas pricing at \$2 a gigajoule and that we're going to bring that up by another \$1, \$1.50, this will have a significant impact on the costs of that nitrogen fertilizer, the production of that nitrogen fertilizer. The fertilizer industry, as they produce this, is also trying to export it onto the world market.

10:50

The Deputy Speaker: The hon. Member for Calgary-Elbow on the amendment.

Mr. Clark: Thank you very much, Madam Speaker. I rise to support the motion on the floor, but before I go any further, I want to be really clear with the House, with Albertans that I support action on climate change, significant action on climate change. I believe there's absolutely no question that it is a fact that climate change is real; it is a fact that it is human caused, human exacerbated. I support and I'm on the record as supporting a carbon tax. I'm not sure, however, that I can support this carbon tax. There are far too many questions.

You know, it is interesting. There are two sides of this discussion. We've before us a bill that's 95 pages long, that, as the Member for Olds-Didsbury-Three Hills mentioned, was introduced in this House barely a week ago, but ironically there's actually very little detail in this bill. There's very little information that I feel we don't already know or details we didn't already have laid out in the budget of April 14. We knew there was going to be an energy efficiency agency. We knew there were going to be rebates. We knew there was going to be introduced at. We knew when it was going to be introduced and how it was going to be phased in. We knew what was going to be happening with the Climate Change and Emissions Management Corporation. We knew there would be some sort of energy efficiency plan.

But there are no details in this bill, ironically enough. What this bill really does is it gives some legal weight to all of the things we knew were already happening, but there are some very significant gaps in this bill. I'm going to talk through many of those, and I'm going to talk through many of the questions that I have, that my constituents have asked me, that various stakeholders have put out as public feedback. These are questions, I think, that we need to study in more detail in committee or that, at the very least, this government needs to answer in great detail before I can get to a point of feeling like I can support this bill, because the gaps are significant. We're essentially in many ways being asked to sign a blank cheque here, and I'm very uncomfortable with that.

I want to reiterate that the Alberta Party caucus and the Alberta Party have a strong belief that we must address climate change. We are the only party in the Assembly on the opposition side to have proposed our own climate change plan. It's a comprehensive, thorough plan. You can find it on our website. I happen to have several copies here if anyone on either the opposition or the government side . . . [interjection] I'll ensure that the hon. Member for Calgary-Hays is given a copy. I have many here and am happy to hand them out to anyone.

In all seriousness, we do take this issue very seriously. I believe that addressing climate change is not only a moral imperative for us in the province but, in fact, if done right, is a significant economic opportunity because if there's anything that Alberta does very well, it's innovate. We have remarkable engineers, we have remarkable technical people, we have remarkable finance people, and we have an entrepreneurial culture. All of those things should allow us in this province to prosper greatly by helping the world address climate change and, in so doing, to continue to support our traditional industry in oil and gas. That's the vision. That's what possible from action on climate change, but we need to have the right mechanisms to do that.

There might be some of the right mechanisms in this bill. I don't know because all of the detail is going to be ironed out in regulation. So I have questions. What are the hard targets for carbon emissions? There's been some talk of peaking at a certain point and then starting to reduce over time. What happens if we find that we're not on track with those targets? What happens if we find that we're under those targets? Do we say: well, that's okay; we can approve more projects and increase our emissions? Do we take that as an

opportunity? What about the fact that we've had an economic downturn? How does that factor into our carbon calculations? And what's our path to get there? What specifically is going to happen along the way to ensure that we actually reduce those carbon emissions?

What is the dollar value of the new companies and the new jobs that are purportedly going to be created as part of this climate plan? There's a lot of talk, a lot of hand-waving from the government: we're going to create jobs; this is opportunity. How many jobs? What specific areas are those jobs going to be in? What skills are the people who take those jobs going to require? How are we going to ensure that Albertans have the skills to occupy those jobs and that we're not simply importing people from somewhere else? Are those jobs going to be high-paying jobs? Are they going to be low-paying jobs? Are they going to be construction jobs? Are they going to be operational jobs? Are they going to be office jobs? What are they? I've absolutely no idea. There's a vague, general sense that somehow this is going to create jobs, and I don't doubt that action on climate change can create economic opportunity. I need to know: what are those details?

How are we going to pivot our action on climate change and environmental stewardship into market access for pipelines, market access for Alberta's products via pipeline to tidewater? There's talk that this government wants to do that, and that's a great idea. I absolutely and enthusiastically support that. How do we know that this plan has a straight line towards ensuring that we get pipelines built, and what happens if we don't?

