



Province of Alberta

The 29th Legislature
Fourth Session

Alberta Hansard

Tuesday morning, May 29, 2018

Day 34

The Honourable Robert E. Wanner, Speaker

Legislative Assembly of Alberta The 29th Legislature

Fourth Session

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Legislative Assembly of Alberta

10 a.m.

Tuesday, May 29, 2018

[The Deputy Speaker in the chair]

Prayers

The Deputy Speaker: Good morning.

Let's reflect. As we continue moving forward towards a new era of reconciliation and hope, let us strive to follow paths of justice for all. Let us always be resolved to practise honesty and integrity in all we do.

Please be seated.

Orders of the Day

Government Bills and Orders Committee of the Whole

[Ms Jabbour in the chair]

The Chair: I'd like to call Committee of the Whole to order.

Bill 2

Growth and Diversification Act

The Chair: Any questions, comments, or amendments with respect to this bill?

Mr. Schmidt: Well, good morning, Madam Chair, and may I wish all of my colleagues here a merry pipeline Christmas. I'm glad to get some recognition from across the aisle, deeply desired by myself, of course. Nothing makes me happier than getting praise and smiles from the gentlemen across the aisle.

I'm pleased to speak with everyone today about Bill 2, the Growth and Diversification Act. I want to begin with a brief overview of the legislation that's before us this morning. As highlighted during first and second reading, the bill outlines a number of actions that will enable government to continue spurring innovation, diversification, and job creation in Alberta. The bill will enable government to reinforce two successful tax credit programs, the Alberta investor tax credit and the capital investment tax credit. It will create a new interactive digital media tax credit to encourage the growth of the digital media industry, a burgeoning sector that has great growth potential here in the province, and it'll support 3,000 tech spaces in postsecondary institutions across Alberta and new scholarships to help grow a future high-tech workforce.

We know that investment is the key driver of growth and diversification in Alberta's economy. This proposed bill will ensure that government continues to promote economic diversification and investment in new products, services, and capital projects while supporting employers and entrepreneurs in creating jobs and encouraging high-tech training opportunities in Alberta. We are investing in Alberta businesses and in our future workforce to help build a recovery that works for everybody and a recovery that lasts.

Second reading of Bill 2 concluded this week, and I'd like to thank the hon. members for their support and for sharing their questions on the legislation. During debate opposition members were critical of some of the economic policies our government has introduced and questioned whether these policies have hurt Alberta's ability to grow successful businesses and attract investment. I want to take a moment to highlight that Alberta is and will continue to be an attractive place to invest and do business under our government.

Alberta has world-class universities and colleges and one of Canada's youngest and best educated workforces. Albertans across all income ranges generally pay the lowest overall taxes compared to other provinces. Albertans still benefit from no provincial sales tax, no payroll tax, no health care premiums, and the lowest gasoline and diesel taxes among all provinces. Our corporate tax rate remains comparable to those in other provinces. We also have an innovative, flexible capital market and vast trade and investment opportunities across many sectors. Last year private-sector investment in Alberta was two and a half times higher than the Canadian average, and we are on track to lead the country again this year by a wide margin.

We're seeing many other signs of investor confidence. Amazon chose Alberta as the location for its new fulfillment centre. Google recognized the tremendous research capacity at the University of Alberta and brought their first-ever international artificial intelligence research office to Edmonton. Johnson & Johnson recognized our huge strength in life sciences and opened up their first-ever Canadian virtual lab at the U of A, which enables our researchers to commercialize their research and access new markets.

These companies are only the latest high-profile companies that we've attracted to Alberta. RocketSpace and Swoop are coming to Calgary, Champion Petfoods and Pinnacle to Parkland county, and Cavendish Farms to Lethbridge. At TEC Edmonton, a business incubator focused on emergent technology growth, Merck is investing in Alberta companies that create jobs here in the health sector, and Air Canada just announced that they're adding a direct flight between Edmonton and San Francisco, linking the incredible high-tech work happening here with Silicon Valley.

Mr. Cooper: In San Francisco.

Mr. Schmidt: Perhaps the Member for Olds-Didsbury-Three Hills can more easily live out his dreams of being a hippie in San Francisco when he's not spending his time here in the Legislature.

Mr. Strankman: Just like you?

Mr. Schmidt: Yeah. Well, you need hair to be able to put flowers in it, Drumheller-Stettler.

Mr. Strankman: I see it.

Mr. Schmidt: There are many more examples to point to, but thanks to the strong policies and economic supports our government has rolled out over the past few years, Alberta remains a choice destination for investors. Things in Alberta are looking up, and Bill 2 will help keep this momentum going and build on this growth.

Another area that members raised some concerns with was the success of past initiatives, particularly the Promoting Job Creation and Diversification Act. This act gave the Minister of Economic Development and Trade the power to establish the programs that focus on supporting workers and job creators, and that's exactly what our government has done. Over the past couple of years we've been focusing our efforts on stimulating economic growth and supporting Alberta job creators during the economic downturn.

Our government has launched a suite of initiatives to support Alberta businesses. Some of these initiatives included cutting the small-business tax; launching the Alberta investor tax credit, which offers a 30 per cent tax credit to investors who provide capital to eligible Alberta companies; launching the capital investment tax credit, which encourages companies to make timely capital investment by returning a percentage of the companies' costs, including the purchase of machinery, equipment, and buildings;

restoring training programs for new entrepreneurs while adding an array of supports for established ones; providing \$10 million through the Alberta entrepreneurship incubator program to scale up support for entrepreneurs and early-stage innovative companies; adding new Alberta export expansion package programs; increasing the loans and investments available through Alberta Treasury Branches, the Alberta Enterprise Corporation, and the Alberta Investment Management Corporation's heritage fund to improve access to venture capital financing and build stronger connections with Alberta entrepreneurs; working with the Business Development Bank of Canada to establish a billion-dollar fund for new business loans; and expanding consulting and mentoring supports to businesses with the BDC so that entrepreneurs can launch more start-ups, innovate, and expand.

The province experienced a serious and prolonged economic shock. Our government took action, and now Alberta's economy is looking up. We've seen 90,000 new full-time jobs created, primarily in the private sector. Exports are up almost 30 per cent. Manufacturing is up, and we're expecting to be near the top of the economic growth in Canada again in 2018, at 2.7 per cent growth.

The success of the Investing in a Diversified Alberta Economy Act was another area where members wanted more information. I'd like to highlight that this past December marked the one-year anniversary of the unanimous passing of Bill 30, the Investing in a Diversified Alberta Economy Act, and this January marked a full year since we began accepting applications for the capital investment and Alberta investor tax credits.

Since then, both programs have seen significant success. In the first year of the Alberta investor tax credit we distributed 97 per cent of the annual program budget, representing more than \$28 million in issued tax credits. These tax credits leveraged \$94 million in investment in Alberta's small and medium-sized businesses. Terrapin Geothermics is a prime example of one of the innovative companies who was able to offer its investors tax credits through this program. Terrapin Geothermics produces an electricity-generating device that uses geothermal energy from nonproducing wells and industrial waste-heat sources to create electricity.

I'd also like to highlight that since launching, the program has trained additional staff to ensure that eligible companies can access tax credits for their investors in a timely fashion. With this additional support in place we expect to see even more successes as the program continues. This tax credit has helped foster a more diversified economy, encouraging investments in nontraditional sectors such as health and clean technology. We expect \$100 million per year of investment in new and growing small businesses by continuing to fund and support this program.

Through the capital investment tax credit we are encouraging capital investment that will help make Albertans' lives better by supporting hundreds of new jobs and injecting millions of dollars into the economy. Overall, 35 companies across the province have been conditionally approved for a total of \$62 million in credits through the first and second rounds of the capital investment tax credit. Together these credits are expected to support more than 3,000 jobs, with companies investing more than \$1.2 billion to upgrade their facilities.

