



Province of Alberta

The 29th Legislature  
Second Session

# Alberta Hansard

Wednesday evening, November 30, 2016

Day 55

The Honourable Robert E. Wanner, Speaker

**Legislative Assembly of Alberta**  
**The 29th Legislature**

Second Session

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Sweet, Heather, Edmonton-Manning (ND), Deputy Chair of Committees

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Hunter, Grant R., Cardston-Taber-Warner (W)	Sucha, Graham, Calgary-Shaw (ND)
Jansen, Sandra, Calgary-North West (ND)	Swann, Dr. David, Calgary-Mountain View (AL)
Jean, Brian Michael, QC, Fort McMurray-Conklin (W), Leader of the Official Opposition	Taylor, Wes, Battle River-Wainwright (W)
Kazim, Anam, Calgary-Glenmore (ND)	Turner, Dr. A. Robert, Edmonton-Whitemud (ND)
Kleinstuber, Jamie, Calgary-Northern Hills (ND)	van Dijken, Glenn, Barrhead-Morinville-Westlock (W)
Larivee, Hon. Danielle, Lesser Slave Lake (ND)	Westhead, Cameron, Banff-Cochrane (ND), Deputy Government Whip
Littlewood, Jessica, Fort Saskatchewan-Vegreville (ND)	Woollard, Denise, Edmonton-Mill Creek (ND)
Loewen, Todd, Grande Prairie-Smoky (W)	Yao, Tany, Fort McMurray-Wood Buffalo (W)

**Party standings:**

New Democrat: 55      Wildrose: 22      Progressive Conservative: 8      Alberta Liberal: 1      Alberta Party: 1

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## Legislative Assembly of Alberta

7:30 p.m.

Wednesday, November 30, 2016

[The Deputy Speaker in the chair]

**The Deputy Speaker:** Good evening. Please be seated.

### Government Bills and Orders Second Reading

#### Bill 32 Credit Union Amendment Act, 2016

[Adjourned debate November 30: Mr. Kleinsteuber]

**The Deputy Speaker:** Any hon. members wishing to speak to Bill 32? The hon. Member for Calgary-Hays.

**Mr. McIver:** Thank you, Madam Speaker. It's an honour to rise and speak on Bill 32, the Credit Union Amendment Act, 2016, but I must say that I probably have more questions than I do comments, so I'll begin.

There are many themes that I'm interested in addressing. I guess in one way I'm interested in the motive for Bill 32 and how that relates to stakeholder feedback and consultation. I'm looking, hopefully after I speak, to get some assurance from somebody on the government side that they spent enough time with the credit unions in Alberta to know that they're in favour of what the government is about to do.

We're not opposed to making sensible changes to the way credit unions operate, but I think the government ought to clarify their rationale for the act. In saying this, I'd urge the minister responsible to ensure that the bases have been covered with consultation. I'm looking for some assurance that there will be no unintended ill effects on the hard-working Albertans and, of course, the credit unions and their employees, who are indeed amongst the hard-working Albertans. Of course, with consultation comes the assurance that other stakeholders that do business with the credit unions won't get any unpleasant or unexpected consequences either as a result of the legislation. Again, I'm hoping that the government will give the House some assurance that adequate back-and-forth consultations have taken place. Albertans deserve no less. The credit unions are an important part of the financial framework that makes our province work.

It looks like the government is attempting to expand the role and exposure of credit unions throughout Alberta, and in recognition I'd like to turn my attention for a minute to section 5 of the legislation, which repeals section 48 of the original act. Section 48 mandates that a credit union shall report

- (a) the establishment of a branch of its business,
- (b) the relocation of any of its branches, or
- (c) the establishment of an automated banking machine.

I think most members of the House would probably agree with me that that's a fairly rudimentary and unsophisticated list of things to report on, particularly in the realm of financial management and financial legislation.

By repealing the section, we are decreasing reporting of what I've already said is a fairly rudimentary piece of the credit union legislation, so I guess I'm looking for assurance also that the government is going to require adequate reporting on the more sophisticated and more risky pieces of financial reporting. It just seems logical to me that the information for the public should be published, that, you know, those financial pieces, like having adequate financial reserves and the other basics, are there. Hopefully, the hon. Member for Calgary-Fort will have an

opportunity to stand up to talk about how that consultation was done and what some of the rationale is for the legislation that's before us.

Now, on the expanded scope of authority and ability given to credit unions through Bill 32, it's my understanding that the legislation will give small and medium-sized businesses greater access to lending. On the face of it, that's a good idea, and ensuring the stability of a lending institution that's doing that is paramount to providing that healthy, vibrant economy and is the cornerstone of a market economy. I'm hopeful that the sponsor of the bill will talk a little bit about that because, obviously, maintaining that stability means that the credit unions will be around to serve Albertans for a long, long time. I hope all members of the House will agree with me that that could only be a good thing.

We know that

the purposes of a credit union are to provide financial services on a co-operative basis . . .

- (a) for its members, and
- (b) for non-members, with loans to and deposits from non-members being restricted to what is prescribed as allowed, and its principal purposes are to receive deposits from, and to make loans to, its members.

Madam Speaker, while I think that expanding the ability for the credit unions to provide services and to offer financial services to Albertans is a good thing, in an attempt to be brief I will just say and hope that the sponsor of the bill will stand up and talk to it. If I could get some assurance that the credit unions were adequately consulted, that some of the credit union's major stakeholders have been adequately consulted, and that the basic financial building blocks have been talked about in terms of having adequate reserves and the ability to carry on providing those services on a long-term basis.

There it is. I don't think I've really challenged the legislation. I hope I've asked some reasonable questions, and I finish hopeful that the sponsor of the bill will stand up and make some attempt to answer those questions.

Thanks, Madam Speaker.

**The Deputy Speaker:** Standing Order 29(2)(a) comes into effect should anybody have comments or questions. The hon. Minister of Finance.

**Mr. Ceci:** Thank you, Madam Deputy Speaker. It's my pleasure to address some of the questions posed by my friend across the aisle and current colleague in this Legislature and also the questions that were posed by a member of the opposition party who is not here. Sorry. [interjections] I didn't say who it was. All right. I didn't say who it was, and I apologize to him in absentia.

Maybe I'll start this way. In answer to some of the questions that were posed, the introduction of one part – I think it was section 9 – is being delayed until January 1, 2018. It's with regard to the disclosure of the five highest paid people who are in credit unions that have more than 2.5 per cent of the total percentage of the amount of money that collectively all the credit unions have. The amount of time that's being asked for them to put that in order is really because they need to look at their policies. If they don't have disclosure policies in place, they need to put those in place, and then they need to have the membership review them.

As was said earlier by a cosponsor, you know, there are 620,000 Albertans who are a part of the 23 credit unions that exist in Alberta. The members of those credit unions that have the five highest paid people who have to be asked to disclose have to put those policies in place, and they have to vote on them. So we're ensuring they make those policies and giving them some time to put them in place. That's why there's a bit of a delay between now and the passage of

this bill and when it comes into force on January 1, 2018, with respect to that one piece only.

Other questions that were asked – and I apologize that I didn't hear all of them personally, but I got a little bit of a sense of what I was being asked to rise and speak to. You know, I want you to know that the amendment act that we're bringing in was something that the credit union system, CUCA, has been pushing for for a while. For whatever reasons, the act didn't get amended by the previous government, and they reached out to this government early on and said that they would really appreciate a lot of the things that they've been pushing for for a number of years to get addressed in an amendment brought before this House.

The president and CEO of Alberta's largest credit union, Servus Credit Union, Garth Warner, I introduced here in the House last week when we were introducing the bill. He has been engaged in the discussions around all of this for a great long time, and I've met with him personally a couple of times myself. He's met with members of Treasury Board and Finance that deal with credit unions.

7:40

Steve Friend, the CEO of Vision Credit Union, was also introduced here, as was a gentleman that I was on the Calgary library board at one time with, Graham Wetter. Graham and I go back a ways, and he is the CEO of the CUCA. They have brought forward through their members, both the 23 credit unions and the association of credit unions, a number of recommendations for us to address here as a government. We looked at a substantial number of those. Not all of them could be addressed. One of them, frankly, was a challenge for us. They were looking for half a billion dollars to go out and be able to loan, you know, capital liquidity to Albertans to help get them through this downturn. Because the province of Alberta 100 per cent guarantees the deposits on credit unions, we felt that that was not possible, so we didn't do it, but we did a number of other things, Madam Deputy Speaker.

**The Deputy Speaker:** Are there hon. members wishing to speak? Olds-Didsbury-Three Hills.

**Mr. Cooper:** Thank you, Madam Speaker, and thank you to the minister for his comments. I didn't hear anyone concerned about whether there were questions or comments in 29(2)(a) and how much time he was taking, but I thought he did a great job of answering some of the concerns of the member.

I'd just like to very briefly rise and speak in favour of the bill. I had the opportunity to spend some time with – I can't remember his exact title – Bob Marshall at the Mountain View Credit Union this summer in support of a charity event that they run down there in the outstanding constituency of Olds-Didsbury-Three Hills. At that time they had heard rumblings of the bill coming and certainly had some reservations just in terms of whether or not the government would be responsive to the needs of the credit union system, raised some concerns about some of the issues in that marketplace that create some unlevel playing fields, if you will, and just highlighted some of the successes of the credit union systems generally and the great work that Mountain View Credit Union does in the constituency of Olds-Didsbury-Three Hills and I know also in the constituency of Rimbeey-Rocky Mountain House-Sundre and also in the constituency of Drumheller-Stettler. They really do understand the unique and important role that rural Alberta has to play. They understand the unique and important role that the banking industry and the credit unions play in ensuring that our rural Alberta friends can have access to capital, build relationships with their banks, and really be local solutions to local concerns and problems.

So I was pleased when Mr. Marshall reached out to me and expressed his support for the legislation and expressed that the government had been able to check a number of the boxes on behalf of the credit union system. I also had the opportunity to hear from Alberta Central and some of their comments and points around, really, this bill doing a number of things that will continue the ongoing success of the credit union system, which does play such an important role not in just rural Alberta, but certainly the context that I know it in is in rural Alberta. I look forward to being able to support this piece of legislation on behalf of the thousands and thousands of members of the Mountain View Credit Union and the others who benefit from the credit union system.

**The Deputy Speaker:** Questions or comments under 29(2)(a)?

Seeing none, are there any other speakers to the bill?

Seeing none, are you ready for the question?

The hon. Minister of Finance to close debate.

**Mr. Ceci:** Vote.

[Motion carried; Bill 32 read a second time]

### Government Bills and Orders Committee of the Whole

[Ms Jabbour in the chair]

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

#### Bill 30

#### Investing in a Diversified Alberta Economy Act

**The Chair:** Are there any questions, comments, or amendments with respect to this bill? The hon. Member for Sherwood Park.

**Ms McKittrick:** Sure. Okay. Thank you, Chair. Actually, this is a really great day for me because I get to talk about one of my favourite subjects in the Legislative Assembly, and that is the power of community investment. Earlier on we discussed the powers of the co-operative sector, especially around the credit unions, as to the achievements that they have had in terms of the economy, especially in small communities, and the power that they have had in providing farmers and others with the needed credit and financial services.

What I would like to do this evening is to put my support towards Bill 30, Investing in a Diversified Alberta Economy Act. But I especially want to talk about a part of the bill that we haven't discussed in the Assembly yet, and that is the part that talks about enabling the government to establish community economic development corporations, or CEDCs. I know that many of my colleagues in the Assembly are probably wondering what a CEDC is. CEDCs are for-profit investment funds that invest equity in locally owned businesses recognized for their positive social, economic, and environmental returns to communities.

The minister is engaged currently in consultation with targeted stakeholders to ensure that the program that is built into the bill will be successful. The proposal in this bill is that the CEDC portion of the program will be implemented in the summer of 2017. If you're wondering why the minister decided to incorporate this into this bill, it's because this is something which is very prominent in other parts of Canada. For example, there are precedents for enabling local investing in Nova Scotia, Manitoba, Prince Edward Island, and New Brunswick. Actually, Nova Scotia led the way in 1999 with the creation of CEDIF as an investment tax credit. Since its launch 70 CEDCs have been established, mobilizing 7,500 investors, and more than \$70 million in assets contributed.

7:50

Can you imagine, as I have often done, how I can use my RRSPs and the money that I have to benefit communities? This is what CEDCs are. CEDCs mobilize local capital for local entrepreneurs to help local businesses in Alberta, thereby growing and diversifying our economy, creating jobs, and growing businesses, with positive social and environmental returns as well as economic.

Locally owned businesses, including social enterprise and co-operatives, are critical job creators, and they are also very wise in terms of their environmental impact on business decisions and are more likely to employ vulnerable Albertans, more likely to pay a living wage, and more likely to invest in community. Those locally owned businesses are often recognized for their positive social, economic, and environmental returns to communities.

I'm sure you're wondering if this has happened already in Alberta. I'm going to have the pleasure of telling you about what already exists here in Alberta. In Alberta we already have a number of such places to invest your money, your RRSPs and any money that you might want to invest. One of these investments is in a little town called Sangudo, where the community has gotten together to ensure that the local abattoir would remain. Instead of the abattoir leaving the community, the community invested over \$200,000 to make sure that the abattoir stays in the community and provides a place for local ranchers and farmers to have their chickens, their pork, their beef, and so on killed and prepared for the community market.

This kind of investment vehicle is really going to strengthen our rural communities. It's going to enable our RRSP money and our other investment dollars to remain in the community and to remain in Alberta and to grow it.

I'm also wondering if anybody has ever had the opportunity to be part of such an investment vehicle. One of the wonderful things about putting your money into such a locally owned and locally invested enterprise is that you're basically putting your money to work to support local people and the local economy. Basically, your RRSP money and your savings are going to help local businesses grow and prosper and to offer jobs in your communities. This is why I was so pleased when I found out that the minister had built this as a possibility in Bill 30 so that instead of having the investments of Albertans go away from Alberta, they would remain and build their communities. I have a lot of examples of how this is already happening in Alberta.

I would like to also encourage you to see the real story of what happened in Atlantic Canada when this kind of instrument was part of the government program. It has really provided for new enterprise all through the Maritimes.

You may also be wondering why this is different from the other investment and capital credit that the minister has introduced in the bill. This is very different because this is aimed at small investors. This is saying that for people like you and I, that may have some RRSP money but don't have the millions to invest in a new oil refinery or new pipelines, this is for you to invest in the abattoir in your local community. It has been very successful in places in the Maritimes.

You can invest in your grocery store. So instead of your grocery store going away because the current owners want to retire – they're old or something – you can invest in your local grocery store and maintain the grocery store in your community with your money, and because you have invested your money in the grocery store, you are more likely to shop there and use it. It's your community resource.

I think this is going to be a huge benefit for our rural communities. It's going to enable grocery stores. It's going to

enable things like, as I just mentioned, the abattoir. I know a huge concern in rural Alberta is: how do you maintain the abattoirs for farmers who want to have their animals killed in small factories rather than sending them to the big factories? I have a lot of examples. For example, the Westlock Co-op, that maintains the grain terminal there in Westlock, was started by this kind of investment by local people wanting to maintain the grain terminal in their community.