You know, we have to do our part in this province. In fact, I'm enthusiastic about the opportunity that action on climate change brings, and I like the idea that there's mention of trade-exposed industries in the Leach report and that this government seems aware that that is a risk. We have to be very careful not to be too far ahead of the rest of the country or the rest of the world. We have to be careful that we don't just displace emissions from Alberta to other jurisdictions, therefore not addressing climate change and having an adverse impact on our provincial economy.

The Edmonton Chamber of Commerce has contemplated this issue, and I will quote from a paper they released on April 5, 2016, entitled Reducing the Burden of the Carbon Tax on Small and Medium-sized Businesses. They say:

If the carbon tax makes Alberta-based businesses un-competitive, those businesses will either lose customers to companies that aren't covered by a carbon tax, or they will relocate to another province or country where there is no carbon tax. This is commonly known as "carbon leakage", and does nothing to help the global fight against climate change.

Now, they propose a solution to this. They propose to provide relief to small and medium enterprises while still incentivizing a decrease in greenhouse gas emissions using an output-based rebate system. That's an interesting idea. Perhaps the mechanism they suggest would be to use an average carbon tax for a particular process. Those companies whose processes would generate a higher level of carbon tax pay over and above the average rate. Those whose processes generate a lower level of carbon tax actually get a rebate. They actually make money from the carbon tax. Now, there are some pros and some cons. There are some consequences of this, both intended and unintended. This is precisely the sort of thing that we can discuss in committee. We can ask stakeholders to come in, we can ask for their input, and we can decide whether or not this actually makes some sense.

They also talk about revenue neutrality. That's something that in the Alberta Party's climate change plan, called Alberta's Contribution, we talk extensively about, the fact that although we support a carbon tax, we believe that it must be revenue neutral, truly revenue neutral. I've never heard the term "revenue recycling" before. That's new. By that definition, revenue recycling would mean that every dollar that's collected via income tax is, quote, unquote, recycled into the economy and is not, in fact, government revenue, that income tax is revenue neutral.

Well, that's silly. Of course, it's not. It's a source of revenue to the government in the same sense that a carbon tax that collects more than it spends is not revenue neutral. That's exactly what this is. So I think it's important that this government be honest with Albertans about what this is. If you feel that you need to collect revenue for certain purposes, be it innovation, be it rebates to Albertans, that's fine. Just be honest with Albertans that that's exactly what you're doing and that's exactly what this is.

The Edmonton Chamber of Commerce talks about revenue neutrality, seeing every dollar collected from small and medium enterprises go back to small and medium enterprises in that industry. They talk about creating carrots and sticks for business.

The most efficient producers would receive more in rebates than they paid in carbon tax, seeing a net benefit . . . The least efficient producers would receive less in rebates than they pay into the tax, realizing a net loss. This creates a strong incentive to produce their goods more efficiently.

Again, there are some consequences of that, I'm sure, both intended and perhaps unintended, but that's absolutely worthy of discussion and further consideration.

11:00

Really, what this government is saying is: "Through Bill 20 we're going to do a bunch of stuff through regulation in these general areas. Trust me. It's going to be fine. Wait until you see the regulations. It will be wonderful." I am not comfortable, Madam Speaker, in signing a blank cheque for any government, this government or any other. That's what this Assembly is for. It is for us to consider these ideas.

I want to talk more about revenue neutrality and what it actually means. Kenneth McKenzie, at the University of Calgary School of Public Policy, in April 2016 talked about making the Alberta carbon levy revenue neutral, the basic idea of a price on carbon emissions, which at least partly reflects the social cost of emissions. What I like about a carbon tax – call it a tax or call it a levy, but let's not get stuck on the language – is that we are putting a price on something we don't want. We don't want carbon emissions; therefore, we're going to price that externality. That means that people and businesses will choose to emit less, but it also creates a frame for innovation. If we do that properly, Alberta can lead that innovation, create companies and technologies that we can sell to the rest of the world, therefore diversifying our economy and creating economic activity in Alberta. That's the principle of a carbon tax.

I like that idea in general terms if, in fact, it is revenue neutral. If it is simply a tax grab from the government, then we don't achieve that objective. What we've done is that we've created another revenue line item for the government.

The price on carbon emissions reflecting that social cost in emissions incents firms and individuals to change their behaviour, just like I said, moving towards less-carbon-intensive activities. That's the first view, and that's the view that I'm certainly very supportive of.