10:10

Some examples. Aurora Cannabis Enterprises received conditional approval of a tax credit for the completion of its Aurora Sky project, a state-of-the-art cannabis manufacturing and processing facility at the Edmonton International Airport. The facility will be the largest of its kind in the world and, once operational, will run three shifts, employing 330 people. Madam Speaker, that's not just money that's going up in smoke.

Seven Generations Energy, a liquids-rich natural gas developer, received conditional approval of a tax credit to build a natural gas processing facility in the Montney-Kakwa River area. The project will create about 150 construction jobs and dozens of direct permanent jobs once operational.

Tolko Industries, a forest products company, received conditional approval of a tax credit to restart its strandboard mill in High Prairie and modernize two mills near Slave Lake and High Level. Tolko supports an estimated 1,500 direct and indirect jobs through its three operations across northern Alberta. You, Madam Chair, know first-hand how important those jobs are to the people of your own constituency. These numbers speak for themselves.

Now, one of the members raised the question of whether or not the companies that accessed these tax credits over the past year actually needed them. Innovators and investors routinely claim that there are funding gaps in two phases of a product's development and business cycle: first, the seed and start-up phase and, second, when the business is operational but needs to expand and survive. The AITC and CITC seek to address these funding gaps by incenting investments in businesses during these two critical phases of the business cycle.

I want to re-emphasize the fact that Alberta businesses have been asking for these tax credits for years. We introduced these tax credits at a time when businesses were struggling with low cash flow to boost investor confidence and incent timely investment decisions, and I think the volume of applicants trying to access these two programs is evidence that Alberta businesses see value in them. For example, the president and CEO of Tolko Industries had this to say. "With the assistance of programs like the CITC, we can invest in northern Alberta with confidence and continue to be economic drivers for these communities." Together these tax credits are enhancing investment in businesses and regions across the province.

Now I'd like to take a moment to address last year's implementation of the Alberta investor tax credit and concerns about the implementation of the interactive digital media tax credit. For the first time we introduced an investor tax credit here in Alberta that other provinces have enjoyed for decades. You can imagine all the companies that were waiting at the starting line for us to announce this, and as soon as the gun went off, we received a significant number of applications. The internal controls and procedures we have in place ensure that the investments being made meet the spirit and intent of the program. Our AITC program staff have been playing a valuable role, meticulously going over each application to ensure that the companies applying are truly Alberta-based companies whose assets are here in the province. Since launching, the program has also trained additional staff to ensure that eligible companies can access tax credits for their investors in a timely fashion.

Like any new program, after launch we also listened to our stakeholders actively making their way through the application process, and based on comprehensive feedback from the companies using the program, we made a series of amendments last year to ensure that the program best suits the needs of Albertans. Reviewing a program's success is best practice, and we will continue to review program processes, requirements, and guidelines for all of our programs to encourage growth and diversification for businesses, reducing barriers along the way.

We're also committed to pushing for more inclusion and diversity across all sectors. Alberta is a diverse place, and our workplaces, policies, programs, and services need to reflect this. We've included provisions under the AITC that enable an enhanced tax credit for investors who invest directly in companies where the majority of the boards of directors as well as the CEO are members

of an underrepresented group. Where we can make immediate changes and incentives to help bolster inclusivity, we will make those changes.

In terms of the interactive digital media tax credit the proposed program design will reflect information gathered from consultation with stakeholders that have deep expertise in this sector. We engaged with a number of stakeholders, including IDM companies, industry networking groups, and postsecondary institutions during in-person sessions in Edmonton and Calgary, where most of Alberta's IDM companies are based. Each session included a discussion of program design and eligibility requirements. A continuous evaluation approach will be used to ensure that the program is successful.

Members opposite have also flagged the need to do an interjurisdictional comparison with other provinces to review the tax credit models that other provinces have used to enhance access to capital for small businesses. I'd like to re-emphasize that this work has already been done. Let me assure you that the AITC includes many of the proven aspects used in other jurisdictions, including British Columbia and Nova Scotia. For example, British Columbia's venture capital tax credit program has seen a positive impact on increase in equity available to small businesses, job creation, and economic return.

In terms of the capital investment tax credit we found that many jurisdictions around the world offer investment tax credits to specific industries, including Saskatchewan, Manitoba, Quebec, the Atlantic provinces, and the United States. In fact, companies engaged in manufacturing and processing are common recipients of these investment tax credits.

In terms of the interactive digital media tax credit Ontario, Quebec, and British Columbia have for years offered similar programs that alleviate labour expenses through a refundable tax credit to IDM companies. With support from these programs the three provinces have successfully supported a nascent industry and built world-class IDM clusters in Toronto, Montreal, and Vancouver. For example, Quebec has seen an increase of 42 per cent in the number of video game studios since 2015, while Ontario and B.C. have seen increases of 58 per cent and 19 per cent respectively.

That said, it's important to note that not everything that works in other jurisdictions is appropriate in the Alberta context. We took these interjurisdictional comparisons into account when developing all of our tax credit programs, and we adjusted the programs where needed to make sure that our programs would work here in Alberta. In addition to conducting a crossjurisdictional comparison for our tax credit programs, we also engaged directly with businesses and industry groups to inform each tax credit's development. In all of our consultations we found that our stakeholders were supportive of these tax credits and their ability to offer opportunities for economic activity, diversification, and employment growth.

In fact, a number of Alberta companies have been quite vocal in their support for an interactive digital media tax credit, including BioWare, Serious Labs, Beamdog, XGen Studios, and CodeHatch Corp. Alberta businesses have been asking for tax credits like this for years. By extending the Alberta investor and capital investment tax credits and introducing the new interactive digital media tax credit, we're taking action to level the playing field with jurisdictions that offer similar incentives and attract investment from growing industries.

Members opposite are concerned that the scope of our tax credits is too narrow and doesn't support a broad enough range of sectors. I'd argue, however, that our tax credits are very open and far reaching. The capital investment tax credit is not sector specific and is available to companies across the province involved in

manufacturing, processing, and tourism infrastructure making an investment of \$1 million or more. The same can be said for the Alberta investor tax credit. The investor tax credit has impacts across the economy, offering a tax credit to investors who provide capital to Alberta small businesses doing research, development or commercialization of new technology, new products, or new processes and to businesses engaged in interactive digital media development, video postproduction, digital animation, or tourism.

While the interactive digital media tax credit is more targeted, this is a high-growth sector that develops products that impact sectors all across the economy. We see a lot of potential for this program to support significant growth in the interactive digital media industry and beyond. Not only is Alberta's interactive digital media industry involved in the development of video games and digital content that are available through a variety of digital platforms such as mobile devices, tablets, game consoles, and web applications, but it also develops interactive digital media products and technology, including augmented reality and virtual reality, that have wide applications outside of digital games, including in the health, energy, education, real estate, e-commerce, advertising, and film and television industries. An interactive digital media tax credit will help foster a more diversified economy, encouraging the growth of the interactive digital media industry and other related creative industries right here in Alberta.

Now, another concern raised was that sector-specific tax credits mean that we are picking winners and losers. I'd like to take a moment to re-emphasize something that I highlighted earlier. The Alberta investor and capital investment tax credits focus on activities that are applicable across a variety of sectors. When it comes to the interactive digital media industry, stakeholders have consistently advocated for a tax credit program similar to those in other Canadian jurisdictions, and the government of Alberta research and modelling has determined that additional support is needed to meet the needs of this industry.

10:20

Alberta interactive digital media businesses are competitive with other provinces' cost structures in terms of labour, rent, utilities, and other operating costs. However, Alberta companies are not disadvantaged due to higher costs or poor performance; they are at a disadvantage because of the significant long-term subsidies offered in other Canadian and American jurisdictions. Research, analysis, and economic modelling have confirmed the need for targeted, consistent support that helps offset labour costs in the IDM industry. By introducing an IDM tax credit here in Alberta, we will level the playing field with other Canadian jurisdictions that have already had similar programs in place for years, bringing more tech entrepreneurs and companies to the province while preventing those already here from relocating to other jurisdictions.

We strongly believe that this is much-needed and strategic support to ensure that Alberta does not fall behind and continues building on our technology growth in the province. We want to foster a more diversified . . .