I'm going to end by encouraging all of you to do some reading on the possibility of this investment vehicle, that the minister has built into Bill 30, and to encourage stakeholders that you might know to participate in the discussions that the minister will be having so that by the spring of 2017 the proper procedures and regulations can be put in place so that we can all start investing locally the money that we have in our savings to build local communities and make sure that in rural and urban areas we don't see the small businesses leave and communities being without grocery stores, abattoirs, and whatever communities need.

Thank you very much.

**The Chair:** The hon. Member for Calgary-Elbow.

**Mr. Clark:** Well, thank you very much, Madam Chair. I rise to present an amendment to Bill 30. I have the requisite number of copies here. I will ensure that it reaches you before I start speaking.

**The Chair:** This will be known as amendment A6.

**Mr. Clark:** Thank you very much, Madam Chair. I will read the amendment for the record. I move that Bill 30, Investing in a Diversified Alberta Economy Act, be amended as follows.

- A. Section 2 is amended
  - (a) in subsection (1) by striking out clause (o) and substituting the following:
    - (o) "small business" means a corporation that has no more than 100 employees calculated in the prescribed manner;
  - (b) by striking out subsection (9) and substituting the following:
    - (9) For the purposes of the holding of an investment referred to in sections 13 to 15, a small business does not cease to be a small business by reason only that, while the investment is held, the number of employees of the small business and its affiliates is more than 100 employees calculated in the prescribed manner.
- B. Section 12 is amended
  - (a) in subsection (1) by striking out clause (a) and substituting the following:
    - (a) subject to subsection (2), the small business, together with its affiliates, has no more than 100 employees calculated in the prescribed manner;
  - (b) by striking out subsection (2) and substituting the following:
    - (2) Subsection (1)(a) does not apply in respect of a small business in which a venture capital corporation previously invested at a time when the small business had fewer than 100 employees calculated in the prescribed manner.
- C. Section 35(1) is amended by striking out clause (a) and substituting the following:
  - (a) the small business, together with its affiliates, must have no more than 100 employees calculated in the prescribed manner.

I don't know if much more needs to be said than that, Madam Chair, but I will just provide some rationale for this amendment. As I'm sure you can all understand by hearing that amendment – hopefully, now it's on your desks – the current bill reads in the

various sections that the business may have “no more than the prescribed number of employees calculated in the prescribed manner.” I read that and was intrigued to know how we would prescribe the number of employees and the manner in which they would be prescribed. The intent here is to seek to define small business.

**8:00**

Now, I've had many, many conversations back and forth with the hon. minister on this topic today, and I do want to make sure that it's stated loud and clear how much I appreciate the minister's willingness to entertain this amendment, his flexibility in including this in the bill. Of course, also, thank you to the minister's staff for their very quick response to my staff's request for feedback and collaboration on this amendment earlier this afternoon and to the table officers as well for their quick work. I suppose I should wait until this amendment is actually accepted before I heap too much praise on everyone, but I live forever in hope.

In all sincerity, I think it's important that we define the number of employees that is considered a small business, and the reason that I think 100 makes a lot of sense is that when we're talking about investor tax credits, a small business may want to grow to be a medium-sized business. Often small business is defined as fewer than 50 employees. One of the biggest challenges for business in Alberta and elsewhere is growing from small to medium. A lot of companies, while they may have been successful as a small company, have challenges taking that next step and breaking through the small business to medium-sized business threshold. If this investor tax credit can enable the creation of numerous successful companies that can grow quickly, of course, we're going to create employment for Albertans, we're going to create opportunity, and that's a very good thing. I think 100 is a reasonable number.

Companies larger than that have means, have infrastructure, and also have different requirements for financing, have access to different pools of capital. A company larger than 100, generally speaking – it depends, of course, on the operation – will quite often have access to bank financing or venture capital financing in a way that smaller businesses don't.

So I think it's appropriate and in keeping with the intent of this legislation to restrict it to fewer than 100 employees, but at the same time that then gives much greater clarity to any prospective applicant for this tax credit. I understand from the minister that this was the intention in the regulations to begin with, which is why we, I believe, have some agreement here in the House that we'll move ahead with this amendment.

Again, thanks to the minister for collaborating and for your work on this. I look forward to further debate and discussion. Thank you, Madam Chair.

**The Chair:** Any other members wishing to speak to the amendment? The hon. minister of economic development.

**Mr. Bilous:** Thank you, Madam Chair, and I'll thank the member for putting forward this amendment. He's quite right; the intention was to frame this or to define this within the regulations. There is a formula that's used to ensure that there's no way to overstate or change the number of employees that a business has. That's where “the prescribed manner” comes from. I appreciate the member's interest in getting this clarification within the legislation.

I, too, echo his thoughts and want to give a big thank you and a shout-out to my ministry staff for working very diligently on this back and forth with the member throughout today in order to get this amendment prepared.

Again, I'm always in favour of providing more clarity where clarity is possible. So having this stated at 100 or fewer employees does just that. It makes it black and white for all of our businesses throughout the province and ensures that businesses that we are targeting, which are, you know, small and medium-sized enterprises, recognize that this is for those who have 100 or fewer FTEs.

I will thank the member for this amendment, and I'm happy to support this amendment. Thank you.

**The Chair:** Any other members wishing to speak to the amendment?

Seeing none, I'll call the vote.

[Motion on amendment A6 carried]

**The Chair:** We're back on the main bill. Are there any further questions, comments, or amendments with respect to this bill? The hon. Member for Calgary-Fish Creek.

**Mr. Gotfried:** Thank you, Madam Chair, and thank you, everyone. Good evening to all. I also am going to move a further amendment. With the indulgence and support of the minister, I'm shooting for a hat trick today to follow my esteemed colleague from Calgary-Elbow. I have the original here, which I'll send to you as well.

**The Chair:** This will be amendment A7.

Go ahead, hon. member. The page can pick up the original.

**Mr. Gotfried:** Thank you, Madam Chair. I'm pleased to move an amendment, that Bill 30, Investing in a Diversified Alberta Economy Act, be amended as follows: (a) section 21(7) is amended by striking out “promptly give notice of the refusal” and substituting “give notice within 30 days of that refusal,” and (b) section 39(4) is also amended by striking out “promptly give notice of that refusal” and substituting “give notice within 30 days of that refusal.”

Thanks to the minister's office we have been able to ensure that this amendment was comprehensive, and we thank him and his staff for ensuring that we covered all the bases with the appropriate language.

Madam Chair, this amendment seeks to clarify the approval timeline for the Alberta investor tax credit. By slightly altering the language which is currently in place and replacing it with a formal 30-day timeline, we feel that the decision-making process becomes, again, more definitive for applicant investors. The 30-day timeline is consistent with portions of this legislation which deal with an applicant investor's ability to appeal a decision by the minister. This allows now also for a timeline for them to have certainty with respect to responses. Our caucus feels that by introducing a firm timeline on notice of refusal, we are simply asking the minister of the day and their staff to follow the same timeline set forth for investors applying to this program, which I think is a fair and reciprocal arrangement.

I hope everyone in the Chamber this evening will consider supporting this amendment. Thank you, all, for your indulgence.

**The Chair:** The hon. minister of economic development.

**Mr. Bilous:** Thank you, Madam Chair, and I'll thank the member for his work on this amendment. Again, I'm happy to speak in favour of amendments that provide a little more clarity. I appreciate the member flagging that. The bill in its current form talks about how the minister will “promptly give notice.” The member flagged that and said: you know, maybe we should look at framing it out with a little more clarity. I think that 30 days is a reasonable amount.

I, too, again want to echo the appreciation for the staff in my ministry, the staff in my office, Katie most notably, who have worked diligently with the member and his team to ensure that this amendment does exactly what it's intended to do.

For those reasons I am more than happy to speak in favour of this amendment. Thank you.

**The Chair:** Any other members wishing to speak to amendment A7?

**Mr. Gotfried:** Madam Chair, I don't think you can say thank you enough, so I'd like to thank the minister for his co-operation in doing these little minor tweaks to improve the bill as it stands, with hopes that it will meet the needs of Albertans in achieving its desired results.

Thank you.

**The Chair:** Any other speakers to the amendment?

Seeing none, I'll call the question.

[Motion on amendment A7 carried]

**The Chair:** We're back on the main bill. Are there any further questions, comments, or amendments with respect to this bill? Bonnyville-Cold Lake.

**Mr. Cyr:** Thank you, Madam Chair. Today I rise to speak on Bill 30, Investing in a Diversified Alberta Economy Act. You know, going over the debate up until this point, I've not heard a lot of comments regarding – sorry. I'll back up here. This is the opportunity for all of us to work together, which we've seen with the last two amendments, to move forward better legislation. How exactly it is that we have been able to move all of these amendments forward is just another example of government working with opposition, and that's very admirable at this point. We do have some additional amendments that the Official Opposition will be moving forward, and I hope that the government is just as open to working with the third party and the fifth party as they are, hopefully, to working with us.

**8:10**

Now, for decades Alberta was a leader in almost all respects of our economy: resources, retail, the service industries. Business was booming across the country. Essentially, the entire world was moving to Alberta because of the wonderful opportunities that we have here in Alberta. Some of the former advantages were because of our respect for the economy and innovation, that was reflected in the tax rates that didn't seek to punish success and policies that encouraged investment across the board. We need to question if this is the same direction that we are going now, but I will tell you that when you start looking at bills like this that encourage businesses to move forward, it is good to see that the government is backtracking on some of its policy, and it may be that government itself believes that the direction it's going in seems to be the route that Albertans want to see our government go.

I would say that when it comes to Alberta, we need to start looking toward consultation and actually moving that stakeholder information forward, and we haven't seen much of that with this NDP government. Now, having said that, I will say that it is encouraging to see that today, for instance, we had the credit union act go through, move forward. That does seem to have had some consultation with stakeholders, and it does appear that the Minister of Economic Development and Trade has spoken with at least some stakeholders.

Right now we are trying to find favourable economic conditions for certain companies, causing barriers to entry and, in essence,

picking winners or losers. Wildrose did try to correct this with one of the past amendments, and unfortunately that amendment was voted down by the government because they felt that it was prescriptive even though it says the same thing. It just defines the industries that we feel, that Albertans, especially the Calgary Chamber, feel are important and then moves those forward to ensure that each one of those industries gets a place within these tax credits.

Now, the problem here isn't with the idea of offering financial incentives to encourage certain types of economic activity. Every government does it. Alberta has many tax breaks, deductions, subsidies, and incentives in place. As a former worker in the accounting industry I was encouraging my clients to take advantage of all the credits and incentives that were available to them through their personal taxes and corporate taxes, and by working with my clients through tax planning, we were able to identify these credits and move them forward. I'm sure that we've got accountants across Alberta that will be looking towards taking advantage of these coming credits on a go-forward basis. I am hoping that my past accounting colleagues are watching this with interest, trying to figure out exactly what industries will be moved forward.

However, it is a quarter after 8.

Now, the problem within the legislation – and this is becoming typical for bills presented in the House – is that there is little information or context, and what happens is that we are planning on moving stuff forward through the regulations that the Alberta government feels best fits what they're looking to do.

Now, it's unfortunately very sad that this is not transparent, that this is not something that Albertans are looking to move forward, and I'm hoping that it's not surprising to all of the chambers across Alberta exactly how limited the scope is that could be placed by the minister.

I am hoping that we can get some answers to questions that have been asked tonight. When we start looking at the fact that the minister is – and I've already mentioned part of this – specifically able to direct a specific industry but leave others out, that is a concern. Whenever we've got the ability to be able to pick winners or losers, that always seems to end up where the taxpayer ends up paying, and then we end up hearing of a scandal. That is why we actually moved forward the amendment that stated that it is important that we have somebody look further than the minister to ensure that this program is fulfilling a mandate and that it is actually moving forward, which is why we are asking for the Auditor General to be looking into this program after a year. Again, the government decided that that amendment wasn't for it.

Now, from a first glance at the bill, it looks like the minister will have substantial say in things like registration, approval to change share structure, approval to raise – well, let's back up. Approval to change share structure: that one there is definitely something that's shocking. I did read the bill, and whenever we start looking at going into private entities and structuring them the way we want them, we end up with problems.

Approval to raise capital and that the minister may impose conditions: "We will give you money if you do this" rarely ends well for the business community. I would argue that when it comes to any direction the government puts on private industry, it always needs to be with the understanding that private industry needs to be looking towards creating profit, which in turn will recycle into creating more jobs, which will create more profit. It's a cycle that we are hoping to continue forward.

If it is – and I'm hoping that the minister can answer that question specifically – is the government able to impose conditions that could potentially be a detriment to a company? Is the government able to change the share structure or force a change in the share

structure of a company? This is a question that I've got. Are we able to put restrictions on who a company can hire or how the company hires or how many people the company hires? These are important things because, again, we're looking for stability in business. We're also responsibly looking to make sure that taxpayers' money is being used wisely.

Again, when it looks like the fact is that this is a tax credit, that means profit needs to be accumulated before the credit can be paid out. This seems to be something that would be a concern for me, and I would hope that we get further clarification on that.

There is something else I'd like to see where this will help. The AITC could allow studios to be built for postproduction of films that are being made in Alberta right now. Digital animation focus will help spur more growth in Edmonton's video gaming industry.

Productivity is a big problem with manufacturing. The CITC will help Alberta's 9,000 manufacturers compete with foreign businesses, especially now that we've got a carbon tax coming into place and we will have carbon leakage as a real problem for our local business community. This is a huge concern, and we need to make sure that our businesses can now compete at a different level because we've put more burden on them. Alberta investors need some kind of good news given with all the bad news they're getting from this government and the economy. The lack of access to foreign capital and investment capital limits the growth and commercialization potential of local small and medium-sized businesses in Alberta.

#### 8:20

I will say that the Member for Calgary-Elbow putting a definition on what exactly is a small business does help because when we start leaving these terms very loose, what ends up happening is that we end up defining it after the fact, and we find that we are actually putting money into businesses that we never intended to. By saying that, at least these businesses that are going to be getting the tax credits in this case are meant to be the ones that are getting them.

We also have the fact that with the past two PC amendments they're adding accountability on the filing times and the answering times. It's good to see that the PCs are putting amendments forward.

Again, I hope that my colleague from Calgary-Foothills, who is putting amendments forward, is going to be considered by the minister. I'll tell you that Wildrose has good ideas as well as the third party and the independents.

There should be solutions other than just handing out money for corporations. This is something that we need to work on. I believe that this is a step in the right direction. Right now, when we're starting to see that Alberta is hemorrhaging jobs – and this is a concern for my riding – this is a step that will help. As I said in a previous speech, that I was giving when I went to my local businesses and asked them, "Is a tax credit something that will help you?" with them having no profits, it's unlikely that this is going to be something that's going to help them directly at this moment.

But it is important to say that when we start looking at job-creation programs that the government put forward and that have failed in the past, that is why the regulations are so important and why I myself am hoping that the minister gets this right even though the minister has shown that he will not add more definition to the industries that are available.