[The Speaker in the chair]

There's a second view of a carbon tax, which is that a carbon tax is a broad revenue generation tool just like I said. Professor McKenzie said that this

is not a very good, or efficient, way of generating revenue ... [and that] the basic idea is that the carbon tax is applied to a [far]

narrower base than broader-based taxes. Broad based taxes generally impose lower costs on the economy than narrow based taxes [like carbon tax]. Moreover,

and I think as important if not more,

carbon taxes interact with other taxes in the economy, exacerbating the economic costs associated with those taxes.

Those taxes can be quite high, and this is the important and essential point of why revenue neutrality is so, so important.

The total cost to the economy of raising an additional 1 in revenue through the corporate income tax... is 3.79.

Raising an additional dollar through personal income tax is \$1.71. Professor McKenzie says:

These taxes therefore impose higher costs on the economy than they raise in revenue. Swapping revenue from the carbon levy for these taxes in a revenue neutral [way] would lower these costs, generating a substantial return to the provincial economy relative to other uses.

Now, that's a lot of economics. The bottom line is that corporate income tax is bad. It costs money. If you take the carbon levy, the carbon tax, and use that to offset personal and corporate income tax, that means to reduce personal and corporate income tax.

The other thing that does is that it creates a frame for investment because now Alberta is an even more attractive place to invest. Investors realize that they will pay fewer taxes and therefore realize greater return, therefore invest more money, therefore create more jobs, therefore create more economic activity. That's a good thing. Albertans benefit from their honest effort in the jobs that they take. They receive and get to keep more of their money, and less of it is taxed away, but there's no net revenue loss to the provincial government. That's a good thing.

But that's not what this government has done. Instead, you've chosen to rebate two-thirds. Two-thirds of Albertans, based purely on income, will receive a rebate. It also reduces their incentive to reduce their carbon footprint. That seems to be a bit of an odd trade-off there. If the idea behind a carbon tax is that it costs too much and therefore you make alternative choices, yet on the other hand you're getting a rebate and it therefore doesn't cost you more, will you still make those choices? Now, my economist friends will tell me that those are separate things in theory, and I do understand that. But I can't help but think that if at the end of the day your bank account is no different and you still have not reduced your carbon footprint, have we actually achieved the objective that we set out to achieve?

I have many more questions. I'm going to just keep going here until my time runs out. What is the total cost and benefit? That's not just the total cost but the benefit. I think this government should share with us detailed economic models of not just the cost but the benefits

The Speaker: Thank you, hon. member.

The Member for Drumheller-Stettler under 29(2)(a) to the Member for Calgary-Elbow.

Mr. Strankman: Yes. Thanks, Mr. Speaker. My comments are related to the Member for Calgary-Elbow, who makes some very good points. This past winter I spoke at a rural convention for farmers, and what they wanted me to speak to them about was due diligence. The title was due diligence in legislation. When I sat down to make my comments or think about what I was going to present, it struck me that maybe I could change the whole tone or the whole implication of my presentation by changing one word, so from due diligence "in" legislation to due diligence "for" legislation. Just one word, two to three letters, changes the whole implication.

The Member for Calgary-Elbow talked about revenue-neutral tax and also unintended consequences. I was wondering if he could expound as to what he feels are some of the potential unintended consequences of simple, small nuances or words that he has read in this legislation in that regard. It's very important because in this Chamber the actions that we take do have consequences, whether or not they're unintended. So I was wondering if he could expound on some of his perceptions regarding the revenue-neutral tax, as he describes it, and also the potential for unintended consequences.

Mr. Clark: Thank you very much, Member. Well, I'll try my best to answer that question. I actually think that you've hit on an essential point as to why I think it's important that we go to committee. I think we do need to have some more thought about exactly what the consequences of this legislation will be: intended, unintended, positive, and negative. You know, one of the biggest risks here, of course, is that any time we're adding costs either to a household or to a business, the point of doing that is to change behaviour. Well, sorry. Let me flip that around. Perhaps the point of doing that may be to raise revenue, or it may be to reduce carbon emissions. Those are, on the face of it, what we're trying to do.