The Chair: The hon. Member for Cardston-Taber-Warner.

Mr. Hunter: Thank you, Madam Chair. I was very interested to listen to what I felt was a response to some of the questions. I do actually appreciate that from the minister, yet there were a couple of things in there that I had questions about. If the minister could respond to these, it would be, again, very helpful.

First of all, one of the things that the minister said was that they had heard from Albertans that this was something they had asked for extensively. Then he went on to quote the people who had asked

for those subsidies, and the names that he quoted were from companies that would receive the subsidies. It does make sense, Madam Chair, that these companies would look for those subsidies. I mean, I don't know any company that wouldn't look for free money.

I guess the question is: has there been any analysis of what Albertans in general would like to see? Would they like to see these boutique taxes? We've used the term – and he has used the term as well – “picking winners and losers.” Is that something that Albertans are looking for in general? He has said that there is an appetite amongst Albertans to be able to have this. If this is true, I would be very interested to see the analysis done by the government to show that Albertans in general are interested in this.

The other question that I have. I'll just kind of point out that as I thought about these tax boutiques, these subsidies, I am the first to admit that there actually have been successes in this province in the past that have used this model. One of them down in my area is the irrigation districts. I can say that as we look to the south in Montana, they have not done what they needed to in terms of being able to have the capital injection into those irrigation districts, and they look to the north into our province enviously. So I do accept that there are models where we've seen a net value to being able to do this.

I want to just go back to this issue here because there was a comment made, again, by the hon. minister that said that if we don't have the same kind of subsidies as other jurisdictions such as Quebec, he mentioned, then we're falling behind. Now, the question is: let's say that we offer the same subsidies and we incentivize companies to come, maybe because we have other comparable advantages to those other jurisdictions such as lower tax rates or a better climate, whatever it is. Are we not going to be in a situation where these companies now are going to at that point be looking once again, shopping for the best deal in Canada or any jurisdiction throughout the world, really, where they can say: “Okay. Well, now Quebec has upped the ante, and they're going to increase the subsidy to X amount.”

I guess the question is: where does the rabbit hole end in the subsidies? Is there a point where you say: “You know what? We've got to jump off. It's getting too rich for this industry or too rich for us to be able to subsidize this industry”? At any given point does the government say: “You know what? It's not worth that investment”?

So those are a couple of questions that I have. I've tried to be fair with the questions, partisan out. I'm just looking for some more clarity on this issue. I've said already that I have seen some examples where this has worked, and I just want to know whether or not this type of vehicle would facilitate that.

Thank you, Madam Chair.

The Chair: The hon. minister of economic development.

Mr. Bilous: Thank you, Madam Chair. I'll thank the member for his comments and questions, and I'll attempt to address them. When we look at – and the Minister of Advanced Education mentioned a number of different companies that have been asking for this, but this goes far beyond the three or four that he included in his speaking notes. You know, I can tell this Chamber that I've been travelling around the province over the past couple of years speaking with many different chambers of commerce, many different economic development entities and associations, business associations throughout the province, who told me, once this ministry was created, when our Premier created it in October 2015, that they had asked previous governments for decades for a tax credit for investors and one that would help spur capital investment.

Now, of course, capital investment: you know, when the price of oil was fairly high into our oil sands or into our gas plays, there wasn't a problem to get that. Capital investment in some other areas was a little more tricky. But especially in the past couple of years with the price of oil, when it collapsed, it was a challenging time to get significant capital at that moment in time, when we needed it to help the economy recover. So with the capital investment tax credit, as the Minister of Advanced Education explained, we conditionally approved just over \$60 million worth of tax credits that have leveraged \$1.2 billion worth of investment. So I think the numbers in that example speak for themselves as far as investment that maybe wouldn't have happened or that wouldn't have happened at this moment in time without that bit of incentive, so that 10 per cent nonrefundable up to \$5 million.

On the investor tax credit, for example, the province of British Columbia has enjoyed an investor tax credit since 1985. When we've talked with economists as to why British Columbia's economy is quite diverse, one of the tools – I'm not saying the tool but definitely one of the tools – was an investor tax credit, that helps a couple of things. First of all, again, it's not sector specific; it's sector-wide. This applies to agriculture, food processing, manufacturing, forestry – I mean, you name the sector – tech space, health innovation.

It helps companies that need to scale up, and it provides an opportunity for Albertans to invest in companies in their own backyard, which is something that I'm very proud to offer Albertans to be able to do that. So companies are able to scale; they're able to grow; they're able to hire more people. At the same time, Albertans are able to invest in their own companies, their neighbours, their communities. Really, it's a win-win as far as a tax credit.

Just to the member's first point, this is something that businesses and the business community all over the province have been asking for. This goes far beyond the number of companies that have received the credit. Also, I can tell you there were a number of venture capitalists and those looking to invest and wanting to keep their money here at home. Their dollars are being lured to other jurisdictions. So this essentially levels the playing field. That is what we're trying to do here.

The other point that the member brought up. We talk about the digital media tax credit, again something that the provinces of British Columbia and Quebec have enjoyed for a number of years. Quebec has a very, very strong digital gaming/interactive digital media cluster within the province due in large part because they do offer an incentive, because for those companies, their number one cost is labour. These are highly paid, highly skilled jobs that aren't project based. They are, you know, on a continuum, on a long term. We know that we have incredible talent that we are graduating here in the province of Alberta. Part of the challenge is that once the talent graduates, people looking to set up companies are lured to other provinces.

10:30

Let's take BioWare, for example. Once upon a time BioWare had about 800 employees here in the city of Edmonton. Due to, again, Quebec's attractive tax credit program, approximately 500 jobs have moved from Alberta to Quebec over the past 10 years. There are, I think, approximately 300 employees in Edmonton or in Alberta that are employed by BioWare. The reason that they've stayed and that they haven't moved shop altogether: what they told me is that, again, you know, the founders are from Edmonton. They're an Edmonton-based company. There's a loyalty to our province and to our city, but again as a company they need to be competitive. Again, when you have other jurisdictions that are providing incentives to lure them away or also to help them reduce

their costs, a company has a hard time being able to justify staying in a jurisdiction that is much more expensive to do business in.

Now, we have a number of advantages over other provinces. We know that. We talk about that all the time as far as no health care premiums, no payroll tax, no PST, and that is significant for companies. But in the space of digital media and tech, again, we have the talent. We have incredible postsecondaries across the province. In fact, I'd love to – I learned that many of the grads from GPRC are hired by BioWare when they graduate. I mean, that's, you know, a very positive story. We want to see more companies in that space in the province pop up and grow. I'm using BioWare as an example, but before the member jumps up and says, "Oh, this is a credit designed for BioWare," not at all. We've spoken with a number of small companies, with start-ups, and others that are looking at developing talent and their companies here.

I think, you know, really, what we've done and what we've been able to do is a trifecta to attract and retain talent and support companies in the tech space here in Alberta. We have not only the digital media tax credit; we also have made a commitment to 3,000 new spaces in our postsecondaries that are tech related through the Minister of Advanced Education and also scholarships to be able to attract and encourage students into the STEM field, especially women. We want to see a much more equal number of men and women in that space.

Then we also have worked very closely with the city and the airport and Air Canada to get a direct flight from Edmonton to San Francisco. I can tell the House that when I'm down there on trade missions, there is significant interest in the Bay Area back into Alberta. They recognize that there's talent. One of the barriers that companies that I sat down with had mentioned was that a direct flight is absolutely critical. So with our new linkage now between Edmonton and San Francisco on that front, we have three different outcomes or tools that are able to help us continue to develop this space.

On the comment to the member as far as where we landed and studies, we did a comprehensive analysis, looking at other jurisdictions, like I had mentioned – British Columbia, Quebec, other jurisdictions in the U.S. as well – as far as different programs that are offered to help support the business sector and entrepreneurs. Again, our eye was on levelling the playing field and ensuring that we're supporting our companies in our areas of strength. You know, when it comes to interactive digital media and gaming, I mean, this is an industry that is worth hundreds of billions of dollars world-wide, and we have an incredible amount of talent here. This is one of the ways that we're supporting that talent. We're supporting our companies to grow and expand, to stay here in Alberta.