Now, when we start hearing exactly what we're looking for – I'm hoping that the minister has answers. I am hoping that the minister isn't going to start to tailor our private businesses or corporations into kind of a project that will move Alberta in a different direction than private businesses are already going in. Obviously, losing money is a direction that we want to change for our businesses, our

local private businesses. We want them making money. We want them employing people. We want a healthy Alberta, and that is something that I do believe the government is trying to work towards. I, unfortunately, feel that we may not agree on exactly how to end up at that destination.

At this point what we need to be looking towards is: exactly how do we move Alberta forward? When we look at Bill 30, tax credits do seem to be the area that is something we can work with. This is the first piece that I've seen come out of the Minister of Economic Development and Trade's office so far that is something that I think could potentially help my constituents, maybe not today, but hopefully we will get something additional to this.

Madam Chair, I thank you for your indulgence, and I will end there. Thank you.

**The Chair:** Any other questions, comments, or amendments with respect to this bill? The hon. Member for Calgary-Fish Creek.

**Mr. Gotfried:** Thank you, Madam Chair. I also rise with a further amendment to Bill 30 for today, and I have the requisite copies here to pass to you, the original on top this time.

**The Chair:** This will be amendment A8.

Go ahead, hon. member.

**Mr. Gotfried:** Thank you, Madam Chair. Thank you to the House again for your indulgence. I'd like to move that Bill 30, Investing in a Diversified Alberta Economy Act, be amended as follows:

- A. Section 35 is amended
  - (a) in subsection (1) by striking out clause (c);
  - (b) in subsection (2) by striking out "or (c)".
- B. Section 42(1)(e) is amended by striking out "or (c)".
- C. Section 48 is amended
  - (a) in clause (c) by striking out " , referred to in section 35(1)(c),";
  - (b) in clause (d) by striking out "to (c)" and substituting "and (b)".

Madam Chair, this amendment seeks to expand the scope of the Alberta investor tax credit program in order to increase the opportunities for the success of this program. We're in support of this program and its intent to stimulate economic activity and investment, thereby creating jobs. In developing this program, it appears that the minister has looked to British Columbia, where they have a very similar program, which has shown some marked success in recent times. That program has been successful, and of course we'd like nothing better than to see that success replicated here in Alberta. If I recall correctly, the statistics were that in British Columbia for every dollar invested, there was \$1.98 in tax revenues created by that program, a fairly good return on investment, I think all in the House would agree.

My concern is that by limiting the scope of the AITC, the minister is limiting the potential success of this program as well. Minister, I think that, really, what I'm talking about here is that it costs us nothing unless it's successful, and if it's successful, then we'll have achieved the objectives of this. Quite frankly, if it is successful and we create the kind of return on investment we've seen in British Columbia, I don't think we'd have any problem supporting further investment in a program like this.

While we all support diversifying the economy, the government needs to set the right conditions for diversification and let the market decide what diversification initiatives will succeed and what will fail. Ultimately, Madam Chair, it's the market that decides how to allocate rare, in a shortfall, investment dollars. These programs are meant to incentivize that in some small way, but the economics still do need to be in place.

By limiting which industries and businesses can access this program, the minister, in essence, certainly could be or may be choosing winners and losers before the program even begins, and we recognize that the scope of the program is directed towards some of those sectors which they feel need some special attention. However, in this economy let's just say that all sectors actually need some special attention.

Justin Smith, the director of policy, research, and government relations for the Calgary Chamber, noted in his letter to the minister:

The evidence suggests, however, that investor tax credits work best when the government adopts a hands-off approach, and instead places the onus on private investors to make the final decision on risk, efficiency, and ultimately where to deploy their capital

even with the incentives thereby offered. I couldn't agree more, and that is exactly what this amendment seeks to do, to broaden the scope, to make it accessible to all Alberta businesses and investors, and to ensure that we attract investment across all industries to create the jobs we so dearly need.

I encourage all members to support this amendment, and I thank you for your indulgence.

**The Chair:** Any other members wishing to speak to the amendment?

Seeing none, are you ready for the vote?

**Hon. Members:** Question.

[Motion on amendment A8 lost]

**The Chair:** We're back on the main bill. Are there any further questions, comments, or amendments with respect to this bill?

**Mr. Panda:** Madam Chair, I have another amendment to be moved, so I'll pass along the requisite copies to you.

8:30

**The Chair:** This will be known as amendment A9.

Go ahead, hon. member.

**Mr. Panda:** Thank you. I move that Bill 30, Investing in a Diversified Alberta Economy Act, be amended in section 78 by striking out "2 years" and substituting with "3 years."

Madam Chair, the reason I'm moving this amendment is that, you know, if the beneficiary of this funding in the future is found to be fraudulent, the government of the day should have the ability to prosecute tax cheaters. Instead of two years, it gives us an additional year. That gives us the flexibility to go after the tax cheaters, so I hope the minister will consider that and accept the amendment.

Thank you in advance for consideration.

**The Chair:** Any other members wishing to speak to amendment A9?

Seeing none, are you ready for the question?

[Motion on amendment A9 lost]

**The Chair:** We're back on the main bill. Are there any further questions, comments, or amendments with respect to this bill?

**Mr. Gotfried:** Of course, there are, Madam Chair, but a few short and brief ones.

Madam Chair, I have the requisite copies of an amendment to move.

**The Chair:** This will be known as amendment A10.

Go ahead, hon. member.

**Mr. Gotfried:** Thank you, Madam Chair. I'd like to move that Bill 30, Investing in a Diversified Alberta Economy Act, be amended in section 56(1)(e) as follows: by striking out "primarily for" and by striking out subclauses (i) and (ii).

Madam Chair, this amendment is similar in nature to my last amendment in that it seeks to expand the scope this time of the capital investment tax credit program. Again, by expanding this program outside of an extremely narrow scope of industries, recognizing that there is some ability for the minister to expand that at his own discretion – our caucus feels this program would be better positioned for success with a very broad scope of applicability.

As we know, capital investment is a key component of any successful economy. We should be doing so – really, anywhere and everywhere in our power to attract any and all kinds of capital investment to the province, especially given our current fiscal climate. As I often say: it's very hard to create any job until a dollar of capital is invested, and we need to encourage those at every turn. Of course, we've seen this government investing billions and billions of dollars into infrastructure spending for that very reason, to stimulate the economy, to create jobs, both short term and long term, and we believe that this principle carries through with the expansion of the scope of the capital investor tax credit program.

Again, if you truly believe that stimulus is something that actually works by investing that capital, it would make sense to improve Alberta's attractiveness for any type of capital investment as a way to stimulate the economy through the private sector. There are many people sitting on the sidelines or cautiously waiting for something to happen, and maybe such an opportunity as this capital investor tax credit might be what will take some of the money off the sidelines and put it to work for those companies and, more importantly, for Albertans.

Madam Chair, I applaud the minister for bringing forward this program. I do wish, however, that he had not limited the potential success, which we've heard may not be as limited as it is, but it has been positioned that way, and perception is reality. So let's take this opportunity to expand that program, not only here in the words of the legislation but in terms of spreading that word out to Albertans so that it's not viewed as being a few hand-picked industries and that it is accessible to all Albertans who wish to invest, again, those dollars that may be sitting on the sidelines or which may be in the hands of people looking to invest, catching the bottom of the market and helping us to climb out of it.

Madam Chair, by expanding the scope of this program, I think we would be able to expand that success, and I would encourage the minister and all the members on that side to consider that this is an opportunity to take a really good, solid piece of legislation and expand the scope. The worst that can happen is that people actually react to it, they invest, and we create some jobs in this province.

I therefore encourage all members to vote for this amendment in support of creating jobs for Albertans. Thank you.

**The Chair:** The hon. minister for economic development.

**Mr. Bilous:** Well, thank you, Madam Speaker. I'll thank the member for the amendment and the spirit of his amendment.

I will state a couple of things. Number one, not only did we do robust consultations over the summer, speaking with businesses and industry, looking at how we can frame this capital investment tax credit to spur investment now, today, to encourage companies to pull the trigger, to invest today as opposed to waiting for some time; we came up with a collective solution – that companies had asked to have set criteria for the capital investment tax credit to know in

advance if they are going to get conditional approval, to then start building.

That's exactly what we did, and I'll direct the member, actually, to page 49 of the bill. There is a list of the different categories on how companies are going to be scored, so to speak, so that they know exactly what the criteria are and they know what we're looking for. As you can see, it's a number of things, from timeliness to employment impacts. We want to ensure that all Albertans have access to benefit and we have inclusion of underrepresented groups, we have supply chain impacts, we have community impacts, environmental performance. There's a list of different categories on how companies will be evaluated. For those successful – this is something that industry has applauded us for, and for that reason the member's amendment, although I appreciate the work put into it, is unnecessary. For that reason I will not be supporting it.

**The Chair:** The hon. Member for Calgary-Hays.

**Mr. McIver:** Thank you, Madam Chair. I rise in support of the hon. Member for Calgary-Fish Creek's amendment. I guess I would appeal to the government minister to reconsider the position he just took and only for reasons that I think the amendment actually supports what the government's intention is. I haven't tried to invent the government's intention but rather to discern it. I've actually read the title of the bill, and the title of the bill is: Investing in a Diversified Alberta Economy Act.

What the amendment before us intends to do is actually widen the scope of the bill, or make the diversification more diverse as opposed to less diverse, and since I think the government's stated intention is to make the economy more diverse and this amendment indeed widens the diversification of what could fall under the scope of the legislation, it just seems perfectly logical and natural and something that the government should probably embrace in making their diversification bill more diverse.

I would respectfully ask all members of the House to support this and for the minister in charge of it to think about the government's stated goal of creating diversification and how this might happen to that, and indeed I guess I'm appealing for the minister on the government side to make the diversification bill more diverse.

**The Chair:** Any other speakers to amendment A10?

Seeing none, I'll call the question.

[Motion on amendment A10 lost]

**The Chair:** Are there any further questions, comments, or amendments with respect to this bill? The hon. Member for Calgary-Fish Creek.

8:40

**Mr. Gotfried:** Thank you, Madam Chair. At the risk of diluting my success rate today, I'm going to champion on here. I have one additional – no; I have two more, but here's one amendment here, the requisite copies with the original on top for the table.

Thank you.

**The Chair:** This will be known as amendment A11.

Go ahead, hon. member.

**Mr. Gotfried:** Thank you, Madam Chair. I'd like to move that Bill 30, Investing in a Diversified Alberta Economy Act, be amended by adding the following after section 80:

Annual report

80.1(1) The Minister must annually prepare a report by December 31 that includes the following:

- (a) the total number of eligible business corporations and venture capital corporations registered in the previous calendar year under this Act; and
- (b) the total number of tax credit certificates and their total dollar value issued under sections 21 and 39 in the previous calendar year.

(2) When the report is complete, the Minister must make it available to the public and shall lay a copy of it before the Legislative Assembly if it is then sitting and if it is not, within 15 days after the commencement of the next session.

Madam Chair, this amendment seeks to formally instill a reporting mechanism into the legislation for both the Alberta investor tax credit and the capital investment tax credit. This report would be prepared by the end of the calendar year and would include the total number of businesses and venture capital corporations which were registered under this act. To be clear, this would simply be the companies which were registered as being eligible for each respective program. It would not list the businesses and venture capital corporations with the amount of tax credits that each respective entity received. This would assuage any fears that these entities would be required to provide intimate financial details which would constitute business secrets.

The second element of the annual report would require the report to list the number of total tax credit certificates and their total dollar value issued for both the AITC and the CITC. I feel that this is important because it would show the uptake in the program, the success of the program, and allow for adjustments as we go forward with respect to how much money is allocated not only in the initial years but in subsequent years. It would also show if the opposite were happening and most of the money had not been allocated, which would allow the minister of the day to adjust not only the approval process but possibly some of the qualifications and the scope of the program.

Once this report is complete, the minister must make it available to the public and present the report to the Legislative Assembly. Again, accountability and transparency, Madam Chair. Public reporting is important whenever tax money is being spent and allows all members of this Assembly to see the report as well as presenting it to the public ensures the highest level of transparency and commitment to the proper use of the tax dollars.

Madam Chair, I would encourage all members of the House to support this amendment. It is, again, meant just to tweak and improve what is a good bill and what is meant to bring capital and investment to the table, to create jobs in Alberta, and to ensure that we do all possible to address some of the challenges within our current economy.

Thank you.

**The Chair:** Any others? The hon. minister of economic development.

**Mr. Bilous:** Thank you, Madam Chair. I'll thank the member for this amendment. I appreciate the spirit of this amendment. I can assure the House that there will be an ongoing conversation or dialogue between myself and the people of Alberta giving them regular updates on the successes of this program. We will be monitoring it very, very closely, in fact, both tax credits, to ensure that we are getting the uptake that we need.

At the moment, again, pending passage of this legislation, first and foremost, we will be trying to educate businesses in all corners of the province that, again, should this pass successfully, these tax credits are available to businesses. But I can assure the member and the House that these are two programs that have been very thoughtfully constructed and designed based on a significant

amount of feedback from companies and industry in all corners of the province. We are absolutely accountable to them and will ensure that they are receiving the appropriate amount of feedback, and we'll continue to be engaged with them on this program.

Thank you.

**The Chair:** Any other members wishing to speak to amendment A11? Olds-Didsbury-Three Hills.

**Mr. Cooper:** Thank you, Madam Chair. It's a pleasure to rise and speak to the amendment, which I will be speaking in support of.

The hon. minister will know that I have the utmost respect for the member. I know I've said that on more than one occasion in this House, about the respect that I have for this member. I seem to remember telling a very nice story, in fact, that used this member in an analogy before he had an opportunity to travel to Asia. So he knows that I'm genuine in my respect for him.

But, you know, there's a famous politician who once said, "Trust, but verify." And while I appreciate the member rising in his place, saying, "Honest, we're going to be accountable. We're going to tell you everything you want to know. We're not going to hide anything," you know, I think that some level of requirement of accountability is important even though we've heard from the minister, who's promised that everything would be okay.

I know that this minister proposed a piece of legislation that he spoke at length about, about how awesome everything was going to be, how incredible this revolutionary plan to create jobs was going to be. He said: don't worry; I'll reassure the House. Well, that plan never came to be. In fact, the initial tax credit was cancelled, and now we see version 2.0. Hey, listen: a speech that I made not that long ago spoke specifically about this, about a swing and a miss, and now here we are. Like, listen, I believe that this program is better than the last. I believe that, you know, we've heard from a lot of stakeholders who are looking forward to the passage of this bill. Frankly, the opposition will be pleased to provide safe passage of this bill.

But what we would love to see is just a small level of accountability, an annual report. It happens regularly in this place, that the House will receive reports; in fact, it happens so often that in the daily Routine it's included, Tabling Returns and Reports. This is a reasonable compromise. We've seen other opportunities for accountability today in the form of, you know, asking the Auditor General, requiring the Auditor General to provide some accountability. This government voted that down. We saw another amendment that also would have provided just a small amount of accountability, and the government's position, this minister's position is: I promise to be accountable. Well, this government has a track record of promising one thing and doing another.