The unintended consequences may be people or businesses saying: "Well, I'm not going to be in this jurisdiction anymore. I'm going to file my taxes elsewhere." So now you have tax leakage, which is a risk of raising the tax rate. You may have heard of the Laffer curve, which says that if you have a zero per cent tax rate, you're going to collect zero dollars, and if you have a 100 per cent tax rate, you're going to collect zero dollars because there will be no economic activity. Then the bell curve is in the middle and everywhere in between. So on the face of it, maybe, we are trying to reduce carbon emissions: (a) the government is trying to do that, and (b) they're trying to generate some revenue, but (c) the consequence may be that businesses and Albertans choose to operate somewhere else.

Now, the flip side of that is that the outcome may actually be desirable. Alberta never ceases to amaze me in our ability to innovate and adapt. So it is very clear that we should not do nothing. This is absolutely in no way a do-nothing argument. But I believe it's important that this government not see this as an opportunity to grab revenue to put into infrastructure projects that they ought to be putting money into anyway, specifically transit projects, as one example, or things like climate change adaptation type projects, firebreaks, flood mitigation. Those are things the government ought to do. If all you're doing is finding a rather sneaky source of revenue, being a carbon tax, to offset or displace what should be funded as a fundamental core government service, then it's just another tax, and you're not actually achieving what you're trying to achieve

I do think there's some opportunity here and, in fact, a need to do something. I'm not convinced, but I remain open to being convinced, and I would love to hear from the government side. I am willing to be convinced. I would like to know. Perhaps at second reading or another opportunity – I have many questions here which I will read into the record. I'm happy to talk with any members offline as well about my specific questions.

I encourage everyone to read Alberta's Contribution: The Alberta Party Climate Change Plan because there's some very interesting information in there. Some of it is absolutely consistent with what this government is trying to do; some of it is not. I come back to that essential point that any carbon tax in Alberta must be revenue neutral, and it must be very clearly delineated to Albertans how that is achieved.

Thank you, Mr. Speaker.

11:10

The Speaker: Thank you, hon. member.

Are there any other individuals who would like to speak to the amendment? The hon. Member for Drayton Valley-Devon.

Mr. Smith: Thank you, Mr. Speaker. I'll pick up my piece of paper first. I am pleased to rise today to address the referral amendment to Bill 20, the Climate Leadership Implementation Act. I believe that we need to take some time to consider the parts of this bill. As previous members have stated, it's 95 pages long, there's a great deal in it, and we need to perhaps take the time to pick this apart a little bit, to digest it. Maybe one of the best ways of doing that is to send it to committee, where that committee can do it's job, which is to reconsider the parts of this bill and perhaps suggest and make some revisions to parts of this bill that will make it better.

As you go in life, sometimes if you want to understand things, using analogies is good. I would almost take Bill 20 and use an analogy that it's played out in three scenes. In this thing we call life, as actors in this play called life, we have in this bill three scenes. Perhaps we could call this play or the company that we're a part of the theatre of the absurd. This play that we're looking at is dealing with some issues that make you scratch your head and wonder if you really understand what's going on with this bill.

We understand that this bill in the first scene rolls out and tries to enact a carbon tax. Many have spoken eloquently in this House about the impact that this carbon tax will have on the lives of Albertans and on the tax-paying citizens and the businesses of this province. This first scene sets out who will receive consumer rebates and who will not, who will be the winners and who will be the losers in this NDP carbon tax roulette that we see happening in this play, in this scene. I would suggest that perhaps a legislative committee would do a good job of reviewing who those winners and who those losers should be, if any.

You know, one of the concerns that I think we really should have —I believe it's part 1, section 6—is with the locomotive carbon levy, or tax. This tax, by any other name, is going to be applied to locomotive diesel. I don't think it takes many of us very long to realize that the locomotives and the rail industry in this province are essential for the transportation of all goods from food to parts to technology of all sorts. We depend on our rail to deliver large amounts of goods cheaply to consumers. How can you expect to place a carbon tax on locomotive diesel without, Mr. Speaker, seeing everything that we purchase go up in price? I would suggest that perhaps a committee could review the wisdom of just that one example of a carbon tax that we find in this piece of legislation.

In this play of life that we are established in, there's a second scene. In this second scene of this Bill 20 we see that it's called the Energy Efficiency Alberta Act and that it's going to create this agency. This agency has great intentions. You know, as we begin to build the tension in our play, as we begin to look at the conflicts that are in this scene, we see that this agency is almost like the character that wears the white hat and is going to come to the rescue. It's there to raise awareness regarding energy use. It's going to look at the environmental consequences of the climate leadership plan and the economy in this province. It's there to design and deliver programs related to energy efficiency, conservation, develop microgeneration and small-scale energy use. It's there to promote energy efficiency. These are all, in many ways, very good things.

