

Legislative Assembly of Alberta

Title: **Monday, June 15, 1992**

8:00 p.m.

Date: 92/06/15

[Mr. Speaker in the Chair]

MR. SPEAKER: Be seated, please.

head: **Private Bills**
head: **Second Reading**

Bill Pr. 1 Cynthia Lynne Rankin Adoption Act

MRS. BLACK: Mr. Speaker, on behalf of the Member for Lloydminster I'm pleased to move for second reading Bill Pr. 1, the Cynthia Lynne Rankin Adoption Act.

MR. SPEAKER: Call for the question?

HON. MEMBERS: Question.

[Motion carried; Bill Pr. 1 read a second time]

Bill Pr. 2 First Canadian Casualty Insurance Corporation Act

MR. SPEAKER: Calgary-Bow.

MRS. B. LAING: Thank you Mr. Speaker. I would like to move second reading of Bill Pr. 2, the First Canadian Casualty Insurance Corporation Act.

MR. SPEAKER: Call for the question?

HON. MEMBERS: Question.

[Motion carried; Bill Pr. 2 read a second time]

Bill Pr. 3 Carmelite Nuns of Western Canada Act

DR. ELLIOTT: Mr. Speaker, it's a great pleasure to move second reading of Bill Pr. 3, the Carmelite Nuns of Western Canada Act.

HON. MEMBERS: Question.

MR. SPEAKER: There's a call for the question.

[Motion carried; Bill Pr. 3 read a second time]

Bill Pr. 4 Caritas Health Group Act

MR. SPEAKER: Clover-Bar.

MR. GESELL: Thank you, Mr. Speaker. It's my pleasure this evening to move second reading of Bill Pr. 4, the Caritas Health Group Act.

Mr. Speaker, I'd like to give a little bit of background and some of the reasons for this particular Bill. Some members may know that the General hospital, Grey Nuns, of Edmonton was incorporated under a private Bill as was the Misericordia hospital, in 1959 and 1967 respectively. Both corporations appoint boards of directors. Those corporations will still be in existence, and they will appoint directors that will manage and operate Caritas. With

this proposed legislation we will have one hospital on three sites under the approved regulations of the Hospitals Act. There are actually three facilities that are involved: the Grey Nuns hospital at 110 Youville Drive West in Edmonton, the Edmonton General hospital at 11111 Jasper Avenue in Edmonton, and the Misericordia hospital at 16940-87 Avenue.

Mr. Speaker, I'd just like to provide some brief reasons for this joining of the two existing corporations. There are a number of common bonds that exist. They both have a Catholic heritage, they have a long-standing commitment to meet the needs of the community that they serve, and they provide complementary services of a nature and a range and programs that provide for a full spectrum of care in the health field. There are three critical success factors that prompt this consolidation: improved patient care, effectively meeting current and future health care needs of our community; improved use of limited resources – and that includes professional and technical support staff, equipment and facilities – and strengthening the philosophy and the mission of caring for people.

These corporations have brought to the health care field a tradition of excellence, dedicated service, and unselfish caring, and I would urge all members in the Assembly to support second reading of this Bill.

MR. SPEAKER: Question?

HON. MEMBERS: Question.

[Motion carried; Bill Pr. 4 read a second time]

Bill Pr. 5 Lee Justin Littlechild Adoption Act

MR. SPEAKER: The Member for Cardston.

MR. ADY: Thank you, Mr. Speaker. I beg leave to move second reading of Bill Pr. 5, the Lee Justin Littlechild Adoption Act.

MR. SPEAKER: Call for the question?

HON. MEMBERS: Question.

[Motion carried; Bill Pr. 5 read a second time]

Bill Pr. 6 Rocky Mountain College Act

MR. SPEAKER: Calgary-Bow.

MRS. B. LAING: Thank you, Mr. Speaker. I beg leave to move second reading of Bill Pr. 6, Rocky Mountain College Act, as amended.

Thank you.

MR. SPEAKER: The question is: have the amendments already taken place in committee? Thank you.

[Motion carried; Bill Pr. 6 read a second time]

Bill Pr. 7 Medicine Hat Community Foundation Act

MR. MUSGROVE: Mr. Speaker, I beg leave to move second reading of Bill Pr. 7, Medicine Hat Community Foundation Act.

MR. SPEAKER: Call for the question?

HON. MEMBERS: Question.

[Motion carried; Bill Pr. 7 read a second time]

Bill Pr. 8
Calgary Municipal Heritage Properties
Authority Amendment Act, 1992

MR. SPEAKER: Calgary-Foothills.

MRS. BLACK: Yes, Mr. Speaker. On behalf of the Member for Calgary-Glenmore I'm pleased to move second reading of Bill Pr. 8, the Calgary Municipal Heritage Properties Authority Amendment Act, 1992.

HON. MEMBERS: Question.

[Motion carried; Bill Pr. 8 read a second time]

Bill Pr. 10
St. Mary's Hospital, Trochu Amendment Act, 1992

MRS. BLACK: Mr. Speaker, I'm pleased to move second reading of Bill Pr. 10, the St. Mary's Hospital, Trochu Amendment Act, 1992.

HON. MEMBERS: Question.

MR. SPEAKER: There's a call for the question.