So what my hon. colleague from Calgary-Fish Creek is proposing is reasonable. It's not extremely onerous. It literally costs very, very little in terms of staff time. This is all information that the department surely will have. They can keep a little sheet on the wall and just keep all the information right close together so that they can report to the Assembly.

**8:50**

I don't see any reason why the minister is avoiding being open and transparent and accountable because what will likely be the next step is that the opposition will either have to FOIP this information or the opposition will have to provide a written question, and then quite likely they will dodge answering those questions. We saw on Monday, Madam Chair, a significant amount of ducking and weaving by this government, and there's no reason why they ought not just deliver what the House deserves, requires, and should be eligible to receive.

While I heard the minister promise, I hope that he will provide some verification – trust and verify – and I hope that all members of this House will vote in favour after an impassioned plea for accountability, Madam Chair.

**The Chair:** Any further speakers to amendment A11?

Seeing none, I'll call the question.

[The voice vote indicated that the motion on amendment A11 lost]

[Several members rose calling for a division. The division bell was rung at 8:52 p.m.]

[Fifteen minutes having elapsed, the committee divided]

[Ms Jabbour in the chair]

For the motion:

Cooper	Hunter	Panda
Cyr	Loewen	Stier
Drysdale	McIver	Yao
Gotfried		

Against the motion:

Babcock	Feehan	Malkinson
Bilous	Fitzpatrick	McKittrick
Carlier	Ganley	Miller
Carson	Goehring	Piquette
Ceci	Hinkley	Rosendahl
Connolly	Hoffman	Sabir
Coolahan	Horne	Schmidt
Cortes-Vargas	Kazim	Schreiner
Dach	Kleinsteuber	Shepherd
Dang	Larivee	Sweet
Drever	Littlewood	Turner
Eggen	Loyola	Westhead

Totals:	For – 10	Against – 36
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[Motion on amendment A11 lost]

**The Chair:** We're back on the bill. Are there any questions, comments, or amendments with respect to this bill? The hon. Member for Edmonton-Centre.

**Mr. Shepherd:** Thank you, Madam Chair. It's a pleasure to have the opportunity to rise tonight to speak to Bill 30, Investing in a Diversified Alberta Economy Act. This is a bill that is good news for business and investment in Alberta.

**An Hon. Member:** As are these pipelines.

**Mr. Shepherd:** Yes, as are the two pipelines. Absolutely.

Madam Chair, I had the opportunity to rise and speak to this bill last week, and at that time I shared a little bit of the story of how I attended the Startup Canada awards recently and had the opportunity to speak with many people there regarding the start-up community here in Alberta. I shared how I spoke with Dr. Randy Yatscoff of TEC Edmonton and how highly he praised the Minister of Economic Development and Trade for the work that he's done on behalf of the start-up community and investors in the province of Alberta. In fact, the phrase he used specifically was: this is a minister who gets it.

**9:10**

I was very pleased to hear that and very pleased to have the opportunity to sponsor this bill and be able to speak to the benefits that I believe this is going to bring to many constituents and businesses in my community. In fact, Edmonton-Centre, of course,

is home to much of our local start-up community, including Startup Edmonton, an organization that supports entrepreneurs and product builders by providing community networking, training, and workspace in the historic Mercer building on the 104th Street promenade.

Just one block over from there, in Enterprise Square, is TEC Edmonton itself, which provides people, networks, and facilities that are dedicated to developing our region's reputation for innovation. They help with commercializing technology from private university and public spaces, they help build successful innovation-based companies here in our province, and they foster and promote innovation and new enterprise development.

It's wonderful to see this bill coming forward, a bill that I think is really going to help with putting Alberta's technology sector on a level playing field at last by providing the same sorts of investment credits that we've seen be so successful in other jurisdictions. We've seen the boost that it's given to economies in B.C. and other provinces where these credits exist. They provide a boost to the innovators and entrepreneurs who are working to diversify our economy by capitalizing on the creative energy that Edmonton and Alberta are so rich in.

Madam Chair, I've been very happy to see how responsive the minister has been in designing these credits and bringing them forward. In fact, shortly after these were first promised in our budget this past spring, I received a message from the chair of the A100, the A100 being a respected local community of seasoned technology founders. They expressed very strong support for the credits and indicated the importance of making sure that these credits be retroactive to ensure that they would be able to incent investment as quickly as possible. I was happy to pass that feedback on to the minister, and I'm very happy to say that he heard and he ensured that this legislation provides that credits for any eligible investments made after April 14 of this year will be included. So thank you to the minister again for his consultation with that.

I was also very happy to see the inclusion of digital media companies in this bill. In January of this year I had the opportunity to meet with representatives from GameCamp Edmonton, some folks who have been working very hard with the local gaming community and app developers. They came to see me because they saw that our government was looking to invest in diversification. They came to see me because they recognized that there are many jurisdictions across Canada that offer credits that are very helpful to game development and game companies. Some of these are employment credits. Some of these are tax-based credits. But they recognized that Alberta did not have these sorts of incentives.

Now, Edmonton is home to some fantastic game developers, of course, BioWare being the most famous. I know many of our members had the opportunity to attend an event with them just the other night and see the great work that this company is doing. This is a company that has provided work for software developers here in our city, for many people that I know in the music industry who have gone on to work for them as recording engineers, as music producers. Many people from our theatre community work for them and have the opportunity to get work there as voice actors. This is something that has genuinely created diversification and jobs in our city.

It's wonderful now that this tax credit, the Alberta investor tax credit, will allow for growth in that industry here in our city. I know that the folks at GameCamp Edmonton and many of the other local development companies are very excited for this opportunity now and that step towards diversifying our economy and providing greater opportunity.

I'm also very excited about, as the Member for Sherwood-Park talked about earlier, the community economic development

corporation provisions that are in this bill. I know that over the last year and a half I've had the opportunity to meet with many people in the local African communities and with many other cultural communities here in our city. One of the biggest concerns that they've mentioned to me is that they are looking for opportunities to build economic capital and opportunity for the members of their community. They're looking for opportunities to create new jobs and to be able to support those in their community when they first come to Canada and as they are establishing their lives here.

I'll tell you that they are excited for the possibilities that are available through these community economic development corporations. They are looking forward to having the opportunity for those who have been successful and who have built good businesses here in our province, who have contributed to our provincial economy, to now take the profits they have made and be able to invest that back into their local community, to be able to create jobs and opportunity for the members of their community, to be able to help provide for some of the social needs that are there in their community. That's another wonderful aspect of this bill, which I greatly thank the minister for bringing forward.

Also, I've had the opportunity when I met with some of these folks, with some of their business associations, and recently again when the minister joined me for a business town hall with over a hundred leaders, a hundred business people from the African and Caribbean community here in Edmonton – he had the opportunity to share with them about these credits and many of the other wonderful programs that are available to support small businesses here in our province. There was great excitement for the capital investment tax credit and the opportunity that's going to give for many of these individuals who have companies to be able to upgrade their equipment, upgrade their facilities, and again be able to continue to do work that is supporting our economy, that is supporting jobs in our province, and continue to support the members of their community.

I've appreciated the feedback that we've heard from the members. I appreciate the amendments that have been brought forward tonight that we've had a chance to incorporate to make this a better bill. I think that this is very good news for the province. It's something that's finally coming into place after years of this being requested. It's finally being brought forward by this minister, by this government. I think this is going to do good things for the province. I look forward to supporting Bill 30.

Thank you.

**The Chair:** Any other questions, comments, or amendments with respect to this bill? The hon. Member for Calgary-Fish Creek.

**Mr. Gotfried:** Thank you, Madam Chair. One last amendment to present on Bill 30.

**The Chair:** This amendment will be known as A12.  
Go ahead, hon. member.

**Mr. Gotfried:** Great. Thank you, Madam Chair. I'd like to move that Bill 30, Investing in a Diversified Alberta Economy Act, be amended by adding the following after section 82:

Review of the Act

82.1 Within three years of this act coming into force, a special committee established by the Legislative Assembly shall begin a comprehensive review of this act and shall submit to the Legislative Assembly within one year after beginning the review a report that includes any amendments recommended by the committee.

Madam Chair, this amendment would ensure that programs presented within this legislation are reviewed after they are

scheduled to expire. The CITC as it is currently presented is a two-year program, and the AITC as it is currently presented is a three-year program. We would, of course subject to success, like to see these programs extended beyond their initial lifespan if they are working. To determine if they are working and being utilized by Albertans to both invest capital and to invest in the growth of our economy, a special committee would be established by the Legislative Assembly to review these programs.

Madam Chair, it's important when we have programs in place from various levels of government – the experience I've had is that sometimes they sound good, but if they're not being utilized and if they're not actually achieving the desired results, there's usually a reason behind it; hence, the opportunity for a comprehensive review.

This committee would have a maximum of one year to deliver a report in which they would make recommendations on the future of the program. This committee would be able to determine what worked, what didn't work, and what needs to be either scrapped or amended or what changes can be done to enhance or improve the program and its efficacy with Albertans. It could also recommend that the programs not be brought back in their current form if it is determined that they do not produce the expected results. Again, the legislation is only as good as the results that it achieves.

However, without this formal review mechanism we may not get a fulsome picture of the success or lack thereof with respect to these programs. Again, with all due respect, I know that the minister has spent a lot of time consulting with industry so that, I'm hoping, we will come out of the gate with this program with a lot of uptake and a lot of success and a lot of uptake from industry, creating jobs and investing in our industrial capacity and other capacities. Not having this evidence would mean that making a decision on the potential extension or the collapse of these programs would be simply done in-house without the fulsome review of this Assembly.

9:20

Madam Chair, we simply hope that all members of this Assembly would be able to come together at the end of these programs to review it in support of the minister and his team, to work collaboratively, and to openly determine whether or not these programs are working effectively for this House and for Albertans.

I'd like to thank the members of this House for their consideration this evening of this amendment, of this opportunity for us again to not only put in place a solid piece of legislation but to review it and to ensure that we take every opportunity to improve it. I thank them for their consideration, and of course I'm hoping that the minister that gets it gets this amendment.

Thank you.

**The Chair:** Any other hon. members wishing to speak? The hon. minister of economic development.

**Mr. Bilous:** Well, thank you, Madam Chair, and I'll thank the member for his work on this amendment. Again, I agree with him on the spirit of this amendment, but I can assure the member and all members of this House that we will be in regular dialogue with Albertans. As far as not only the uptake but the success of this program, we will be monitoring it very, very closely month by month, not even year by year, to ensure that we get the proper uptake but as well to monitor very closely the injection of new capital into our economy, working with companies that will provide them with the dollars they need to grow, to increase in size to hire more Albertans.

I am excited to get these programs out of the gate and hopeful that we'll have a unanimous passage of this piece of legislation, but regarding this amendment, I will not be supporting it.

Thank you.

**The Chair:** Any other speakers to Amendment A12?

[Motion on amendment A12 lost]

**The Chair:** We're back on the bill. Are there any further questions, comments, or amendments with respect to Bill 30? Olds-Didsbury-Three Hills.

**Mr. Cooper:** Thank you. I have one very quick question for the minister. I heard him speak glowingly about the amount of work that he's going to do to let businesses know across the province. I'm just curious to know if he'd be willing to share the costs of that work and if there was a significant advertising project planned for this particular legislation once it is passed, if that would be coming out of the total amount of the grants or if that would be paid for through other means.

**The Chair:** The hon. minister.

**Mr. Bilous:** Well, thank you, Madam Chair, and I'll thank the member for the question, a very good question. Thus far we've been working with local business associations and organizations, from chambers of commerce to economic development associations, to help spread the word. As well, you know, the companies that joined me on my trade mission to Asia: there were over 80 companies, over 150 Alberta participants whom I spoke to about these two different tax credits, pending passage of the legislation, of course.

At the moment we've been using a variety of different means, through social media and other ways, to get the word out through our REDAs as well as NADC. We will continue to work with organizations. Frankly, Madam Chair, this is part of the reason why we initially introduced our intention back in the spring: in order to give time to get the word out to all companies in all corners of the province. We didn't want to just introduce this, you know, late fall, pass the bill, and then hope for uptake.

As far as the member's question that if there will be dollars spent, will they come out of the two tax credit buckets, I can tell the member that the answer is no. If there is some advertising, that would come from my ministry, again pending passage of this legislation.

**Mr. Cooper:** Okay. Thank you. Appreciate the answer to the question.

It sounds to me like there has been significant interest already. Quite likely, given the extensive work that you've done with stakeholders already through REDA economic developers, the 80-some members in the largest trade mission that has ever happened in the history of the universe, it sounds like there are lots of people who are interested. Will the minister commit that no advertising dollars will be spent because, clearly, the people who need to know already know?

**The Chair:** The hon. minister.

**Mr. Bilous:** Thank you, Madam Chair. You know, there are, obviously, some administrative fees in order to administer these two programs that will be coming out of the allocated funds. Again, we are wanting to ensure that as many dollars as possible go toward these programs and toward the outcomes of these programs, so we will continue to work through all of our channels to ensure that word gets out.

I can tell you, Madam Chair, that part of the reason that we – in this bill the investor tax credit is for three years. It was initially proposed for two years, but upon consultation with business and industry over the summer and to ensure that all businesses get the word and understand and know about this program and then have an opportunity and time to apply for this program, we decided to extend it to three years.

As far as the capital investment tax credit there are four windows over two years when companies can apply. As I mentioned earlier today, if a company is unsuccessful – well, first of all, they will see the criteria upon which they will be scored, and if they're unsuccessful, my ministry will be working with them. They will be encouraged to apply for the next window. Again, the purpose of this is to try to support as many businesses as we can, as many different capital projects as we can, but at the same time we want to make sure that we are getting full value for every tax dollar that is being spent and that there is a return to Albertans through job creation and supporting our businesses to help them grow.

Thank you.

**The Chair:** Any other questions, comments, or amendments with respect to the bill?

Seeing none, are you ready for the question on Bill 30?

**Hon. Members:** Question.

[The remaining clauses of Bill 30 agreed to]

[Title and preamble agreed to]

**The Chair:** Shall the bill be reported? Are you agreed?

**Hon. Members:** Agreed.

**The Chair:** That's carried.

### **Bill 21 Modernized Municipal Government Act**

**The Chair:** Are there any questions, comments, or amendments with respect to this bill? The hon. Member for Calgary-Hays.

**Mr. McIver:** Thank you, Madam Chair. On Bill 21, the Modernized Municipal Government Act, I have an amendment, and with your concurrence I will send it over so that we can begin.

[Ms Sweet in the chair]

**The Deputy Chair:** Thank you, hon. member. This amendment will be referred to as A2.

**Mr. McIver:** May I continue?

**The Deputy Chair:** Please go ahead.

**Mr. McIver:** Thank you. Fellow members, I move that Bill 21, the Modernized Municipal Government Act, be amended, part A, in section 13, in the proposed section 75.5, by adding the following after subsection (2):

(3) Before the Minister makes a regulation under this section, the Minister must ensure that appropriate consultation has been carried out with the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties, and consider the input acquired from the consultation.