This corporation is going to be able, like so many of the good guys in the films that we watch, to do this with very few resources. They'll MacGyver it to be able to come up with the final great solution. Well, I look forward to seeing how this corporation with a \$170 million budget in annual loans and grants will be able to

support the energy efficiencies and the microgeneration and the conservation and the ability to overcome the incredible costs that the first scene in our play has created through its carbon tax. I would look forward to seeing how this agency will have the ability to find the billions of dollars in efficiencies and in savings that will supposedly make this carbon tax revenue neutral or allow businesses not to be negatively affected or consumers not to be negatively affected by the costs of these taxes that they are placing on all Albertans.

I would suggest that it might be worthy of sending this bill to committee to research and to consult and to create a clear picture of how this agency is going to move forward. Just how is it going to be able to find the energy efficiencies and the cost savings that these characters in our play are going to need to be able to find if they are indeed going to be the good guys?

Scene 3 rounds out this amateur production by altering the mandate of the Climate Change and Emissions Management Corporation from using industry-accepted, rigorous standards of research and development to replacing that with feel-good education initiatives and outreach initiatives. We are just a little concerned. Perhaps a committee would be capable of laying some of those concerns aside.

To say that Albertans are concerned about this carbon bill is an understatement. I've heard many people refer to this as the most ill-conceived bill that this government has yet put before the House. It follows, in their minds, the same pattern of a lack of consultation with Albertans. There's been a lack of time for proper debate in this House, and it justifies Albertans' concerns that this government is – how do we say it? – not sticking to the script that Albertans would like to see followed and not even sticking to the script that this government campaigned on.

I spoke earlier to this House about the problem, I believe, from the get-go that this government has with this bill. Because it did not campaign on it, it lacks the legitimacy. It does not lack the power. It has a majority. It has the power to pass this bill, but does it really have the legitimacy to take something as important as this bill and bring it before this House when it hasn't campaigned on it?

11:20

We've heard that people are concerned. It would be my suggestion to this Legislature that if there is a concern with legitimacy – and I believe that there is – by sending this to committee, by bringing Albertans to talk to this bill to provide consultation and review of the 95 pages of the portions of this bill, this committee would actually allow the government to be able to come back to this House and say: "You know what? We've talked to Albertans now, we've brought them into this committee, we've exhaustively looked at the parts of this bill, and now we can legitimately have the right to be able to introduce this to the House with the expectation that Albertans have had a say."

You know, the minister has proclaimed in question period time and again that the economy-destroying taxes that are outlined in scene 1 will be offset by the efficiencies, the energy efficiencies, the green efficiencies, that will be found and that will be fostered by the new agency in scene 2, that the seniors and the hospitals and the health care system and the schools and the school boards, the students won't be negatively affected by the increased costs that will inevitably be placed on them by this bill, that they will be able to find efficiencies that will offset those burdens. I've listened to the Minister of Education; I've listened to the minister of environment. Both with great sincerity tell me that the expenses for heating will be offset by the efficiencies that will be built into schools.

I'd like to see the studies. I believe a committee would be the appropriate place to place those studies, allow the members of this Legislative Assembly to review that information. I could be wrong. I don't want my wife to hear that, but I could be wrong. Maybe there are those kinds of efficiencies out there, but the point is that this government has not done its job in showing us that there are or that there is a reasonable chance of there being those kinds of efficiencies.

I have a very serious concern. I'm very skeptical, I guess I should say, that \$170 million in annual grants and subsidies is going to be able to offset the billions of dollars of increased costs that these taxes will bring to hospitals and schools boards and seniors and to all Albertans as they struggle through an economy that is stretching all of us. I think that until you can show me differently, this is simply a monumental tax grab, a PST by any other name, that is not revenue neutral but is designed to try to manipulate businesses and Albertans into a view that many of them would not support.

You know, stage makeup can only go so far, Mr. Speaker. It can only do so much. Dye can only take this old, grey beard and make it black for so long, can only cover up the bald spots that are coming on the top of my head.

Mr. Eggen: You can get a hat.

Mr. Smith: You can get a hat. You know, you can only do so much to make this persona look any better than it already does. You know, you've got what you've got, and you've got what God gives you, okay?

Stage makeup can only go so far in covering up the basic flaws that we all have. In this bill so much bafflegab can only go so far to try to cover up the basic flaws and the miscalculations and the outrageous assumptions that undermine this bill. I think as a Legislature we await further details on the forecast costs of this agency.