I mean, I'll leave my comments there. But what I do want to point out and what I find fascinating is that the members opposite, when Bill 30 first came through this House a year and a half ago, all voted in favour of the investor tax credit and the capital investment tax credit. I don't know if this has something to do with their leader change. Back then, of course, they were under the leadership of Brian Jean, and all spoke about how this tax credit was beneficial, how they saw that this would help our companies in the province grow. Now, today, under their new leader suddenly the tax credits are not something that they're interested in doing. You know, I've put the question out to folks on a number of occasions. I would love to know why the Leader of the Official Opposition is not interested in and would essentially kill all three of them.

The Chair: Cardston-Taber-Warner.

Mr. Hunter: Thank you, Madam Chair. As we are in Committee of the Whole, I do believe that the Minister of Advanced Education could have answered those questions. I appreciate the answer, but again I want to just point out that I've asked the question now, and I didn't receive an answer. The question is on specifics. I'm going to ask it in a different way so that the minister can answer.

In order for the government to be able to provide a tax credit or a subsidy to a business, the only way the government can do that is if the government takes a dollar from the taxpayer. This is why the question is a relevant question. In order for the government to be able to go to the taxpayer and say, "I'm going to give \$1 of subsidy to this company, XYZ company, but I need to take \$1 from you in order to be able to do that," they have to sell that idea that the subsidy is in the best interest of Albertans, not just in the best interest of one specific industry or one specific group.

Once again, I don't know any business out there that wouldn't take free money. Actually, maybe there is a company. I remember when down in the States Ford decided that they weren't going to take the bailout money. GM decided they were going to. Dodge decided they were going to. So maybe there are some companies out there that actually take the high road on this.

But, generally speaking, I would say that if a company has the ability to receive free money, unencumbered by shareholders or by market forces but free money, they're going to take it. There's an interesting book called *The Law* by Frédéric Bastiat that talks about this specific issue, you know, written long ago. Some of the things in the book, obviously, I don't agree with, but that is a point that he brings up, that if you actually give an incentive to someone, they're going to take it. That's just a natural inclination and disposition of people.

So my question is still the same. If they take a dollar out, if they say that they're going to give a dollar in subsidy to a company, in order for them to be able to do that, the only way that they're going to be able to do that is if they take a dollar from the taxpayer to be able to do that. That's why the question is very relevant to this House.

Now, again I go back to this point. I have seen situations where this kind of vehicle has provided a net benefit to Alberta in irrigation down in my riding. Also, in the oil and gas industry we've seen successes. We've seen failures in the oil and gas industry with this kind of vehicle as well. If the government has this empirical evidence that would allow them to go forward with full confidence that Albertans in general, not just the people who are actually getting this subsidy but Albertans in general, are one hundred per cent onboard, would the government be willing to table the evidence to show that Albertans are onboard with that? If there's anybody on the government side that would be willing to answer that question, I would be very interested in hearing it.

The Chair: Any other questions, comments, amendments?

The hon. Minister of Justice.

Ms Ganley: Thank you very much, Madam Chair. I would move that we adjourn debate on Bill 2 and that when the committee next rises, it reports progress.

[The voice vote indicated that the motion to adjourn debate carried]

[Several members rose calling for a division. The division bell was rung at 10:40 a.m.]

[Fifteen minutes having elapsed, the committee divided]

[Ms Jabbour in the chair]

For the motion:

Anderson, S.	Gray	Miller
Carson	Hinkley	Nielsen
Ceci	Horne	Piquette
Connolly	Kazim	Renaud
Coolahan	Kleinstauber	Rosendahl
Cortes-Vargas	Larivee	Schreiner
Dach	Littlewood	Sucha
Dang	Loyola	Sweet
Drever	Malkinson	Turner
Feehan	McKittrick	Westhead
Fitzpatrick	McLean	Woollard
Ganley		

Against the motion:

Aheer	Fraser	McIver
Anderson, W.	Gotfried	Stier
Cooper	Hunter	Strankman
Drysdale		

Totals: For – 34 Against – 10

[Motion to adjourn debate carried]

Bill 16 Election Finances and Contributions Disclosure Statutes Amendment Act, 2018

The Chair: Any questions, comments, or amendments with respect to this bill? The hon. Minister of Labour.

Ms Gray: Thank you very much, Madam Chair. I am really pleased to rise and speak to Bill 16, the Election Finances and Contributions Disclosure Statutes Amendment Act, 2018, here at Committee of the Whole. I want to thank all the colleagues for their commitment to this bill and, through the debate that has happened so far, for identifying their concerns, which I'm happy to address.

Bill 16 would ensure elections are fair by requiring associated parties to adhere to a single combined spending limit. The proposed amendments would guarantee a level playing field by ensuring that associated parties cannot pool separate spending limits to support the same candidates. It would also increase transparency by enhancing reporting requirements. Our amendments put forward a simple concept: electoral fairness requires that associated parties be subject to the spending limit of a single party. If Bill 16 is passed, associated parties must share that \$2 million spending limit for a single party.

There were several concerns raised during the debate at second reading, and I'd like to just quickly address each of them. One concern was raised as to whether the Election Commissioner could conclude that political parties that decide not to run a candidate in an election in the same constituency might be considered associated parties. To clarify, what this bill does is that it prohibits a registered party from circumventing or attempting to circumvent an expense limit through collusion with another registered party. The bill would also enable the Election Commissioner to investigate whether two or more registered parties are associated registered parties. An agreement between parties not to compete in a constituency is unlikely to be considered collusion. It's unlikely that the Election Commissioner would make a determination that registered parties are associated based solely on an agreement not to compete in a constituency. Of course, the decision as to whether political parties are associated is the commissioner's decision to make.

Another concern was whether agreeing on specific issues would make political parties associated. The commissioner will not be using a single criterion to determine whether parties are associated. When determining whether or not parties are associated, the Election Commissioner must consider all relevant information. The criteria include whether the parties have common leadership, political programs, or policy statements, whether one party controls another, whether parties have the same advertising material and brand name, and the nature of agreements and interactions between parties.

11:00

If parties are concerned whether they could be considered associated, they would be free to approach the Election Commissioner in advance of an election to seek advice on whether or not they'd be in compliance.

A concern was also raised as to what would happen to political parties that decide to get together after an election. A member asked whether there would be penalties for this or whether another election would be called. It's really important to emphasize that this bill is about electoral fairness. If registered political parties are closely associated, electoral fairness may require that these parties share a single, combined spending limit. There is nothing wrong with political parties being associated. Parties that are associated would not be subject to fines simply because they are associated, nor would another election be called.

We were also asked whether a federal political party and a provincial party would be considered associated under this legislation. To clarify, Alberta's election financing rules only govern political parties that are registered in Alberta. During the debate at second reading opposition asked why the proposed amendments do not enable the merger of political parties. Again, we want to emphasize that our government's intent is to preserve the fairness and integrity of elections in Alberta. We are closing a loophole that could weaken our democracy, and protecting our democracy is not a partisan issue. We recognize that the opposition has publicly agreed to stick to the spending limits of a single party. Our amendments ensure that our democracy stays healthy by making this an official requirement of all future elections.

We've also heard concerns from members about how unions could force their members to donate to a political party that they don't necessarily support. To clarify, only individual residents of Alberta may make political contributions. Both unions and corporations are prohibited from making political contributions. We have been working hard to find the right balance between taking big money out of politics and making sure that citizens of our province can exercise their constitutionally given right to participate in democracy.

In addition, last year Bill 32, An Act to Strengthen and Protect Democracy in Alberta, brought forward the most comprehensive legislation in the country addressing third-party entities. We've limited their participation in the election period and have made it more transparent. Now, a member of the House expressed concerns about the newly appointed Election Commissioner. Under Bill 32, An Act to Strengthen and Protect Democracy in Alberta, which came into force December 15, 2017, the position of Election Commissioner was created as an independent officer of the Legislative Assembly. The position has responsibility for ensuring compliance with and enforcement of certain obligations of the entities regulated under the Election Act and the Election Finances and Contributions Disclosure Act.