And part B, in section 131, in the proposed section 708.52, by renumbering it as section 708.52(1) and by adding the following after subsection (1):

(2) Before the Lieutenant Governor in Council makes a regulation under this section, the Minister must ensure that appropriate consultation has been carried out with the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties, and reports on the results of the consultation to the Lieutenant Governor in Council.

Now, folks, I think this is fairly straightforward. This just really says that in the future, when regulations are going to be made, we talk to the main municipal groups in the province of Alberta. I believe it's a common-sense amendment, and I hope that members of the House will be supportive.

**9:30**

Madam Chair, the intention of the amendment, of course, is to reinforce the notion that the government should consult with stakeholders before changes to regulations occur. There has been an unfortunate trend in many cases with a lack of stakeholder consultation related to legislation, a pattern that I believe is an opportunity for the government to improve. This has been evident through a number of bills: 6, 20, 25, and 27. This amendment seeks to ensure that municipalities through their chosen associations, AUMA and AAMD and C, are consulted appropriately before any regulatory changes, haphazard or otherwise or carefully considered, are made by the NDP government and, of course, especially pertaining to municipally controlled corporations and ICFs.

Madam Chair, I'm sure that the minister may consider saying: well, of course I'll consult. But I would ask the minister to consider that legislation is a long-term endeavour, and in the future there may be a different minister in that chair, perhaps one less willing and able to consult with people than today's minister, and for that reason I think this is a good prompt, a good requirement for future governments and future ministers and this government and this minister, but we need to consider this and future governments and ministers to make sure that they talk to the main partners, which indeed are the municipalities in Alberta.

With that, I will listen to the debate. I sincerely hope that the government and all members of this House can see the wisdom in this commitment to consult and, in fact, will consider just how happy it will make the municipal organizations to know that the government has stood up in this Legislature and said: we commit to consult. What a positive message that would be and one that I hope the minister and the government will embrace.

**The Deputy Chair:** Thank you, Member.

Are there any other members wishing to speak to the amendment? The hon. Member for Fort McMurray-Wood Buffalo.

**Mr. Yao:** Thank you, Madam Chair. You know, I'd love to speak on this because it is about consultation. I'm going to tell everyone a little bit of a story about a little place up north called Fort McMurray. First, let me clarify. The MGA here: there are a lot of changes being made to that. It is impacting different municipalities in different ways because Alberta and its municipalities have evolved in such different ways because we do have a diverse province. Some areas are industry, some areas are white collar, some areas are government, and they all have to deal with a lack of attention by the previous government.

Let's talk about the previous government and how they treated Fort McMurray, shall we? Back in the '80s and '90s they were giving all these leases out to all of the oil companies. They were putting out hectares and hectares of these leases and really promoting the oil industry, and God bless Ralph Klein for that. But they forgot a little bit of something. They forgot the support that these industries need. Fort McMurray is a landlocked community, just so everyone understands. They're landlocked by Crown land.

They're not surrounded by a bunch of farms that a developer can just buy and turn into a housing division. It is literally locked by provincial land, and it had no space to grow.

As the oil companies grew and grew and they invested more and more, they realized that they didn't have enough housing, so they started giving these little subsidies to all the people that were working up there: 800 bucks, right off the top, on top of your paycheque every month, just so you could find a place to live in Fort McMurray. People literally started renting out bedrooms for 800 bucks. That's a substantial chunk of change anywhere. Before you knew it, everyone's yards and houses were just filled with vehicles. Everyone was renting out, everyone was paying off their mortgages, but again because of that lack of housing and lack of ability to grow, that's when house prices started to escalate.

If I might say, at one point you could buy a house lot in Fort McMurray for \$35,000. In this day and age it's \$400,000 for a lot. It was a really tough situation to be in, and that is what drove house prices up in Fort McMurray. It took many, many years before the previous government finally – finally – figured out that: oh, maybe we should give the city some land to grow.

I remember talking to a girl who worked in forestry for the government here about 15 years ago. I remember asking her: how come you don't release any land to Fort McMurray? She talked about how they had to protect the boreal forest, which I found to be really ironic or even hypocritical because they were offering up so much land to these leases for these oil companies, but they weren't allowing the community, which only required a small area, to grow.

Anyways, it was that poor decision-making that drove the house prices up and made it a very difficult place to live. When housing goes up, then the impacts are enormous everywhere else. Salaries have to go up to compensate. The oil companies started flying people in. Our fire department: we started to lose our members to the oil companies because they had the opportunity to make over a hundred thousand dollars a year as a firefighter, and the municipality could not keep up with this. The impacts of a lot of these things were pretty bad.

Also, the municipality had outgrown its facilities, so we didn't have enough facilities, whether it was a recreational facility, whether it was schools or anything to even address the current population there. As that community grew, we had no place to go.

It's little things like these, where the province was literally not supporting a community, that the municipality had to make some hard decisions on, and that is about the time when they went from the city of Fort McMurray to the regional municipality of Wood Buffalo. They took a page out of the county of Strathcona, Sherwood Park, if I might add, when they became the county, and they were able to absorb all the industry and use that taxation money to help them.

**Cortes-Vargas:** A specialized municipality.

**Mr. Yao:** Yeah. Anyways, the point is, though, that that's when they became the municipality of Wood Buffalo, and that's how they were able to get the taxes they needed to build our community.

It's important to understand with each jurisdiction across our province why they have these different tax rates, as an example, and that's about consultation. This amendment is about consultation. I can appreciate that coming from somebody in the third party because that means they've learned their lessons, that they also know to consult and look around.

With that, I do agree with this amendment. I think it's a fair amendment to make, that they do consult, that this government does consult, and that we can learn from all the communities, understand their individual issues, and work with them as we move forward.

Thank you very much, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members wishing to speak to the amendment? The hon. Minister of Municipal Affairs.

**Ms Larivee:** Thank you, Madam Chair. Thank you for providing the opportunity to speak about this amendment. I have to say that we are very proud of the relationship that we have built with the AUMA, AAMD and C, and municipalities across Alberta. I firmly believe that growing our province is a collaborative venture, and as government one of our most valuable connections is the partnerships we have with Alberta's municipalities and their associations. Now, as a matter of fact, AUMA and AAMDC are already at the regulatory development table because I believe in robust consultation with our municipal stakeholders.

9:40

It was interesting to hear the member speak about a history of a lack of open and transparent consultation with the municipal associations when it came to legislation that directly affected them although I have to say that we have changed the course and moved away from those days. My ministry has been steadfast in holding consultations with all stakeholders, including AUMA and AAMDC, and I believe that our record on this issue is beyond refute.

I've talked with representatives of both AUMA and AAMDC. We've heard this. We've had conversations about it. And there are many reasons why there are unintended consequences and many reasons why it's not practical. But I think the simple message out of this is that you cannot legislate relationships. Good governance is about respecting all of the people that are affected by your legislation. There's no way that every piece of legislation can ever incorporate and assume that we meet with all the stakeholders who are affected by it. So it's important that in terms of doing good governance we know who the people are that are affected by it, that we deliberately reach out to them. You don't build relationships with regulations; you build them by working together collaboratively and working hard on those relationships.

So, Madam Chair, for those reasons I will be not be supporting this amendment.

**The Deputy Chair:** Thank you, hon. minister.

Any hon. members wishing to speak? The hon. Member for Calgary-Hays.

**Mr. McIver:** Thank you. I appreciate the remarks from the Municipal Affairs minister, but I might remind of her some very recent history, particularly in light of the fact that she said that her relationship is without refute. I hope she's not right about that because if it's without refute, I think the minister is in big trouble because the last time that there was a big municipal meeting of the AAMD and C – and the minister was right there, so I know she knows that I'm right about this – when her ministers were talking to the group, they were booed . . . [interjection] No. More than one time by, essentially, the whole room. Hundreds of municipalities booed this government's ministers.

So when the Municipal Affairs minister says that their reputation is without refute and the most recent evidence is a mass booing and someone coming to the microphones when we opposition leaders were there and asking each of the opposition leaders to explain to the room what each of us was going to do to move the NDP government out so that they could get a better government and all of the answers were warmly received, yes, maybe the relationship is without refute, and that unrefuted relationship indicates that you need to do more consultation, Minister.

There's very solid evidence, very recently delivered not by me but by hundreds of municipalities at the same time sending a very clear message that they're not happy with the consultation. This amendment, frankly, should be very helpful to the government. [interjections] Now, Madam Chair, I understand that the government members are embarrassed that their ministers were booed, which is why I think I'm hearing from them now. I think this would be a good time for them to acknowledge that there's a shortcoming in the consultation and probably a very good time also for them to agree that it would be wise for this ... [interjections] I can hardly hear myself talk because the government can't stand the truth.

Again, I'm only stating what these members heard first-hand at the AAMD and C: hundreds of Alberta municipalities booing the NDP ministers, hundreds of NDP members actually asking the opposition leaders what we were going to do to move the NDP along and receiving our remarks warmly. Now, that indicates a consultation gap, and this amendment would go a long way towards indicating that the government was prepared to work to repair that relationship, which is why this is very helpful, which is why I'm very hopeful that the government will see the wisdom in saying: "Yeah. We got a clear message. We've fallen short, and this is a real opportunity to send a positive message to Alberta municipalities that we're prepared to move forward and repair those relationships."

I hope the government and all members of this House will see their way clear to supporting it.

**The Deputy Chair:** Thank you, Member.

Are there any other members wishing to speak? The hon. Minister of Municipal Affairs.

**Ms Larivee:** Thank you, Madam Chair. I just had to take a moment to clarify for the House the misrepresentation of the events at AAMDC by the member across the floor. Certainly, when it comes to the carbon levy, I understand that there are a lot of misunderstandings with many Albertans in terms of what our climate leadership plan was about although I think the announcements of two pipelines yesterday helped them understand a little bit more about what it was about.

However, what I had stated and somehow you missed is that my ministry and myself have been steadfast in holding consultations with all stakeholders, including AUMA and AAMDC. I believe that our record was not refuted. Without doubt, I have heard from many of you that the consultation in this particular case was excellent. I have to say that during the opening ceremonies of AAMDC or shortly after, when I was doing my speech, Al Kemmere chose to introduce me and made a point of stating what a great relationship they had with their minister and how I was just a text message away at any moment in time and how responsive I was and that I took great pride in the relationships that we've built there.

Also, at the recent AUMA convention I took great pride in the fact that Lisa Holmes introduced me as the minister that we all know and love. I've worked very hard to cultivate those relationships, to have incredibly close consultation. I'm seeing the fruit of that in many ways. So while certainly we have some work in terms of clarifying some information regarding the carbon levy – and that's exactly what you're referring to at the AAMDC – certainly I stand by the work that my department has done. I have amazing staff in Municipal Affairs. I could not do what I do without them. They worked together with myself and my staff to create an amazing consultation plan that worked right through the legislation and will continue to work through the regulations and to be open and transparent consistently. I stand on that record and continue to say that we will not be supporting this amendment.

**The Deputy Chair:** Thank you, hon. minister.

Are there any other members wishing to speak? The hon. Member for Cardston-Taber-Warner.

**Mr. Hunter:** Thank you, Madam Chair. Seeing as this is full disclosure that we're looking for here – and I've often heard the government say that they are looking for feedback and that they want to know what Albertans are thinking – I want to make sure that the members opposite know what I'm hearing. The people from my riding, the municipal leaders from my riding are telling me that they have a very difficult time getting a hold of ministers, that they have a very difficult time when they come up to these events up here. Both AUMA and AAMD and C members are telling me that they have had a very difficult time being able to get in front of ministers, and they are frustrated with the lack of consultation that they're able to get with these ministers.

Now, you can take that and you can say: well, we need to make sure that we're going to do better. I hope you do. But this motion here is about addressing these issues so that consultation will happen. There should never be a question of whether or not we should do better at that, whoever it is. We're about representing the people of Alberta, and we need to make sure that we don't ever, ever say that we're above that. This is what I just heard, and to tell you the truth, it shocked me to hear that.

So I think, Madam Chair, that if the government is truly interested in listening, I will tell you that I have heard it over and over and over again from the leaders in my riding that they are struggling to be able to build a relationship with you. They want to build a relationship with you, and they have very little opportunity to be able to get a hold of you, first of all, and they have very little opportunity of being able to get hold of you especially at these events.

So if you are willing to take it, I give you that advice. I know we're talking about this amendment, but what I just heard there was almost sticking your head in the sand and saying: we are doing perfectly out here. It's just ridiculous that you would say something like that. I hope that you would consider what you said and, second of all, that this would be able to help this bill be better. This is why I will be supporting it.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you, Member.

Are there any other members wishing to speak to amendment A2? The Member for Olds-Didsbury-Three Hills.

**9:50**

**Mr. Cooper:** Well, thank you, Madam Chair. Just a couple of very quick points here. The first one will echo some of the comments of my colleague from Cardston-Taber-Warner in that in discussions with municipalities, not specific to the Member for Lesser Slave Lake, the Minister of Municipal Affairs, but just more generally and broadly, many municipal leaders have contacted my office and me about a general frustration about getting meetings with ministers right across the board. I don't have a barometer to judge that, but they certainly have expressed some significant concern. I will say "right across the board" because I'm not intending to pick out certain ministers although I have heard larger complaints about some departments than other departments. I just highlight that as a general concern that comes to my office from municipal leaders with respect to the relationship they have with the government.

The last thing I will add is that I heard the Municipal Affairs minister say that you can't legislate relationship, and while I agree with that statement, the contrary is true, or at least that's what they effort to do when they are creating situations of forced collaboration

through legislation. So those terms don't jibe one hundred per cent where on one hand they're saying that you can't force relationship, yet the legislation clearly does effort to force relationship in a number of different circumstances.

I just leave those for comments and look forward to voting in favour of the amendment.

**The Deputy Chair:** Thank you, Member.

Are there any other members wishing to speak to amendment A2? The hon. Minister of Municipal Affairs.

**Ms Larivee:** Thank you, Madam Chair. I guess I want to address a couple of things. The first thing is: thank you for your comments. While, certainly, I really do believe you can't legislate relationships, what you can do is ensure that people work together to do land-use planning, to do service planning in the interests of individuals. If relationships happen to come out of that, that's wonderful, but certainly it is expected that people work together in the interest of the people that they represent.

You know, I did briefly state that there are many reasons it's not practical and that there are unintended consequences with pursuing this, and I have talked to both AUMA and AAMD and C on this. But the truth is that it's just not practical. If we had to bring every regulation before them, for every regional service commission a change in membership would have to be consulted on with them. I mean, those are done by regulation. The updates on the Canmore undermining regulation, the ability to be responsive quickly in terms of issues: if we had to do consultation, what does consultation mean?

We also would open ourselves up to potential legal challenges if there was any kind of implication that we hadn't consulted appropriately on any decision if it was embedded in legislation. I mean, we already consult. No responsible government would do this. We have to govern, and we already consult fully. Good governance means talking to the people that you need to talk to about it, but putting it in there and binding it in specific legal language would create many unintended consequences.