The Speaker: Thank you, hon. member. Under 29(2)(a), the Member for Bonnyville-Cold Lake.

Mr. Cyr: Thank you, Mr. Speaker. I enjoyed that speech, and I have to say that I'm encouraged to see that the member is concerned about where Alberta is going and that we are actually seeing that the government is bringing forward taxes that are not revenue neutral and that these taxes are going to be weighing down our entire public service. Now, the right answer would be to hear from that public service, from the school boards. I would like to hear the member's thoughts on bringing this to committee and bringing forward a collection of school boards to discuss how this will impact them. Their input would be important in this.

Thank you.

Mr. Smith: Thank you to the member for his question. I was half expecting a question that would ask me how I can do such a good job of making this visage a little bit more presentable to the public, but I would be glad to address the member's question with regard to the impact of these taxes on schools, school boards, all of Albertans for that matter. There is absolutely no doubt that this carbon tax is going to be making absolutely everything that we purchase across this province by all strata of the population more expensive.

The goal may be a laudable goal, and I don't argue the goal at all, to reduce, to cut 20 megatonnes of emissions by 2020 and 50 megatonnes of emissions by 2030, a laudable goal. I don't argue that at all. I support it. Most Albertans, I think, are asking: but is this the plan that will do that and do that efficiently and effectively

in a way that doesn't hurt them so badly that they can't afford this new tax even though the goal is laudable?

You know, beginning in 2017, Albertans will pay an additional 4.5 cents per litre of gasoline, and on top of that there'll be another 2.5 cents per litre tax in 2018. Now, I realize that not everybody is where my family is at right now, but I've got three university-aged kids: one that can't afford to have a car and uses public transportation to get around, one that hasn't been able to afford to buy a car and has to depend on friends, and a third that has a rundown, old beater that he's not going to know how he's going to put the gas in the tank when these new taxes come to play. It's maybe not a serious problem for the members that sit here, where we get paid really well. We'll all be able to afford to put gas in. As a matter of fact, we can even use a government credit card to put that gas in the tanks. But for a kid like my son: how is he going to be able to afford that?

Similarly, natural gas will increase by a dollar per gigajoule and by another 51 cents per gigajoule the year after that. Diesel is going to increase 5 cents per litre in January and then 8 cents per litre the following year. How is this going to impact businesses? That's what a committee could do. It could start to visit and revisit the consequences that these taxes are going to have to this economy.

11:30

One of the members stood up and talked about the bureaucracy of having to collect all these taxes, that the costs for that are nowhere outlined in this bill. Nowhere do we know what the consequences to the size of government are going to be or the increased taxes that we're going to have to pay in order to pay for those bureaucrats. Perhaps a committee could look into that concern and come back to us.

You know, one of the concerns that I have ... [The time limit for questions and comments expired]

Thank you, Mr. Speaker.

The Speaker: Thank you, hon. member.

Are there any other individuals wishing to speak to amendment REF1? The Member for Highwood.

Mr. W. Anderson: Thank you, Mr. Speaker. I rise to speak to the referral motion. You know, the other day I was listening with interest to the Minister of Environment and Parks when she commented when she introduced Bill 20 for second reading. I found the comments fascinating, particularly her explanation of how the carbon tax, or the levy, would be imposed. I think I'll quote it. "As high in the fuel distribution or supply chain as is administratively feasible." Okay. She went on to explain that "a refinery will remit the levy to [the] government on fuel sales and then recover the levy from retail gas stations, who recover it from consumers."

That's interesting, Mr. Speaker. I find it interesting because this government has been very, very skittish about using the nomenclature that gives the slightest impression that the Climate Leadership Implementation Act introduces a new tax on Albertan families. For some reason or another, I fathom – and it must be at least something to do with the fact that all the folks they hired from out of the province have been advising the members opposite: don't call it a tax – instead, they continue to refer to it as a carbon levy. Okay. Well, I took the liberty of looking up the word "levy" in the dictionary. Lo and behold, what it says is that, quote: a levy is the imposing or collecting of a tax by authority or force or the conscription of troops. End of quote. That was interesting. While I've read the bill front to back at least twice, I can't find a single reference to the conscription of any troops. So I think I'm safe in

assuming that the government is using the term "levy" to refer to, and I quote: imposing or collecting of a tax. End quote.