I would like to remind the members that the Standing Committee on Legislative Offices reviewed applications for the position and passed a motion, with a recorded vote, recommending to the

Legislative Assembly that Lorne Gibson be appointed as Alberta's first Election Commissioner. The Legislative Assembly has now passed that motion to appoint Mr. Lorne Gibson, and that is now in effect.

We're working to preserve the fairness and integrity of Alberta's democratic electoral system for all future elections within our province. We've discussed all our proposed changes with the Chief Electoral Officer to ensure they are workable. The Chief Electoral Officer shares similar goals around transparency, and we've taken his recommendations into account.

I hope I've been able to address some of the concerns raised during second reading. These amendments would enhance transparency and protect fairness in election spending. Fair elections depend on all parties and candidates having a level playing field so that ideas and not money decide who wins. Bill 16 is another step to preserve the fairness and integrity of all future elections in our province. I'm happy to continue debate now that we are in Committee of the Whole. Thank you, Madam Chair.

The Chair: The hon. Member for Olds-Didsbury-Three Hills.

Mr. Cooper: Well, thank you. I'm pleased to rise and speak to Bill 16, Election Finances and Contributions Disclosure Statutes Amendment Act, 2018, the boutique legislation of all boutique legislation, that has clearly been created, as mentioned previously, as an act to prevent the conservative movement from being one conservative movement. All sorts of interesting titles could be used for this particular piece of legislation because it's specifically written for the Official Opposition. So we take a little bit of pride in the fact that the government is writing such specific legislation to do something that the Official Opposition is also already committed to doing, and that is to respect the election laws and the intention of them. I find it a bit unique that we're here.

I appreciate the comments from the minister; however, one question that she didn't answer, although she alluded to it, is the single largest question that is before us, as far as I'm concerned, and that is: why didn't the government just create legislation that would allow political parties to merge? The reason why is that they're concerned that that would not be of benefit to the NDP Party and could potentially cause challenges to them. So instead of doing what is actually about creating fairness and an equal set of rules for everyone, particularly on a go-forward basis, the government made the decision to create a piece of boutique legislation that only addresses one problem.

It's my guess that in 30 – well, who knows how long? – or in some period of time in the future this type of legislation will actually be repealed and replaced with something that makes much more sense, that actually creates a more democratic playing field for everyone and actually allows parties to function in the way that they see fit and that is best for their membership. You know, I think that when you write boutique legislation like this, it's the type of legislation that gets very old very quickly. There's lots of legislation that's still on the books that needs to be removed, legislation from decades and decades ago. My sense is that this is exactly the type of legislation that is being created, because of the very, very, very, very small problem that they're trying to prevent.

Like I said, Madam Chair, my sense is that it's because it is most expedient for the NDP Party in their desire to perhaps prevent other political parties from merging that might like to, be it the Liberals and the Alberta Party, or maybe the NDP might like to merge with some other leftists in the province at some point in time. This is no way to govern. This is no way to govern, to create such small, boutique legislation.

Now, having said all that, Madam Chair, while I don't agree with the path which the government has chosen to solve the concern that they have before them, I will be supporting Bill 16 because the intention of Bill 16 is to do exactly what the Official Opposition has already committed to doing, and that is respecting the intent of the elections law and not having multiple legacy parties each spend to the limit of \$2 million in our election endeavours.

Now, we all know that this got started with taking big money out of politics. Goodness knows we've heard that on numerous occasions from the minister and from folks on every side of the House. But maybe it would be advantageous to just remind the House that the biggest money in politics is not actually union money, not actually corporate money; it is actually government money and the amount of money that the government spends advertising itself in the lead-up to the election. So there is a significant advantage that continues to remain for the government. You know, we saw them spend \$9 million alone on advertising the carbon tax. I'm not sure if that's what they called it, but they spent \$9 million alone on advertising the carbon tax and speaking specifically about that.

11:10

The Official Opposition, in the upcoming provincial election, will be able to spend \$2 million total. I was certainly not a math scholar in high school or at any other point in time in my life, but one thing I do know for certain is that \$9 million is more than \$2 million. So we will see over the next year the government spending significant amounts of money, taxpayers' money, advertising the work, good, bad, and indifferent, that the government is doing. We'll see very clearly significant numbers of announcements in target areas that the government is targeting. We'll see funding announcements in areas that are specifically important to the government and them using massive amounts of dollars in the lead-up to the election. So let's be clear. There is still big money in politics, and it is taxpayers' money that is going to be funding a lot of the work that this government is doing.

One of the other big problems with Bill 16 and the legislation that's before us is the fact that we've been here before. The government's track record on election financing is not ideal, and in fact if it wasn't for the Official Opposition, we probably would see government-funded political parties. You know, my hon. colleague from Rimbey-Rocky Mountain House-Sundre will tell you that the government spent a full summer trying to stack the deck in their favour in funding political parties. So we've been here before. We have seen election financing pieces of legislation two, three, four – I think this is the fifth time that it's been before the House. The government fails to consider all of the challenges before them, so we wind up creating legislation that is ad hoc and, as I mentioned, boutique legislation.

One of the problems that we saw even just last session was that we passed another election finance bill, Bill 32, and the government failed to consult with the Chief Electoral Officer. He wrote at some length about his concerns around that. Now I see that the Chief Electoral Officer has sent a letter to the chair of the Standing Committee on Legislative Offices requesting nearly \$9 million to cover the costs of Bill 32. These are the types of ramifications that the government doesn't consider.

The Chief Electoral Officer is asking for provincial door-to-door enumerators and will be required to hire 7,000 of them. Now, I know that government is into job creation, but they seem to only be creating government jobs. I think today was a good reflection of that. There are significant costs, \$9 million of costs that come along with Bill 32. While it appears that Bill 16 doesn't have any additional costs associated with it, one thing that it does do is to

provide significantly more swath for the Election Commissioner, and Bill 32 was the deliverer of the Election Commissioner. These two things are almost undividable. The government chose to put an Election Commissioner in place, and now there are significant costs that are associated with that, including other pieces of Bill 32 that are problematic and have significant costs to the taxpayer.

During Bill 32 we spoke at length about the fact that the legislation required door-to-door enumeration, which was ridiculous. Door-to-door enumeration is astronomically more expensive than targeted enumeration, has significant safety risks, and the Chief Electoral Officer was not listened to at any point in time with respect to door-to-door enumeration. Every single province has moved away from it, but this government has chosen to put workers at risk, which is exactly what the Chief Electoral Officer's primary concern is around, the risk to enumerators. There are a whole bunch of challenges before us, and it's going to cost \$11 million.

These are the types of implications that come when you write legislation based on ideology and not based on due diligence. The due diligence on Bill 16 was to allow political parties to merge, but it didn't suit the narrative of the government, so now we see Bill 16, legislation specifically drafted to prevent political parties from merging but also preventing them from doing what they've already committed to do, or preventing them from spending \$6 million in the case of the two legacy parties in the United Conservative Party. For the record, even if we did that, it would be less than the government is going to spend on government-funded advertising in the lead-up to the provincial election. The Leader of the Official Opposition committed to not doing that, so that's exactly what we would have done regardless of Bill 16.

We've seen so many of these bills on electoral reform, on electoral democracy. You know, in an ideal scenario these pieces of legislation would have been rolled into a single bill. Rather, we've seen bill after bill after bill coming forward in little bits and pieces. It's my guess that if we have a spring session in the lead-up to the 2019 election, there will be another piece of legislation specifically targeting the Official Opposition, to try to handcuff the Official Opposition in the days leading up to the next provincial election. The government is starting to scramble to do everything that they can to rig the system, to put in place obstacles to the Official Opposition's ability to be able to compete fairly in the next election.