I do not reject consulting with AUMA and AAMD and C. I consider them very valuable partners, and I do not move forward any policy without talking with them, which is the reason that both Lisa and Al are very happy with it and know that I'm very accessible and willing to talk with them. We've worked very hard to build up relationships in that way. However, this particular approach to embedding it in legislation would really embroil the government in a number of challenges in terms of being able to move forward and to govern properly.

So we will consult. We will always consult. We value our partners. We just can't put the wording in the legislation.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you, hon. minister.

The hon. Member for Calgary-Hays.

**Mr. McIver:** Well, thank you. I wouldn't want the hon. Municipal Affairs minister to think that I doubted the nice words that she said she heard. I'm sure she's telling the truth about that. So let me be clear. I don't think I doubted it before. Nonetheless, what I said was also true, that the hundreds of municipalities made it clear there's a problem with the relationship. How those things coexist I guess I can't fully explain. All the more reason why the government should spend time and commit to consulting with the municipalities.

To be fair, the government is forcing the municipalities to consult with each other on intermunicipal development plans and ICFs, so this would really be saying to them: we are not going to ask you to do something that we won't do ourselves. That's what this would

be saying to the municipalities: we're not better than you; we're the same as you; we're forcing you through legislation to make a bunch of arrangements with each other, and as part of that we'll commit to talking to you before we change regulations.

I would just only ask, I hope politely, the minister to reconsider her words just now when she said: I can't talk to the municipalities every time I make a change that affects them. Madam Chair, one of the reasons there is a Ministry of Municipal Affairs is to be a conduit from municipalities to the government. If the minister in charge of being that conduit doesn't have time to talk to them – and I don't think that's her intent, but that's kind of what she said: I don't have time to discuss every change. So I would say that this would be a very good way to say to the municipalities: we won't make changes without talking to you; we commit to that. I would think that would be accepted quite warmly by the municipalities and may actually make that relationship more favourable, more positive, more productive in the future. The amendment is my way of helping.

**The Deputy Chair:** Thank you, Member.

Any other members wishing to speak to amendment A2?

Seeing none, I'll call the question.

[Motion on amendment A2 lost]

**The Deputy Chair:** We are now on the original bill. Any other members wishing to speak? The hon. Member for Vermilion-Lloydminster.

**Dr. Starke:** Well, thank you very much, Madam Chair. This evening I wish to move an amendment. I'll ask the pages to come by to pick up the amendment. I'll wait until they've had an opportunity to distribute it, but I will talk very briefly. I'll preface my remarks before the amendment is distributed to talk a little bit about the subject matter of the amendment. The subject matter has to deal with something that actually has been on the books of the Municipal Government Act since it was last rewritten, in 1995. It is under section 357, and it is under the subject of a minimum tax.

What, essentially, is given purview to municipalities, something that they are empowered with that was not in place prior to 1995, is the ability of a municipality to set a specific dollar figure as a minimum tax on a piece of property regardless of the assessed value of the property. That has created a problem. That has created a distortion in our system.

Madam Chair, you have the amendment now, and I can read it into the record?

**The Deputy Chair:** Yes. Please go ahead. Thank you very much.

**Dr. Starke:** Thank you, Madam Chair, at this time I would like to read the following into the record. I move that Bill 21, Modernized Municipal Government Act, be amended in section 53 by striking out proposed section 357.1 and substituting the following:

Tax Rates

357.1(1) The tax rate to be imposed by a municipality on residential property or on any sub-class of residential property must be greater than zero.

(2) Notwithstanding anything to the contrary in this Division, a tax rate imposed by a municipality pursuant to section 357 must not result in a property tax on an assessable property which exceeds 2.5 per cent of the assessed value of that property.

Madam Chair, what does all that mean? What is the purpose of this amendment? Well, in Alberta we have a fairly significant number of municipalities, that are mostly small municipalities, that have exercised the power that is given to them within section 357 to allow for the levying of a minimum tax; in other words, a

departure from the normal methodology for calculating taxation on property.

10:00

Now, I'm going to quote from the Guide to Property Assessment and Taxation in Alberta. On page 29 it states:

Under the Municipal Government Act, municipalities are responsible for collecting taxes for municipal and educational purposes. Property taxes are levied based on the value of the property as determined from the property assessment process. Property taxes are not a fee for service, but a way of distributing the cost for local government services and programs fairly throughout a municipality.

Madam Chair, that word "fairly" is the word that is at the crux of this. Currently a large number of municipalities charge a minimum tax on property. In some cases that minimum tax is a relatively nominal \$50 or \$100, but in some cases the minimum tax that is charged is considerably higher. In over 60 Alberta municipalities there is a minimum tax, and the amount charged sometimes ranges to \$800, \$900, \$1,000, and in some cases the minimum tax, in fact, is more than the actual assessed value of the property.

Now, this creates a significant distortion. It creates a distortion, really, in two directions. The first distortion it creates is, obviously, that the people that own these relatively lower assessed value properties have a situation where they're paying a tax bill, in fact, that is greater than the assessed value of the property. Well, you can imagine that those properties then become very difficult to keep, you know, if you're having to pay more than the assessed value year after year after year.

Furthermore, it becomes difficult in small rural villages for there to be economic development and housing to be developed because in many cases more-modest homes that would stand on these properties, more-modest homes that would be taxed at a rate that should be considerably lower, are in fact subject to minimum tax. The minimum tax is used by the municipality to raise a certain amount of funds. By doing so, they are allowed to lower the overall mill rate, and that benefits properties of greater assessed value. In a way, it's a little bit of what I call a reverse Robin Hood: you're actually taking from the poor and providing a benefit to the rich.

Now, that certainly is contrary to most NDP philosophies, I believe. For the last 20 years, while there's been a different government in place, this was on the books. Certainly, I would have expected that now that there's an NDP government that is committed to wealth redistribution in many different forms, this would be a very logical place where an NDP government could step in and correct an inequity within our property taxation system, whereby under section 357 municipalities are permitted to charge a minimum tax.

Minimum tax is punitive. Minimum tax is fundamentally unfair, and it is fundamentally unfair to the most vulnerable within our communities. When I look at the list of communities that charge a minimum tax, minimum tax is charged in some of our smaller communities that are already perhaps struggling with being able to remain viable, yet they're not charging the taxation that should be charged on some of the higher value properties. The mill rate is in fact being subsidized by lower valued properties.

In one village in particular in my constituency some 47 per cent of the properties within that village are actually charged the minimum tax. If you multiply the assessed value by the mill rate that should be getting charged, they should have a much lower tax bill, but in fact they are charged a much higher rate because they are charged a minimum tax that is higher than what they should be paying. What it effectively does is subsidize those owners of properties of greater value.

This is an inequity. This is a fundamentally unfair situation, and it is a fundamentally unfair departure from what I just read from the guide to municipal taxation and assessment in the taxation guide. Taxation is supposed to be based on the value of the property, and in most Alberta municipalities that indeed is what happens. But in a percentage of Alberta municipalities that is not what happens, and section 357 of the current Municipal Government Act allows for this. This is, in my view, an unfair distortion of our taxation system, and it is unfair, as I've said before, for Albertans that are disadvantaged, for Albertans that are vulnerable. It creates a distortion that, in my view, also affects the ability of small rural communities to develop because there is this anchor on development, especially an anchor on development of lower value properties.

Madam Chair, while I know it's not habit for the government to approve opposition amendments, we did see it happen this afternoon, and we were very encouraged by that. This is an amendment that, in my view, brings a measure of fairness to a taxation system, and it corrects an inequity that has been present in the Municipal Government Act for the last 20 years. I think that it's a measure of fairness, and I think it's something where this government can demonstrate that it understands the need for fairness.

Now, I would have liked to have been able to completely eliminate minimum tax entirely. On advice from Parliamentary Counsel it was found that we couldn't do that, so that's why I have suggested – and it is somewhat arbitrary – the 2.5 per cent cap on the minimum tax. That means that at that level it would take 40 years of paying that minimum tax until you have paid the assessed value of the property, unlike the current situation, where in some situations you actually pay more than the assessed value of the property in minimum tax. You can imagine that that creates significant distortions in the real estate market in those communities.

Madam Chair, I would encourage all members of the Assembly to take a look at this amendment. I would ask for their support in voting for this amendment because I do think it corrects a very basic inequity in the current legislation.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

Any other members wishing to speak? The hon. Member for Olds-Didsbury-Three Hills.

**Mr. Cooper:** Thank you, Chair. I'll keep my remarks short. I'd just like to rise and speak in favour of the amendment. My hon. colleague has done an incredible job of putting a lot of time, thought, and attention into this particular amendment. It's important for small rural communities, and I think . . . [interjections] I don't see what's so funny. I'm not sure it's becoming of you to laugh at a member. I think he's done a very good job of putting together some comprehensive reasons why this amendment is so important. It respects small communities. It respects property owners who own a property. The minimum tax is clearly an unfair taxation policy, and I would strongly recommend that the minister heed the advice of the member, and we can move forward this evening.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members wishing to speak to the amendment? The hon. Minister of Municipal Affairs.

**Ms Larivee:** Thank you, Madam Chair. I'd like to thank the third party for sharing this amendment. I did work with my staff and look at it very seriously. We looked at it and realized that the amendment does not actually fit within this section. Section 357(1) was

intended to ensure that a tax rate ratio can be calculated and has nothing to do with the minimum tax. Having said that, I appreciate the intent of the amendment and have looked into this particular issue before.

The proposed amendment would cause, unfortunately, viability concerns for some small municipalities with large numbers of low-value properties. The MGA authorizes minimum taxes to recognize the basic cost of service to all ratepayers in a municipality regardless of their assessed value. In fact, Madam Chair, almost 20 per cent of Alberta's towns and villages have a minimum tax in place, all but one of those at \$1,000 or less, which for someone who can afford to own property is actually a reasonable cost.

So I'm not prepared to support this amendment tonight out of concern for the viability of Alberta's small communities. I've committed to helping them be sustainable and viable, and I'm certainly not prepared to support an amendment that would do the opposite.

Thank you, Madam Chair.

10:10

**The Deputy Chair:** Thank you, hon. minister.

Are there any other members wishing to speak to amendment A3? The hon. Member for Vermilion-Lloydminster.

**Dr. Starke:** Well, thank you, Madam Chair, and I thank the minister for her comments. Certainly, I understand her concern about viability for small communities, and that indeed is the challenge here with minimum tax.

I think the issue that I have and the difficulty that I have in allowing these 20 per cent of Alberta communities to charge minimum tax, especially to the degrees that they are, in some cases \$800, \$900, \$1,000, is that it bears no relation whatsoever to the value of the property. You know, it's interesting. The minister says that anybody who can afford to own property should be able to afford to pay a minimum tax of \$800 or \$900 or \$1,000. I submit to you that in many cases this causes a hardship, especially when the property itself is not valued at that high a level. I mean, if the value of the property – and in some cases we're talking about properties that are unimproved – is scarcely higher than the minimum tax that's being levied, why would the property owner even hang on to the property?

Minimum tax is something, again, that was brought in – and I understand it. In fact, if we look under the fundamentals of the property taxation system – and this is from the AUMA website – it states here on page 4 of 15, under Minimum Property Tax:

A municipality may levy, by bylaw, a minimum amount of tax on each property. The minimum property tax is not a fixed surcharge; it is a tax floor amount. The minimum tax only applies to a property if the calculated tax rate multiplied by the assessed value of the property is lower than the amount set as the minimum tax.

The problem that this creates – you know, again, I acknowledge and I recognize and I agree with the minister when she talks about viability of smaller communities in our province. I think that is something we all need to be concerned about. But to prop up those municipalities by charging an inordinate sum of taxation to the people in the municipality that own the lowest value properties is completely counterintuitive. Taxation works based on the value of the property, and in every village, in every town there will be people who have higher value properties. They have properties and homes that are of higher value. Their property taxes are being subsidized by people who own lower value properties.

Once again, this is a complete reverse Robin Hood, and it runs completely contrary to NDP philosophy. It just, you know, strikes me as stunning that the NDP would defend a policy that essentially

takes dollars out of the hands of the poor and the vulnerable and subsidizes those who are wealthier. Think about that for a second. That's not what you believe in. I mean, it's not what I believe in either, but it's certainly not what you believe in.

You know, to suggest that this has to be in place in order to keep these municipalities viable, I think it is becoming for many municipalities, in fact, a crutch. It is becoming something that they have come to depend on, and it has become something that has allowed them to tax at a higher and higher rate and certainly a rate that has no bearing on the property value, lower value properties within a community and, in fact – once again I say it – subsidize those properties that have a higher value. It's fundamentally unfair.

So while the minister can say, you know, that they're doing this for the sake of the viability of communities, these communities could be viable if they simply applied a tax rate as a tax rate is intended to be applied and that if there is a greater requirement for revenue, they apply a mill rate appropriate and that that mill rate be applied on the properties of higher value according to their assessment. That's a fair system. That's how our assessment system is supposed to work, and that's how it works in roughly 80 per cent of the municipalities in this province.

I do once again state that I think the minimum tax provision within the current Municipal Government Act is unfair. It is not something that we should continue to have in place, and given that we don't amend the Municipal Government Act very often, we should take this opportunity to remove what is an unfair provision within the current act and restore some sense of fairness to taxation and assessment within all of our communities in Alberta.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members wishing to speak to amendment A3?

Seeing none, I will call the question.

[Motion on amendment A3 lost]

**The Deputy Chair:** We are now back on the original bill. Are there any members wishing to speak to Bill 21?

The hon. Member for Vermilion-Lloydminster.

**Dr. Starke:** Thank you, Madam Chair. I rise today to move an amendment, and I will wait for the pages to distribute said amendment before speaking to it. Now, in terms of the general topic of this amendment, which I'll address while the pages are distributing the amendment to my colleagues, this amendment has to do with the issue of centralized assessment, which has come up in debate before. I have some significant concerns about the movement towards centralized assessment. We have certainly heard from a number of people in the profession of assessment, but we've also heard from a number of municipalities, and I've heard from the counties that are in my constituency and I've heard from some of the towns and villages and cities in my constituency that they're concerned about the move towards centralized assessment. While its goals are laudable in terms of creating some degree of standardization, the movement in that direction will actually create a lot of problems in terms of service to local ratepayers.

Now, Madam Chair, that you have the amendment, I'll read it into the record. I move that Bill 21, the Modernized Municipal Government Act, be amended in section 25(c) in the proposed section 292(2.1) by striking out "and" at the end of clause (a) and by adding the following after clause (a):

(a.1) the most recent municipal assessor's assessment of the designated industrial property, if available, and

Madam Chair, this amendment is reflective of what stakeholders have told us that have come forth with concerns regarding the centralization of industrial assessment into Municipal Affairs. Now, the concerns are based on the premise that centralized assessment will decrease local autonomy and local knowledge of the properties being assessed. The local autonomy extends as well to local responsiveness to issues.