Now, I don't think the members opposite believe that Albertans are dim witted. I certainly don't believe that, and I know that my Official Opposition colleagues don't believe that. As I said, I don't think the members opposite believe that either, so let's stop trying to be cute, and let's call it what it is. It's a tax. Plain and simple.

Those following along at home can probably see why I found it so interesting that the minister was so open — or should I say cavalier? — when discussing how the carbon tax would be applied and who would ultimately bear the responsibility when it comes to paying this new tax. As I mentioned earlier, the minister during her introduction of the bill said, "The end result is that the levy will be introduced in the price paid by consumers." For whatever reason, the members opposite refuse to call it a tax. I have no issue admitting, proudly, I might add, that it'll be paid for by consumers through higher prices for everything they consume.

"Consumers." That's an interesting word chosen by the minister. The dictionary defines it as, quote: a person or thing that uses a commodity or service. End of quote. I think it is natural for us to initially see consumers solely as individuals within the economy making purchases and being impacted by the increase in prices. We forget that "consumers" can also refer to an organization such as a restaurant, a convenience store, or even a homeless shelter or a charity. Unfortunately, the proposed carbon tax doesn't differentiate between either.

When it comes to individual consumers and the yearly cost of their fuel and their vehicles, according to Transport Canada the average Albertan pays \$1,629 per year for gasoline. With the carbon tax the average Albertan can expect to pay \$1,704 in 2017 and \$1,741 in 2018.

According to Alberta Energy the average Alberta household uses 120 gigajoules of natural gas every year. The average Alberta household can expect to see their yearly natural gas increase \$121 by 2017 and \$182 by 2018.

The cost of driving the kids to hockey practice, Girl Guides, karate, or any other lessons has gotten more expensive because of this government's carbon tax. The cost of heating your home has gotten more expensive because of this government's carbon tax.

Now, when you consider the organizational consumers, the cost of heating a restaurant, a convenience store, shelters, or anything else is going to increase substantially. In the case of a convenience store or restaurant they have some level of choice in how they want to pay for their increased heating. They can pass the cost on to their consumers, or they can cut their services. Maybe they can cut their hours of operation, or they can lay off staff. When it comes to the homeless shelter, they don't have much choice. They don't have a paying customer, and at the end of the line they provide a free service. Their only option in this case is to cut services. Either they lay off staff or they reduce the number of beds or whatever the case may be.

At the end of the day, this government is increasing the cost of everything for everyone. The minister made that point crystal clear. This carbon tax is set to increase the cost of heating and powering our children's schools. As a consumer of energy what are the schools going to do in order to offset these costs? The government talks about its commitment to cutting school fees out of one side of their mouth while introducing a new carbon tax on schools that will ultimately result in increased school fees for parents.

This government assures Albertans that as long as they make less than \$47,500 per year, they'll get a rebate to offset the increase in their costs due to the carbon tax. What the government fails to mention is that the credits are offset to direct costs of the carbon tax, that being the increase in natural gas and gasoline taxes. They

fail to include the indirect costs, where the majority of consumers will see most of their costs increase. This bill is ill conceived and further exacerbates the hit that Albertans are facing in a slowed economy.

Sending this bill back to committee can have a lot of value. What I mean by that is that you can bring in levels of expertise to go over the details and the specifics. None of this has been quantified or qualified. In the private sector if you want people to invest in you, you have to ask for people to invest in you and you have to be able to provide specific returns on their investment. Nowhere have I seen any cost-benefit analysis done on this bill.

Nowhere is there any example of any success in any other jurisdiction in Canada nor in North America, where this bill is going to take effect. They talk about the carbon footprint being reduced by 20 to 30 megatonnes, in reality no carbon-neutral tax but 20 to 30 megatonnes in three to five years in Alberta. Yet in British Columbia, where this revenue-neutral tax has been implemented, they've only reduced their carbon footprint by two to three megatonnes. What makes this bill so special? Ten times the reduction in carbon footprint: how do you qualify that? Where are the specifics?

If we send this bill back to committee, it gives us an opportunity to bring in levels of expertise. We can look over the specifics and look at a true cost-benefit analysis for all Albertans. What's in it for them if they invest in this? What's in it for them? They don't know what the true cost is to taxpayers.

Thank you, Mr. Speaker.

The Speaker: Any questions for the Member for Highwood under 29(2)(a)? The Member for Barrhead-Morinville-Westlock.