Again, the biggest obstacle is the fact that the government is going to be spending big taxpayer dollars on their campaigns and their announcements in the lead-up to that election, whether it's carbon tax money that they're announcing or infrastructure projects in target ridings and otherwise. It is a significant concern that we have as we continue to see the government try to do everything they can to hold on to the chair of government.

Now, there are a few positive housekeeping measures inside Bill 16, which are good to see. In fact, the fines for registered parties, registered candidates, registered nomination contestants, and the chief financial officer of these entities who exceed the spending limits will increase. These current fines are quite small and, really, kind of an incentive for those wishing to take advantage of the law, so it is good to see that they are providing some additional strength.

The legislation will also mean that election advertising period rules will also apply in by-elections, which is good, which will bring advertising done by third parties during a by-election under election rules as opposed to political advertising, which is where they currently fall. Election advertising rules apply starting December 1 prior to the election and end on the day of polling whereas political advertising, of course, is year-round.

On balance, we will be happy to support – well, we will reluctantly support Bill 16. Again, Bill 16 is more about the government's concerns about the Official Opposition than it actually is about creating good policy for the province of Alberta. Governing is about governance and good governance, not about writing legislation that is against your opponent. Any time that a government is doing that, we need to take stock and pause and ask ourselves the question: what is really the intention of this legislation?

11:20

While we support the fact and are committed to the fact that we will not try to circumvent elections legislation or the intent of that legislation, we're disappointed that the government wrote legislation to create and serve its own needs, not the needs of the greater political sphere. It doesn't encourage political engagement. It doesn't encourage political parties to potentially merge if that is what their membership wants.

Again, the government has a long track record of removing choice, not encouraging choice, and this is just another example of that, of trying to govern private entities, of trying to govern parties and creating rules that would prevent them from doing what might be advantageous for them but not advantageous for the government.

So we will be supporting the bill, with some significant reservations, and look forward to the rest of the debate as we move forward.

The Chair: Any other members wishing to speak to the bill? The hon. Member for Calgary-Bow.

Drever: Thank you, Madam Chair. I rise today to speak about Bill 16, Election Finances and Contributions Disclosure Statutes Amendment Act, 2018, and it's a pleasure to do so. I was part of the Ethics and Accountability Committee, where the opposition parties really pulled every trick to not get dark money out of politics. You know, they even organized a walkout, which actually has become quite a habit for the United Conservative Party. It seems like when the conversation turns into something that makes them feel uncomfortable, they like to get up and leave, and it's a shame. It's a shame to this House, it's a shame to democracy, it's a shame to their constituents, and it's a shame to Albertans.

I'm proud that our government is moving forward with transparency because that is what Albertans deserve. They deserve honesty, which is why the first bill that we passed as government was Bill 1, which bans union and corporate donations to make elections fair. Albertans deserve to have elections decided on the basis of who has the best ideas, not on who has access to the most money. I know the Member for Olds-Didsbury-Three Hills mentioned that we pass a lot of bills here in this Chamber to make elections more fair and to have more transparency in Alberta.

You know, I mentioned Bill 1. We also passed Bill 35, the Fair Elections Financing Act, that lowers the cap on political donations to \$4,000 per individual per year. We have a \$2 million spending cap and a combined spending limit of \$50,000 per candidate when the election is there, when the writ is dropped.

We also passed Bill 32, An Act to Strengthen and Protect Democracy in Alberta, and this was a really important bill. I know that the Member for Olds-Didsbury-Three Hills had a lot of questions on this bill, so I would like to maybe talk about it a little bit to clear the air. You know, if it was up to the United Conservative Party, this would never have happened. They want to keep dark money in politics because it really benefits them. It doesn't benefit their constituents, but they like to pretend that it does. So I would like to stand up here and make sure that everyone

has a clear understanding of what Bill 32 is, and then we'll get into Bill 16.

Bill 32, making elections fair and more accessible, was passed to make elections in Alberta more accessible and help them run smoothly, efficiently, and fair. Bill 32 amends the Election Act and the Election Finances and Contributions Disclosure Act to enhance the fairness and integrity of elections, encourage greater voter participation, make it easier for people to vote, enhance the efficiency of elections administration, and enhance the fairness and integrity of elections.

The new limit on third-party spending: now, this is something that we talked about in great detail in the Ethics and Accountability Committee. As I said before, the opposition parties were very much reluctant to talk about this, to pass that in the committee, to the point where, like I said before, they walked out. You know, I'm really glad that we have a government in this province that has Albertans' backs, that aren't going to be pulling little tricks like that. I know that when they go door-knocking, if they even do that, they probably don't go talk to their constituents and tell them that they pulled that one. I'm pretty sure they're probably feeling a lot of shame right now.

Talking about the third-party spending limits, they were applied starting I think December 1, 2017. Third parties will not be permitted to spend more than \$150,000 on political advertising before the election is called. Of that \$150,000, no more than \$3,000 can be used to promote or oppose the election of one or more candidates in any one electoral division. So money spent on canvassing and organizing events to promote or oppose a party or candidate will be considered advertising expenses towards this new limit. Political parties, leadership contestants, nomination contestants and candidates will be prohibited from colluding with third parties such as political action committees to circumvent spending or contribution limits.

You know, I think this is something that's extremely important and, like I said, makes elections fair. We're doing this because our government respects democracy, and I think it's about time that there is a government that actually does that.

You know, I want to get into Bill 16 right now. The primary purpose of this bill is to ensure that the democratic process remains in the hands of Albertans. To accomplish this purpose, the act regulates how election spending works in the province of Alberta. The act states that parties cannot spend more than \$2 million during an election period. The election period runs from the writ drop to the close of the polls on polling day. Also, no one candidate can spend more than \$50,000. These amounts are adjusted for inflation. Nomination contestants may not exceed 20 per cent of the spending limit for a candidate. The changes proposed in Bill 16, if passed, will ensure that the associated parties must comply with the election spending rules set out in the act. As well, minor changes to ensure transparency in the electoral process are being introduced.

I know that the United Conservative Party said that out of the goodness of their heart they wouldn't be doing this, but frankly I don't think Albertans trust them. When I go to the doors in my constituency, I certainly hear that. They're very grateful and they're happy that they have a government that has their backs and that they're not going to be pulling a fast one on their own constituents.

It's concerning when I'm listening to the other side. They say that they agree with this bill, but I hear a lot of resistance. If it was up to the United Conservative Party, they would keep dark money in politics. Albertans do not want that, and that's why they're losing trust in that opposition.

You know, I'm proud to stand and support Bill 16, as I was proud to stand and support Bill 1, as I was proud to stand to support Bill 35, as I was proud to stand to support Bill 32. This is just another

level of transparency that this government is bringing to this province, and I encourage all members of this Chamber to support it.

Thank you very much.

11:30

The Chair: The hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Nixon: Thank you, Madam Chair. I do know the hon. member said that he's better looking than me. I assume that may be true . . .

Mrs. Littlewood: Agreed.

Mr. Nixon: . . . though my mom always said that I was a good catch. The hon. member from Vegreville-Viking is now heckling about what I look like. It's kind of weird where we end up in this Chamber.

But what was really, really weird was the comment that we just heard from the Member for Calgary-Bow in relation to her time on the Select Special Ethics and Accountability Committee. I also was a member of that committee, Madam Chair, as you do know, and the points that the hon. Member for Calgary-Bow just laid out are not what took place in that committee. That's what confuses me. That really takes away from the debate in this place and how this legislation connects to it. One of the things that the hon. member spoke about was that she alleges that the opposition walked out of the committee. Nothing could be further from the truth. The committee met for months and months and months, but there was a day where the government was stacking the deck during the process, and there was a stage where the opposition walked out to say: this process is not being fair to the minority.

Now, do you know who led that process, Madam Chair? The Minister of Infrastructure, the hon. Member for Calgary-North West, organized that walkout. She was right at the time. She put together the main points of why that walkout happened for those brief moments to make it clear that this government was attempting to stack the deck against Albertans to make the system to their advantage. Now, I don't agree very often with the Minister of Infrastructure, but in this case I agreed with her wholly on her having the courage to stand up and point out what this government was doing. Their minister – I see that the Member for Calgary-Bow doesn't want to talk about that – led the opposition members out of the room to draw attention to the abuse of process, from our perspective, that the NDP was doing.