Just a couple of weeks ago I was in a meeting along with my colleague the Member for Fort Saskatchewan-Vegreville with members from Minburn county council, and they indicated to us why they're concerned about this. In their case their assessments are done by a contracted assessor. They do not have an assessor on staff, but that contracted assessor provides the county with excellent service. If there are appeals to an assessment or questions about an assessment, they have found that that contracted assessor can provide the ratepayer with very prompt service. That is something that comes forward, and they're very satisfied with the service that they receive from the assessor. They're concerned that if that is centralized, if that service is pulled into the central government, they have lost control over it and they have lost the ability to monitor, for the sake of the ratepayers, whether any appeals or any questions about the assessment are being answered and dealt with in a clear and rapid manner.

The other problem with centralized assessment, or the reason, I should say, that's often given with regard to centralized assessment is because of inconsistencies within assessment from county to county. You know, some would argue that, for example, an installation, a specific industrial installation in one county that is largely similar to one in another county, should be assessed exactly the same. Well, there are variations from county to county, and those variations have to be taken into account, but some of that variation, if it's excessive, could easily be brought closer together simply by applying assessment guidelines that are present within the current guide to assessment in the province of Alberta. This is not a reason. This variability, which could easily be corrected by applying the assessment guidelines as they exist currently, is not a reason to remove local authority over assessment and centralize it into government.

**10:20**

In my view, Madam Chair, this reflects a disturbing trend on behalf of this government, once again, to centralize a great deal of what goes on in government into a larger and larger centralized government bureaucracy rather than allowing local councils, that are accountable to their own ratepayers, to their own electors, to deal with these issues on the ground in the communities where they live. Certainly, I've heard consistently from many of the municipalities that I represent that they would prefer to maintain the current system of either using an on-staff assessor or a contracted assessor rather than having a centralized assessor over which they would have no influence and no control. If there were problems with the service that was provided by that centralized assessor, they're not confident that those problems would be addressed or dealt with in a prompt manner. Currently, if they have any problems with the assessment services that they're receiving from either the contracted or staff assessor, they can deal with it in a short period of time.

Madam Chair, this particular amendment deals with that. It deals with the need to provide for municipal assessments that are consistent but, in fact, still have local control or local autonomy. I would ask all members of the Assembly to support this amendment.

**The Deputy Chair:** Thank you, hon. member.

The amendment will be referred to as A4. Are there any other members wishing to speak to the amendment?

Seeing none, I will call the question.

[Motion on amendment A4 lost]

**The Deputy Chair:** We are back on the original bill. Are there any other members wishing to speak to Bill 21?

Seeing none, I will call the question.

[The remaining clauses of Bill 21 agreed to]

[Title and preamble agreed to]

**The Deputy Chair:** Shall the bill be reported? Are you agreed?

**Hon. Members:** Agreed.

**The Deputy Chair:** Opposed? Carried.

### **Bill 25 Oil Sands Emissions Limit Act**

**The Deputy Chair:** Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Olds-Didsbury-Three Hills.

**Mr. Cooper:** Thank you, Madam Chair. It's a pleasure to rise and speak to what I'm sure will continue to be an issue of robust debate here in the Chamber over the next number of days around what really amounts to capping the future of our province. I know that the government will point to all sorts of reasons why this is a good idea. I understand that there may or may not have been a pipeline expansion approved in the last couple of days, and I'm certain that there will be some discussion from them on that. But the fact remains that on Bill 25, an act that will ultimately cap our ability to expand our future growth in this province, this is not a step in the right direction. We have some significant problems around capping our oil sands production, and the problem that we're going to face is a significant inability on a go-forward to ensure that we are providing the strong, stable economy that our province deserves.

I look forward to hearing from my colleagues. I know that there are a number of amendments that I think can provide some very, very good changes to this bill although ultimately the bill is not ideal. I know that I've said in this House prior that the best thing about this particular legislation is that it's a cap, and that cap can easily and quickly be removed. I look forward to doing that in the future, but in the meantime I look forward to being able to provide some very reasonable amendments that I hope the government will accept.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members wishing to speak to Bill 25? The hon. Member for Chestermere-Rocky View.

**Mrs. Aheer:** Thank you, Madam Chair. I'm pleased to rise today to move an amendment that seeks to strike out everything after "upgrading emissions" from section 2(2)(b) . . .

**The Deputy Chair:** Member, before you read it into the record, if you could just wait till I have a copy, please.

It is amendment A2.

Go ahead.

**Mrs. Aheer:** Thank you, Madam Chair. This amendment will remove the 10-megatonne cap constraining upgrading. Limiting emissions from upgrading is not going to help Alberta in achieving

what we would think is our shared goal of increasing the amount of value-added production in Alberta. Now, we've had many, many discussions in the past over the 100-megatonne cap, and this is another cap that is going to cap prosperity.

Madam Chair, I would like to use a bit of the time today just to speak to my colleagues about what upgrading actually means for our oil sands industry and what this 10-megatonne cap will actually mean once it actually hits. [interjections] It's important for the members in this House today . . .

**The Deputy Chair:** Members. Thank you.

Go ahead.

**Mrs. Aheer:** Thank you, Madam Chair.

. . . to recognize what is actually accomplished by the upgrading process in our oil sands and the technology. I mean, this is brilliant technology. Everybody in the government always talks about made-in-Alberta solutions. Well, here is one of the best ones that I can even think of and imagine, that has been created by Albertans for Albertans in Alberta. Upgrading technology is actually used to increase the quality of our oil sands so that it's able to flow. Ultimately, by putting a cap on upgrading, you're actually stopping the flow of our products. Upgrading processes are extremely energy intensive in nature because you're decreasing the viscosity of our raw oil sands, and the product requires a system that breaks down the larger oil molecules into small molecules through the application of pressure and heat.

The actual difficulty in processing bitumen comes from its composition as bitumen is composed of very, very long, large molecules, and the long molecules have to be broken before the product is usable for conversion into diesel, gasoline, or other products. So in order to get the product into the line and to flow down, we absolutely have to make sure that this process is happening. With that application of heat and pressure our oil sands products are improved and become synthetic crude oil.

The reality is – and I don't know if anybody here has actually ever held bitumen. It's an extremely heavy product and will not flow without intervention. It's impossible. So it actually needs this process to happen to flow through pipelines, which are very important.

**Mr. Nixon:** You remember pipelines.

**Mrs. Aheer:** I know. If you're pro pipeline, you're going to be pro upgrading.

The problem is that the cap on this becomes quickly an issue of market access. If we can't upgrade and if you're capping upgrading, we will not be able to get our product to market, especially in these very, very important pipelines, that seem to be very important to this government. Well, the pipelines aren't going to be useful if we have nothing to put into them, so we want to make sure, as we've said many, many times in the past, that we are producing here and that we are able to make sure that our bitumen is upgraded to be able to get it into the pipeline.

You are putting a cap on this production. It doesn't make a whole lot of sense considering that the government has spent all day talking about how important pipelines are to them, and now all of a sudden you're going to put a 10-megatonne cap on the product that is actually going to flow through that pipeline. It doesn't make a whole lot of sense, does it?

**10:30**

If you're looking at the bitumen flowing through it, what we normally use to upgrade bitumen is costly diluent. It significantly reduces the energy density of the product so that it can flow. The

alternative to upgrading is to ship the bitumen mixed with condensate, but that adds volume – right? – which means, actually, that less product gets to go through the pipeline, and you're losing value-added.

The flip side of that is that the diluent that is in that condensate – we have a shortage of that in western Canada, and the oil sands companies actually use approximately 350,000 barrels per day in upgrading. One barrel of dilbit, or diluted bitumen, is made up of three parts bitumen and one part condensate. So in terms of capacity and utilization this is low on the side of utilization of our pipeline capacity. The whole point of this discussion is to understand why it is important to upgrade here, why it is important that this government is not putting a cap on our ability to create capacity within our pipelines. Actually, the government has acknowledged in the past that relying on condensate also means that upgrading jobs are moved elsewhere. I'm assuming that that is not what this government wants, because once it's sold – right? – it will get upgraded in one place or another.

What the government is proposing is that regardless of economics in the future we should increase emissions, which I think is contrary to what I've been hearing here over and over again. But you're actually going to push to increase emissions by forcing companies to transport raw product and create upgrader jobs at the other end of the pipeline or the rail line instead of it being done in Alberta. I'm pretty sure that that's counterintuitive to what it is that this government wants to do because – guess what? Why would you cap that process? It's a good question, isn't it? Why would you cap that process? You're actually sending it down the line to other places that may create way more emissions than we do by capping our ability to do it in this province, where we do it better. It makes zero sense, especially for people who supposedly care about pipelines.

Given that the significant bottleneck of pipelines is resulting – we already have massive congestion in our pipelines. The fact that this is a secondary cap – so let's recap. We have a 100-megatonne cap on our oil sands emissions. Then, on top of that, you put another cap on upgrading, which supposedly was important to this government, but now you're going to cap that. Then what it actually does, too, is cap jobs. It caps jobs. You're actually sending jobs to another jurisdiction because if you're not going to upgrade it here, it's going to happen somewhere. I'd much rather do it in our jurisdiction, where we have control over our environmentally responsible processes here in this province. It doesn't make a lot of sense. You're going to cap jobs and then create more global emissions. It makes no sense.

You need to remove the cap. The cap is going to move it elsewhere. Somebody else is going to do it. I don't quite understand it. I'd love to have this explained to me. Again, 10 is another interesting number that seems to be pulled out of thin air, so it would be lovely if somebody on the government side could explain that to me, too.

Alberta is already in the position where we do not even have enough pipeline capacity, not even close. The cap will not only prevent – oddly enough, that pipeline is not going to be ready tomorrow. I know it's there. I know. But right now, as we stand right now, we do not have pipeline capacity. We don't have even close to enough, and the cap itself, even without changing capacity, will prevent bitumen from entering the pipelines. Also, the upgrading jobs, that could increase energy density and improve pipeline use across the industry: why would you cap that? You're capping jobs, capping production, capping prosperity into a pipeline that supposedly is important to you and stopping the flow of prosperity to other jurisdictions, that are going to finish off the product. It makes no sense at all, absolutely no sense.

The bill exempts and potentially experiments with not-proven techniques. Not even proven techniques, while maybe energy intensive, that greatly increase the energy density of the products shipped and reduce overall emissions will be allowed. Why would the bill exempt that? We're not sure. We would love an explanation as to why you would do that. Ultimately, if in this province we are responsible for upgrading, there are innovations and incredible technology here that will allow changes in how we create bitumen.

The conversion of bitumen to synthetic crude oil is a process that allows for transportation of our oil sands product. But, then again, let me recap. They're capping the emissions from oil sands. The 10-megatonne cap is talking about capping that process that allows for transportation of bitumen through pipelines, that, evidently, at least this morning were important to this government. So it doesn't make any sense. The 10-megatonne cap on upgrading could put Alberta into a position where we are unable to effectively transport our products to market. Why would you do that? Why would you cap prosperity? It doesn't make any sense.

Syncrude Canada has processes that fully upgrade mined bitumen and actually eliminate impurities – the impurities we're talking about are nitrogen, sulphur – and that happens through a process called coking. The end result of this process is refinery-ready synthetic crude oil shipped without diluent. This synthetic crude can be distilled into other products with little or no additional treatment. But if you're capping that, we're not going to be able to do some of these processes. The upgrading is so much more than just upgrading. It's jobs. It's about actually being able to get our bitumen into the space that it needs to be in to flow through pipelines.

When upgrading occurs in a jurisdiction that takes the utmost care, like we do, to mitigate its impact on the environment, like we do, it doesn't seem to make any sense that you would cap a jurisdiction with as high regulatory processes as we have. Less upgrading means fewer jobs and – guess what? – a hundred per cent carbon leakage. What does that mean? That means somebody else is going to do it. Why wouldn't you want to produce it here, right? I think that's a reasonable question.

The government is saying that it's wanting to create jobs, right? The government is saying that it cares about making sure that we have diversification. The government is always talking about how they want to make sure that they're getting Albertans back to work. Yet you're going to put a 10 per cent cap on something that is actually a job creator. You're going to put a 10 per cent cap on something that actually creates prosperity for us. And, actually, a hundred per cent of that goes to some other jurisdiction, right? It doesn't make a lot of sense. I mean, this is a real opportunity for you guys to stop this. You can end this. You can take off this 10-megatonne cap.

Again, just to reiterate, we have to upgrade in order to get our product into the pipeline, so why don't we talk about legitimately taking this cap off so that we can do that, do it to our full capacity and in a way that we're in control of being able to do that? I think the government would have to admit that they would much rather be in control of the environmental aspects of being able to make sure that what we're doing is putting that bitumen into the pipeline the way it should be, right? I mean, we're the most environmentally regulated petrochemical jurisdiction in the world. Madam Chair, we should be producing more here and not allowing other, less regulated jurisdictions to take business away from Alberta and Canada. So why would you cap that? Why would you cap our ability to do that?

I think the facts are fairly simple. Other jurisdictions do not take the same care to produce with less or to protect their air quality or to protect their workers' safety. Those are things we take a

tremendous amount of pride in here in Alberta. In fact, I've heard the government say that, right? So I would assume that the government would think that this would be a good thing to make sure that we are producing more here.

**10:40**

I mean, we in our caucus, in the Wildrose, have always stated that upgrading needs to be led by the market and private investment. It's a core belief that we hold on this side. But we're already restricted by the economics of our ability to upgrade, so it makes no sense that you would cap that further. It makes absolutely no sense that a government would hamstring the viability of the upgrading that is already taking place unless it's purely for PR. It doesn't make any sense.

The government can keep talking about value-added, but that is a complete contradiction of your very own statements, especially during the royalty review. As I understand it, the royalty review kept touting value-added, value-added. Well, now you're capping your ability to do that. It makes absolutely no sense. How is that value-added to be achieved if you're going to limit production where it's actually economically viable? I mean, we're all talking today about having access to tidewater, pipelines, right? Yeah. We want to make sure we actually have the capacity and the products to be able to put in those pipelines, so don't cap it. Don't cap it. We're just asking you to make this legislation a little bit better by taking off that 10-megatonne cap. It's good for everybody here.

If the private sector doesn't see that there's availability to create upgrading opportunities, how are you going to bring investment in, especially if we move beyond the cap, right? What are you going to do then? How are you going to bring investment in if you're capping something that might have opportunities for the private sector to be involved in? Not a very good idea, not a good business idea.

Now we have even more severely hampered the ability of the private sector to become involved in responsible production. I mean, I would assume that we'd want the private sector coming into this and investing in something that we create here in Alberta, that we're able to put into the global market, but you're actually stopping production. You're stopping the flow of our products. The government has been preaching on and on and on about value-added and now seems to think it's in the best interest of Alberta and investor confidence and global competitiveness to slow down the economically viable, value-added upgrading that actually already exists. It doesn't make any sense.