Mr. van Dijken: Thank you, Mr. Speaker. I'd like to ask the member what his views are with regard to, possibly, the increased cost to our food production in Alberta and how that might impact our ability to compete globally, if the cost benefit will be able to be recouped by these food producers.

I know I talked earlier with regard to nitrogen fertilizers and natural gas being the largest component of producing nitrogen fertilizer. When we see that we're going to add a dollar per gigajoule to natural gas on January 1, 2017, and then \$1.50 in 2018, these are very large increases when we consider that the price of natural gas today is around \$2 a gigajoule.

We're also going to see that where we use natural gas to dry our crops, whether that's the forage industry – I have an alfalfa plant in my constituency. They're very concerned about this. They harvest the alfalfa and put it through large dryers in order to be able to make a product that they can export and sell to the Asian market primarily. This is going to have a serious impact on their operations, possibly serious enough that it could shut that plant down. I use natural gas for drying my crops through grain drying, and this extra tax is going to affect the ability to have my products put into storage in a way that they will continue to stay and be able to store them until such time that they're being sold.

11:40

The concern is that we are adding costs into food production that is sold not only within Alberta. We have to compete throughout the world. We have greenhouses that use a lot of natural gas, and we have greenhouses that are shutting down based on the fact that they are being taxed higher on their input costs. If the member could reflect a little bit on when he talks about net return, what's in it for those greenhouses, for those agricultural producers.

The Speaker: Thank you.

The hon. member.

Mr. W. Anderson: Thank you, Mr. Speaker, and thanks to the member for the question. What's interesting is that he mentions greenhouses. In my own constituency once this carbon tax comes into effect, several greenhouses are now considering shutting down their facilities and moving outside the province. It's sad to see that happen. These are great constituents and hard-working individuals. They've hired several people, and now those individuals potentially could be out of work.

Moreover, several transportation industries are located in my constituency as well. What I've noticed in talking to several of the executives there is that they realize the cost of diesel tax for them is going to be horrendous, and they're planning on laying off more people now as a result of this. It's just not something that I think anybody has thought out.

When I talk about return on investment, what I mean is that, you know, in a cost-benefit analysis if you go out into the investment community and you request capital for any sort of expansion, as I've done in my past business, they expect you to come up with physical assets to offset that debt load but, moreover, a forecast of what the true return on investment is. Fortunately, I had a chance to take one of my companies public at one time, and when I did, I had to go through a lot of scrutiny regarding the physical assets in the corporation, projected sales, long-term contracts, and the development of my expansion strategy into the U.S. market.

When I received my capital and took out my first IPO, it was quite a challenge because at that time another company called Bre-X was on the market, and Bre-X was offering a 25 per cent return on investment based on some spectacular gold investment in the Philippines. My return on investment was around 6 to 8 per cent, very conservatively, of course, and we developed that strategy and we moved forward. We had several investors say: we're not going to invest with you; we're going to invest with Bre-X because it's such a wonderful opportunity. And I said: well, consider the source of the information. They had a science-based, fact-based organization that said that there was so much . . . [The time limit for questions and comments expired] I apologize.

The Speaker: Thank you, hon. member.

Are there any other members who wish to speak to the amendment? The hon. Member for Bonnyville-Cold Lake. I'm advised, hon. member, that you've already spoken.

Are there any other members wishing to speak to amendment REF1?

[The voice vote indicated that the motion on amendment REF1 lost]

[Several members rose calling for a division. The division bell was rung at 11:44 a.m.]

[Fifteen minutes having elapsed, the Assembly divided]

[The Speaker in the chair]

For the motion:

Anderson, W. McIver Smith
Cyr Orr Strankman
Drysdale Panda van Dijken
Hanson Schneider

12:00

Against the motion:

Anderson, S.	Goehring	Nielsen
Babcock	Gray	Payne
Bilous	Hinkley	Renaud
Carlier	Hoffman	Rosendahl
Carson	Kleinsteuber	Sabir
Ceci	Littlewood	Schmidt
Coolahan	Loyola	Schreiner
Cortes-Vargas	Luff	Shepherd
Dach	Malkinson	Sucha
Drever	Mason	Turner
Eggen	McKitrick	Westhead
Feehan	McLean	Woollard
Fitzpatrick	Miller	

Totals: For -11 Against -38

[Motion on amendment REF1 lost]

Mr. Mason: Well, Mr. Speaker, I will move that we call it 12 o'clock and adjourn until 1:30 this afternoon.

Thank you.

[Motion carried; the Assembly adjourned at 12:02 p.m.]

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