Now, what's also interesting during that process was how much the Minister of Infrastructure spoke out against this government's process, this government's deliberate attack on democracy, and this government's deliberate stacking of the deck to try to advantage them. The hon. Member for Calgary-North West, the Minister of Infrastructure, a member of the government across the way from me, has pages and pages in *Hansard* during that committee where she speaks very vocally on behalf of her constituents about the crazy and inappropriate behaviour of this government. And I don't use the word "crazy" lightly, but do you know what the main thing was that the government was doing during that committee, Madam Chair? They were trying, including the Member for Calgary-Bow, who just spoke, to get my constituents and your constituents and the people of Alberta to pay for her campaign expenses and to pay for that party's campaign expenses.

So, yes, if that is disrupting the process, as she just accused us of, darn right, Madam Chair, we disrupted the process. We fought hard every day during that process to stop this government's abuse of taxpayer dollars and to stop that Member for Calgary-Bow from getting taxpayer money for her campaign expenses. Side by side

with the Minister of Infrastructure, I'm glad that we got to fight that. What was great about that was that we were successful with the process that we used to hold the government to account for their ridiculous attempt to take taxpayer money for their campaign expenses. In the end, they stopped.

The Chair: Hon. member, can I just remind you that we're speaking on Bill 16 and not about a previous decision or previous committee, so if you could maybe stick to that.

Mr. Nixon: Thank you, Madam Chair. I'm responding to Bill 16 and to the comments from the Member for Calgary-Bow, who spent 20 minutes talking about Bill 32 and what happened in that committee. That's the response that I am discussing and its relation to this piece of legislation.

Dark money in politics is something else that this member wanted to talk about. The biggest dark money, I guess, if you want to use that term, in politics is the government's purse. This government and that Member for Calgary-Bow have worked diligently to stop the opposition from being able to pass legislation that would stop them from abusing taxpayer dollars during elections. They have stopped that at every turn. They don't want to get that big money out of politics. They just want to get one kind of big money out of politics whereas the opposition has always said that we need to get big money out of politics, period, including government money, stuff like not being able to make election announcements with money during by-elections, a bill that they made sure to send to committee because they didn't have the courage to vote against it in this House. So they had to send it somewhere to hide it and to try not to stand up for their constituents, just like they did when they tried to take their constituents' money to pay for their campaign expenses.

This bill, though, at its core, as the hon. Member for Olds-Didsbury-Three Hills articulated very well, Madam Chair, has nothing to do with the issues that the Member for Calgary-Bow raised, not one of them. It is a piece of legislation that was hurriedly put together, that actually seems to have the broad support of every member of this House, which is great. The minister and the government all of a sudden became concerned because they realized that while they were going out of their way to uphold the law that would not allow the Wildrose Party and the PC Party to merge, they accidentally created a situation where both of our legacy parties would be able to spend money inside the next election, something we'd already committed to not doing.

The minister – and I thank her for recognizing that – recognizes that we signed an agreement that would not allow that to happen, but she wanted to make sure that that could not happen in the future. We agree with the point of that, which is why we agreed to honour the spirit of the legislation. What we find alarming is that this minister and this government continue to bring election changes to this House and then get it wrong every single time, and then we have to have another bill come forward to this Assembly and then try to fix the mistakes that they make.

Mrs. Aheer: Like the PPAs.

Mr. Nixon: Well, there's other legislation – you're right – on other things where they have continued to do it. It's a pattern of this government. But specifically on electoral reform, which is what this bill has to do with, this is what this government does. They make a mess of it. They fall short because they won't talk to the people that are involved. They get their blinders on, Madam Chair, and are so focused on trying to deliberately stack the deck to their advantage that they end up making mistakes that they don't think of. This is a prime example of that. This is a mistake they didn't think of.

Instead of this time sitting down and getting it right, allowing those two parties just to come together, which is the simplest and cleanest way to deal with this situation, they still want to try to make things harder. It won't work, but they still want to try to make things harder. Instead, they make it overly complicated.

The other thing the Member for Calgary-Bow spoke about in her comments in regard to dark money – I think she was primarily referring to PACs. It's interesting. At the end of the committee that she referred to in her speech, all members of that committee, from all parties, voted unanimously to continue the work of that committee, recognizing that we had not gotten the work done on PACs, that we had run out of time. Every member, including the hon. Minister of Infrastructure, the member from Vegreville-Viking, the Member for Calgary-Bow – and the list goes on and on – voted with the opposition on that. They voted with the opposition on that without a doubt. You can check *Hansard*. It's there. It's on the record. I know the member from Vegreville-Viking may not remember her vote, but that's how she voted, to extend the work to make sure that we could get PACs ready. But they didn't do that.

Instead, they chose to bring a hurried bill to the floor because they were very concerned that the opposition was raising more money than them at the time. They brought that legislation. It was broadly supported, getting union and corporate donations out of politics. And what happened? You go a couple of months later, and they realized: "Oh, wow. That committee was right. We didn't get it right on PACs. We fell short. We haven't dealt with that." Now we come back to the next sitting, and there's another bill here trying to deal with the issues that they forgot to deal with. The problem with that is that they never talked to anybody again. They went into a room somewhere and came up with a piece of legislation with some good stuff in it, but it fell short. Then we got to the next sitting, and they had to bring in another piece of legislation to fix it. Now here we are in yet another sitting with another piece of legislation to fix it.

The point, Madam Chair, is this. Our party will support the intent of this bill. We'll vote for the bill because it is what we've already agreed to. But we are calling on the government to stop focusing on stacking the deck in our election system to their advantage and to put the focus back on Albertans, to put the focus on getting the legislation right here that will make sure that our election system is fair for generations to come. Even when this government is on the opposition side of the House in little under a year, they're going to deserve to have fair elections. Everybody deserves to have fair elections. Most importantly, Albertans deserve that our election system is fair, and they fundamentally reject the NDP's stance to continue to try to stack the system to their advantage while getting legislation wrong over and over and over and having to come back to this House and say: whoops; we made a mistake.

11:40

Then, lastly, Albertans will not allow the Member for Calgary-Bow and those other members who spent that entire first summer of their legislative term trying to stack the deck to their advantage and trying to get constituents to pay for their campaign expenses. It's disappointing. They should stand up, and they should finally apologize for it, because I can tell you, Madam Chair, that the constituents of Calgary-Bow and other ones are extremely disappointed in that behaviour.

The Chair: The hon. Member for Calgary-South East.

Mr. Fraser: Thank you, Madam Chair. Listening to the Member for Calgary-Bow, you know, I have to say that I've been in this Chamber for six years. I'm honoured to be here and watch a number

of things play out, but, yeah, just a few things have happened since I've been elected, in 2012. There's this conversation around dark money, and I want to ask the Member for Calgary-Bow or any other member of the government about what I did before I got elected. Were you aware of what I'd done for the community before I got elected? Were you aware of the members for Chestermere-Rocky View, Grande Prairie-Wapiti, Calgary-Fish Creek, Calgary-Hays? We love to evoke people like Peter Lougheed and others when it's politically convenient.

We're talking about a bill here, and I support Bill 16 in terms of the idea to make elections more fair and transparent, but the last time I checked, Madam Chair, every contribution coming into my campaigns, my latest leadership run and elections past, is all up on a public website. They're there. So where is the dark money? What the member is suggesting when we talk about these things – and, yes, there are issues and there are going to continue to be issues in this Chamber and in this province that we have to deal with as legislators, but we totally shake the confidence of the voter and disrespect them. To the Member for Calgary-Bow and to the government caucus: who had more money in the last election? The Progressive Conservative Party, which became the third party. So to suggest that dark money rules the day is not only false, but it's an insult to the people who elected you.