I'm left with the question of the exact reasons why you added a separate 10-megatonne cap over and above the 100-megatonne cap for upgrading. Why does this legislation seek to cap upgrading at all? Why? I mean, I don't see anything written anywhere within the climate action plan about what that would do, how that helps, what the purpose is, especially when we're the most environmentally responsible people here. I would assume that the government would want to make sure we're producing here more.

The energy sector and its ability to innovate and create new and more efficient ways to produce and upgrade creates markets, and those are going to be further undermined by this 10-megatonne cap on upgrading emissions. I mean, don't we want to reward good behaviour? If they're doing a good job, let the market decide. Let innovation happen. Let's, you know, court this private sector to come back in and work with us to produce the most environmentally responsible products that we can. Don't put a cap on prosperity.

The government is also not taking into consideration that this industry is constantly looking to improve its footprint. Again – and I'll say it at least a thousand more times, I'm sure, while I speak to

this bill – we should be producing more, not less. We should be producing more. Our competitors are going to be jumping for joy as our government leads in ways to keep our resources in the ground. I'm sure they're just scratching their heads and just laughing, just ecstatic about the fact that somebody else is going to be able to produce this when we should be producing here. They're going to be jumping at every chance to grab our part of the market, to take that production, and the government is destroying any opportunities for the industry to get ahead. You're destroying production.

And it's not just one thing. I mean, the cumulative aspects of all of these caps are massive to the industry, and you seem to be joyfully watching as the sector falls to its knees and watching as other countries blast past us in innovation. And forget even about the environmental standards elsewhere. Forget about workers. Forget about ethical development. We should be producing here. For a government that stands up . . .

**The Deputy Chair:** Thank you, hon. member.

Are there any other members wishing to speak to amendment A2? The hon. Member for Calgary-Foothills.

**Mr. Panda:** Thank you, Madam Chair. I rise today to speak in support of the amendment brought in by my hon. colleague from Chestermere-Rocky View. I'm actually surprised because in the past, when the Government House Leader was the leader of the NDP, they used to blame the Progressive Conservatives, that they're shipping jobs south of the border because they're not upgrading enough here. Now they're trying to cap upgrading, so I don't understand what they're trying to do here. They're very inconsistent on that.

It's not only that. You know, I can also bring up other contradictions. The NDP this time campaigned on this, saying that they'll bring more jobs by upgrading in Alberta, but they didn't campaign on bringing in a carbon tax. They do what they didn't say, and they don't do what they did say that they will do, so I'm really confused.

Also, you know, I want to make it clear. We're not saying here, Wildrose is not saying that the government should make investments into upgrading. We are saying that if private investors take the risk, if they come forward to invest in Alberta in upgrading, then that's good. They're going to take the risk, and they're going to create the jobs. So why are you capping the investments? Why are you capping the jobs? Why are you capping the tax revenue for Alberta?

If we don't do it here, if there are economic reasons on the Gulf coast of Mexico, they will upgrade it there, but we are not taking the risk. If the market demands the product shipped to the south, it gives them better returns on their investment. That's up to them.

In Alberta now most of the mining leases were already taken, so for most of the resource, mostly in Athabasca, it's all, you know, surface mining along the Athabasca River. So all those leases were already taken, Madam Chair. All those companies like Suncor, Syncrude, Shell, CNRL already have their mining leases, they're producing, and they have upgraders on their sites, so it's unlikely that they will add more upgrading capacity there.

But 90 per cent of the resource that the governing party wants to leave in the ground can only be extracted using SAGD technology or other thermal projects because it's deeper. So there is an opportunity there for investors to put upgraders on-site to make that an integrated facility. It's also called backward integration.

Some of this is already happening, like Suncor's Firebag, if you take that. They have added a sulphur-recovery unit at the Firebag site. They also have diluent recovery. Like my colleague tried to

explain here, you need to make it viscous to flow in the pipeline. That's why you add dilbit. But by adding dilbit, it's taking up pipeline capacity. We already have a shortage of pipeline capacity, and then we are using it up for shipping diluent. We are paying more transportation costs, and then we have to ship that back. It doesn't make sense. If private investors want to take the risk and then they want to build upgraders here, we should encourage that. All these companies we talked about here actually create jobs. They support charities. They support communities. So this government, by bringing in the cap, are capping the investments, and they are also discouraging the investors. They want to punish these industries who are supporting the communities and creating the jobs here. That doesn't make sense to me.

**10:50**

That's why I'm speaking in support of this amendment. If you guys don't know, you can ask somebody and get to know how this process works. I'm sure, if you look at your previous manifestos, you supported upgrading in Alberta. I strongly encourage you to support this amendment. You can boast yourself about the two pipelines, but it's a different subject. Here we are talking about upgrading the bitumen to make it refinery ready so you can free up your pipeline capacity. The logic tells you to support this amendment. It has nothing to do with pipelines, what you're talking about. Those pipelines could still be filled with the product if you allow extraction. You're trying to cap production here. You're trying to cap job creation. You're trying to cap economic development, which doesn't make sense.

Also, the minister of economic development has been talking about diversification. This is another opportunity for diversification. You can produce a value-added product here, and that fits in your philosophy of diversification. I don't understand why you still want to cap that. There are many reasons I can give if you are willing to hear and actually want to create jobs here. We know we lost a hundred thousand jobs here, and the minister of economic development keeps talking about the job action plan. This is a slam dunk. This is an easy one. Remove the cap on upgrading, and if the investors come forward and invest in Alberta, it will ultimately create jobs. But don't put restrictions on them for job creation.

I would urge all members of this House to support this amendment for the reasons I gave. If you want to go back and consult your constituents on the weekend, they'll tell you the same thing. They'll remind you that your party was supporting upgrading projects before, and you'll have to explain to them what changed from then to now. You haven't told us any reason why you changed your mind. You still have time. We are giving you an avenue to fix this bill. This is one of the good amendments. We'll bring in many more amendments, but you have the opportunity to make this bill better by removing the cap on upgrading.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members wishing to speak to amendment A2? The hon. Member for Innisfail-Sylvan Lake.

**Mr. MacIntyre:** Well, thank you, Madam Chair. I'm very pleased to rise in support of this amendment tonight. First of all, something that I think ought to be noted here is that on January 17 of this year, 2016, our hon. Minister of Economic Development and Trade was quoted in the *Calgary Herald* as saying, "The value-added (sector) really does mean high-paying, quality jobs that stay here in the province. If we have a choice between shipping raw resources or shipping a more upgraded or value-added product, we'll take the latter." "We'll take the latter," he said.

That was back in January of this year. It wasn't all that terribly long ago, so you can imagine, Madam Chair, my surprise when Bill 25 lands on our desks and we see a cap on upgrading. It seemed to me that someone did not talk to the hon. Minister of Economic Development and Trade when they were drafting Bill 25 because I'm quite sure, had they done so, the hon. minister would have said: "Well, just hold your horses. The value-added sector does mean high-paying, quality jobs that stay in this province. If we have a choice between shipping raw resources or shipping a more upgraded or value-added product, I'll take the latter." I'm quite sure the hon. minister would have told them that.

That leaves me to suspect that this amendment is going to receive support from the hon. minister. I'm quite sure he's going to be supportive of this amendment because it is entirely and exactly – I will say even: exactly – in keeping with the hon. minister's previous statement made in January and as quoted by the *Calgary Herald*.

To remove that 10-megatonne cap means that we will not be constraining upgrading, and let's be really clear about what constraining upgrading does. It constrains jobs. It constrains jobs, it constrains development, it constrains revenue for our province, it actually constrains innovation, and it constrains diversification. It constrains all of the things that the Minister of Economic Development and Trade stands for. All of his efforts are constrained by having a 10-megatonne cap on upgrading.

Let's be really clear about upgrading. That product being pumped down that pipeline is going to be upgraded by somebody before it hits the refinery. It must be upgraded. It's not an option. That upgrading can take place in the province of Alberta, providing Albertans good-paying jobs, providing revenue for our economy, providing taxation revenue for the government. That upgrading will either take place here, or it will take place somewhere else. This is, again, the very same situation, the very same concept as carbon leakage. This is exactly the same thing. We're sending something of value someplace else, and they're going to do that work on that product. It's not going to be Albertans doing that work. It's not going to be Albertans making those paycheques. It will be somebody else, some other families that will be getting that revenue and some other government getting the taxation stream from that.

Now, there's another concept here, and that is that we already have in place a 100-megatonne cap on extraction. That's what that really is. That 100-megatonne cap is a cap on extraction. It only makes logical sense. My esteemed colleague from Calgary-Foothills, who happens to come from the resource sector, who has a long history of experience working for one of the largest oil sands developers in our province, knows what he's talking about when he says that it's only logical – it's only logical – that if we're going to have a 100-megatonne cap on extraction, then, for goodness' sakes, maximize all of the value-add that you possibly can from the product that you extract under that 100-megatonne umbrella.

#### 11:00

It makes no sense whatsoever to take all of that bitumen that is going to be extracted under the 100-megatonne cap and then not do anything with it but, instead, cap even what we could do with that. That is not providing a value-add opportunity. In fact, what you're doing by capping it is that you're capping innovation, you're capping an expansion of diversified industry, you're capping jobs, you're capping revenue, you're capping GDP, you're capping taxation revenue. You've already got a 100-megatonne cap on the extraction. All right. Maximize everything that comes out of the ground under that cap. That is logical, and I'm sure my esteemed colleague would agree with me. That makes perfect sense.

Now, I'm not in favour even of the 100-megatonne cap, but since you're insisting on having it, for goodness' sake, don't then hamstring the industry by saying to the industry: well, you can extract all kinds of stuff up to a 100-megatonne cap, but don't you go upgrading it beyond 10 megatonnes. That just makes no sense whatsoever. This is an excellent amendment, an excellent amendment to remove the cap on upgrading, because the actual extraction has already got a cap on it. So there you've achieved your 100-megatonne cap. You can wave your orange flag over that, but now let's not go and cap all of the value-added that we could possibly be getting from what we extract under that cap.

Part two. As I said earlier, if those oil sands products are not upgraded in this province, they're going to be upgraded someplace else in the supply chain. Now, I want to talk a little bit about those companies that are involved currently in the upgrading industry within our province. I think we should be very proud of the environmental record of the upgraders that we have, the partial and complete upgraders that we've got. They are the most environmentally conscious bunch of upgrading specialists in the world. You can go to a lot of places on this planet – and I've been very blessed to be able to travel to different places. Some of them are resource-based economies. Madam Chair, I will tell you what: we've got nothing to be ashamed of about our environmental record here. You go to places in the Middle East, you go to places in Africa, and you look at those resource-based economies and the stuff that's going on over there. We are not embarrassed about our oil sands industries or our upgrading industries. They're doing a very good job on the environmental and on the safety side of things.

We have an industry that is absolutely full of innovative people, men and women who have taken something from earth – I mean, just think about this. This is sand that is surrounded by an oil product, and they have taken this stuff, and it's like the oil sands is the largest environmental cleanup project in the world. Really. It really is. It's just miraculous what innovators have done up there. They have taken this sandy product and turned it into a crude that any refinery can utilize. This is amazing. It is, in my estimation, just as amazing as that turkey processing plant down in the United States that takes all of the by-product of turkey slaughter and turns it into crude oil. Like, that's miraculous. It's just amazing. I think it may be owned by Cargill, something like eight million turkeys a month or some crazy number. It's just massive.

The things that man can do through innovation. We should not be capping the innovative and creative power of the people involved in the upgrading industry. You know, we're aware of things that that industry is doing such as water recycling. They have so significantly reduced water consumption in that process over the last 15 years. It is amazing. That is an environmentally conscious industry.

Trash reduction. I don't know of a company up there that hasn't got some kind of trash reduction strategy, and not just trash from the guys, you know. It's not like our trash at all but just the waste from construction, the waste from processing, the waste that is just a fact of an industry. They've done massive amounts of work on trash reduction strategies up there, especially on the remote sites because, obviously, anything that you create on a site that's waste has to be trucked out. That means money. It costs money. It takes time. It takes people. It takes resources to deal with it. So they've done everything they can to try to minimize that.

These are just a couple of the very responsible environmental measures taken by that industry.

Workers. I don't think you're going to find anywhere in any resource sector economy a place where workers are treated more like partners than right here in Alberta, in our oil sector. Most of the companies that I've had anything to do with – and granted, I haven't

had dealings with all of them – have a process a by which every employee is encouraged to contribute creative ideas to doing things better, to doing things more efficiently, creating new processes. It's an amazing group of people. We have hundreds of thousands of men and women in this province, and these companies are taking that massive amount of creative power and talent inherent in every human being and maximizing it. They're treating these employees as though they are partners in the development of these resources for the betterment of our society, for the betterment of their families, for the betterment of our GDP, for an increased and improved quality of life. We should applaud these people for the good work that they have done and applaud the management of these companies who treat their workers that well and pay their workers an appropriate wage.

Those are good-paying jobs with excellent benefit packages, tremendous support packages for their families. I'm familiar with some of the families whose breadwinners work for CNRL. They have an amazing health package, absolutely amazing health package for families, for the children. Good on them. They're treating their workers so excellently.

You talk about safety standards, the workplace environment from a safety point of view. Again, during the Fort Mac fire we saw those kinds of safety measures and training that the companies provide their employees. That training saved lives during the Fort Mac fire. It saved lives. Those workers did not panic. They were trained in safe evacuation techniques and methods from work sites. All that same training kicked in during the Fort Mac fire, and as the fire encroached on the city and actually went through the city, you weren't seeing panicking people, not at all. These were professional people from the patch, from the oil sands. They knew exactly what to do. And this is a direct result of the kind of care – the kind of care – that our companies show to their employees and have for the environment those employees have to work in.

When we take a sum total look at the enormous amount of innovation and creativity that is available to us as a province, I will encourage each and every member in this Assembly to vote in favour of this amendment to remove the cap on these upgrading

emissions simply for the fact that the enormous number of jobs that can be created here and the enormous amount of economic activity that comes with this are well worth it.

Thank you very much.

**11:10**

**The Deputy Chair:** Thank you, hon. member.

The hon. minister.

**Ms Ganley:** Thank you very much, Madam Chair. I would like to move that the committee rise and report with respect to Bill 21, Modernized Municipal Government Act, and Bill 30, Investing in a Diversified Alberta Economy Act, and report progress with respect to Bill 25, Oil Sands Emissions Limit Act.

[Motion carried]

[Ms Sweet in the chair]

**The Acting Speaker:** The hon. Member for West Yellowhead.

**Mr. Rosendahl:** Madam Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports the following bills with some amendments: Bill 30, Bill 21. The committee reports progress on the following bill: Bill 25. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

**The Acting Speaker:** Thank you, hon. member.

Does the Assembly concur with the report?

**Hon. Members:** Agreed.

**The Acting Speaker:** Opposed? So ordered.

**Ms Ganley:** Thank you, Madam Speaker. I'd like to move that the House adjourn until 9 tomorrow morning.

[Motion carried; the Assembly adjourned at 11:13 p.m.]







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For inquiries contact:

Managing Editor

*Alberta Hansard*

3rd Floor, 9820 – 107 St

EDMONTON, AB T5K 1E7

Telephone: 780.427.1875