At the end of the day, when we're talking about this, Madam Chair, the point that I'm trying to make is that the Member for Calgary-Bow was duly elected and expected to do a job but also to speak respectfully about the other people and the people that elected me. I respect those folks that elected this government.

An Hon. Member: Cross the floor.

Mr. Fraser: The member says to cross the floor. I've been in a couple of different parties, but I don't know if I'm going to go that far yet.

At the end of the day, everybody here is trying to do their very best, and they come with their voices. It is not about the Member for Calgary-South East or the Member for Calgary-Fish Creek. We are the conduits, we are the voices of our constituents, and we need to hold that with the deepest amount of respect. When we talk about things like dark money – which is just simply false because every single contribution shows up on a website.

Now, I'm all for the idea – whether it's a PAC or whether it's a union, hey, just post it. If you stand for a particular issue, run on that issue, but don't talk about innuendo and things that are just simply not true because, respectfully to the Member for Calgary-Bow, when you make these allegations, you not only make this Chamber look bad, but you make yourself look bad and the idea that people just can't trust politicians. I believe there are so many people on the government side and the opposition side that have worked in their communities for years and years and years to get the credibility to get elected into this Chamber to talk honestly.

Again, I just take offence at the idea that in anything I've done in my career, whether it was with the government, whether it was my time in cabinet or my time in the third party or on the opposition benches, somehow I have gerrymandered my way to having this seat. It's disrespectful to my constituency, that elected me based on the work that I did in the community, not based on the amount of money I raised. You can go look at my contributions. I don't raise a lot of money. I'm happy to talk and defend anybody who's contributed to my campaign. I'm willing to stand behind that, and if I'm not, then I just simply don't accept that money.

Again, Madam Chair, we need to raise the level of debate in this House and respect each other. I just think that "dark money," that term, doesn't sit well with me – and I know it doesn't sit well with

my constituents – because we need to be building everybody up in this Chamber so that Albertans can trust what's happening in here.

Thank you, Madam Chair.

The Chair: Chestermere-Rocky View.

Mrs. Aheer: Thank you very much, Madam Chair, and thank you for the opportunity to speak on Bill 16, Election Finances and Contributions Disclosure Statutes Amendment Act, 2018. I wanted to thank the Member for Calgary-South East for pointing out the human component to all of us being here. I think that sometimes we forget that every single person in here is somebody who came from somewhere, who has family, who has people that they represent.

I wanted to talk a little bit, actually, on the dark money piece because it's been language that's been used right across the board, whether that was with the motion for the Election Commissioner – the Member for Calgary-Bow today brings it up again. I question, with all due respect – and I realize that you were on the Ethics and Accountability Committee. Madam Chair, what is darker than trying to use taxpayer money to pay for your campaign expenses? Even I wouldn't have used that term, "dark." That comes from the government. But I can't imagine a situation that is more disrespectful to the taxpayer than expecting that it's their responsibility to pay for my campaign expenses. I can't imagine.

The Member for Calgary-Bow: she's been through a lot, not only here but in this Chamber and even in her career starting out here. I remember adamantly defending her right to be here at the very beginning, adamantly defending her right when she sat on the opposition side as an independent, regardless of her background, regardless of where she came from. She was duly elected by her constituency. I would still defend to this day her right to be here.

And then to hear an accusatory tone coming across from the member, Madam Chair, accusing the people on this side of somehow bringing in dark money when, in all honesty, this piece of legislation is here because the government has made several mistakes along the way with regard to transparency in elections – let's talk about this bill for just a moment. The member had mentioned about: if we door-knock. Well, I would suggest that the member maybe go on our Facebook pages and look at the people that we're impacting not only through door-knocking but attending events. I know the member attends a lot of events in her area, too.

We have the privilege of not only working within our own constituencies, Madam Chair. We work with Albertans. All of us on this side also hold critic portfolios that expand way beyond the mandate of our constituencies, so we're actually dealing with people in other constituencies all the time because we represent them at a critic level in a portfolio as well. We have that added exposure and that added privilege of being able to work outside of our constituency boundaries because of that.

I wanted to also thank the minister. It's so nice to see a minister stand up and answer some of the questions that we had. I really, really appreciate that. I wanted to just mention, though, that you had talked about the associations and whatnot, and I really appreciate that. But just to be clear, when you go into the bill, Madam Chair, the reason why we asked about the associations and why we were looking for clarity on that is because within the definition, not only is the definition very, very broad, but it is open to interpretation by the Election Commissioner.

11:50

The minister had mentioned – sorry; I don't have the benefit of the Blues – that we had passed the motion in our committee for him to be elected. I just want to be clear that it was the government that voted for the commissioner. We have made very strong statements

in this House about even the need for an Election Commissioner, let alone Bill 32. Many issues with that. I've spoken about that at great length. Just to be clear, I think that when we're stating that, we need to be clear about how it is that this commissioner has come into existence.

The clarifications, I think, on those pieces with regard to the associations: we have a lot of language in this bill, Minister, that says things like "if." Like, there's a lot of language – the words "could," "if" – that is not specific, that would very much allow for the interpretation of the commissioner based on any particular issue. I'll read the definition here. This is where I'm concerned: or at the request of an elector or a registered party in order to determine if two or more registered parties are associated. Now, you answered that question, but that is still up to interpretation based on the request of the elector or the registered party. We have "could."

Then a little bit later on in the definition it says: if parties are associated. But parties do not need to meet a set number of these qualifiers in order to be deemed associated. Again, the interpretation, Madam Chair, by the commissioner could – based on this, we don't know what those qualifiers are, so even though the minister has said certain pieces about whether or not an association is occurring, within the definition itself it is extremely broad and leads to an intense amount of interpretation by the commissioner, should the commissioner deem that. I mean, I would want to make sure. Obviously, we're going to vote for this legislation, but there are really huge concerns there about the broad aspects of what that means and the interpretation of the person that is then charged with making that decision.

The other thing is that a little bit later on within the definition it says that if registered parties have the same leader, executive director or person in a position similar to an executive director, or CFO, they could be deemed associated. Again, what does "could" mean? How do we define that? Who's making the definition, whose interpretation, and how does that reflect on whatever party that happens to be at that time? I do not see in the legislation any clarification over the word "could."

I honestly believe that if we're looking for transparency and fairness, which is what this is all about, language like that within legislation – obviously, there's interpretation in legislation. We can't get away from that. But this is specific to a party that would be merging or could be merging or all those kinds of things, specifically this side, specifically the opposition. As a person that

this legislation is for, yeah, I would like to understand what "could" means. I think the minister is, hopefully, going to be able to answer that after, so thank you, Minister, for that in advance.

Then another part of this is that it says: "the activities of the registered parties and their registered constituency associations and candidates." They can take into consideration – this is another piece. This is a concern. The Election Commissioner will also take into consideration the activities of the registered parties and their registered constituency associations and candidates. To what extent is that? What do we mean by that? Again, this isn't a definition. This is more of a broad-based perspective based on, I believe, especially based on what the Member for Calgary-Bow said, an interpretation of distrust in a procedure where all of us are held accountable.

Truthfully, Madam Chair, if you look at the legislation, the government could have actually created a very strong piece of legislation regarding mergers of parties and, within that legislation of mergers, could have laid out what that is supposed to look like. Obviously, I mean, we're the ones who even said . . .

The Chair: I hesitate to interrupt, hon. member, but pursuant to Standing Order 4(3) the committee will now rise and report progress.

[The Deputy Speaker in the chair]

The Deputy Speaker: The hon. Member for Calgary-Shaw.

Mr. Sucha: Thank you, Madam Speaker. The Committee of the Whole has had under consideration certain bills. The committee reports progress on the following bills: Bill 2 and Bill 16.

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

Hon. Members: Aye.

The Deputy Speaker: Any opposed, say no. So ordered.
The hon. Deputy Government House Leader.

Ms Ganley: Thank you very much, Madam Speaker. Seeing the hour and the progress we have made today, I would move that we call it 12 o'clock and adjourn until 1:30 p.m.

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

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