[Motion carried; Bill Pr. 10 read a second time]

Bill Pr. 12
Calgary Foundation Amendment Act, 1992

MRS. BLACK: Mr. Speaker, on behalf of the Member for Calgary-Glenmore I'm pleased to move second reading of Bill Pr. 12, the Calgary Foundation Amendment Act, 1992.

MR. SPEAKER: Call for the question?

HON. MEMBERS: Question.

[Motion carried; Bill Pr. 12 read a second time]

8:10 **Bill Pr. 14**
Carolyn Debra Peacock Adoption Act

MR. SPEAKER: Stony Plain.

MR. WOLOSHYN: Thank you, Mr. Speaker. I'm very pleased to move for second reading Bill Pr. 14, the Carolyn Debra Peacock Adoption Act.

MR. SPEAKER: Call for the question?

HON. MEMBERS: Question.

[Motion carried; Bill Pr. 14 read a second time]

Bill Pr. 15
Victory Bible College Act

MR. McINNIS: Mr. Speaker, just a word of explanation on Bill Pr. 15. The Assembly was gracious enough to accept the petition

even though there was a late filing. This is a college which started in 1981 under the name of the Victory Bible Training Centre. It's a Bible school in the Christian tradition although it's nonsectarian. It has an academic program which runs two semesters, from September to December and again from January through April. Classes are held at the college campus, which is approximately one kilometre east of Lethbridge. Students receive certification at the end of the year, and they do an internship in the ministry of their choice. The curriculum includes such areas as Bible research, morals and ethics, counseling, church history, and theology. There is a requirement for enrollment of volunteer service in the ministry.

I move second reading of Bill Pr. 15.

HON. MEMBERS: Question.

[Leave granted; Bill Pr. 15 read a first time]

head: **Committee of Supply**

[Mr. Schumacher in the Chair]

head: **Alberta Heritage Savings Trust Fund**
Estimates 1992-93

MR. CHAIRMAN: The Committee of Supply will please come to order for the consideration of the Alberta Heritage Savings Trust Fund capital projects division. Of course this division covers many activities of our government.

The Chair is happy to recognize the hon. Minister of the Environment to lead off these estimates. Hon. minister.

Environment

MR. KLEIN: Thank you very much, Mr. Chairman. It's a pleasure indeed to be back before this committee in the Assembly to present the two important programs administered by the Department of the Environment under the Alberta Heritage Savings Trust Fund. I'm referring to vote 1, which is the water management systems improvement program, formerly known as the irrigation headworks and main canal rehabilitation program, and vote 2, which is the land reclamation program. We are requesting a funding allocation of \$35 million for vote 1 and \$2.5 million for vote 2 for the 1992-93 fiscal year.

Mr. Chairman, first I'd like to give a brief overview of the water management systems improvement program. As of March 31 of this year approximately 86 percent of the project work under this program has been completed. In this regard, I found it useful to distribute this map. I've done this in past years, and I would like to have this map distributed again this year in its updated form. This map shows the projects that have been completed to date and the projects that are slated for completion before the end of the program in 1995.

The total expenditure under this program to March 31, 1992, amounts to approximately \$503 million. The primary objective of this program initiated by the government in 1980 is to ensure adequately sized, efficient, and reliable water supply delivery systems to all 13 irrigation districts and to the Berry Creek region in the special areas to meet existing and expanded demands for irrigation and for other multiple uses.

Mr. Chairman, as members in this Assembly are quite aware, irrigated agriculture is a vital component of the socioeconomic environment in southern Alberta. Currently over 1.4 million acres of land are being irrigated in the southern region, or about 4 percent of the province's cultivated land base. However, this

irrigated agricultural land produces about 20 percent of the province's gross agricultural revenue. Approximately 1.3 million acres of the 1.4 million acres under irrigation in southern Alberta are contained within the 13 irrigation districts. Some of the headworks systems that supply water to these districts have been in operation for over 80 years and are badly deteriorated.

When the province assumed responsibility for most of these water management systems in 1974, it was found necessary to rehabilitate, modernize, and upgrade these systems in order to continue to provide the services so vital to the region. That's what this program is all about. [interjection] We get enough from the opposite side. We don't need it from our own guys over here.

Mr. Chairman, these water management systems provide a dependable water supply not only for irrigated agriculture but also for a wide range of multipurpose uses, such as domestic water supply for area residents, water-based recreational facilities, wildlife enhancement, municipal and industrial uses. In short, they are the lifeline of southern Alberta's economy. In terms of the situation we are facing this year in southern Alberta with the persisting drought conditions, I think the benefits of our investment in the water management systems improvement program are quite evident.

Construction of all the off-stream storage reservoirs under the program has been completed. Reconstruction of the Lethbridge Northern headworks main conveyance system and rehabilitation of the St. Mary River irrigation district's main canal are now complete. As a matter of fact, I had the honour of attending the official opening of the St. Mary irrigation district's main canal program on June 5. Replacement of the Pinepound coulee siphon in the Waterton-St. Mary headworks and the West Arrowhead siphon in the Carseland-Bow headworks have been completed and are now functioning. The rehabilitation and improvement work on the Western and United headworks systems are ongoing and are about 72 and 50 percent complete respectively. The construction work on the Eastern irrigation district's main canal rehabilitation program is progressing well and is about 74 percent complete.

Vote 2, Mr. Chairman, the land reclamation program mandate is entering its fourth year of a five-year program. Since it has been one of the most popular and successful programs with the municipalities, I'm letting you know at the outset that I intend to approach my colleagues in the near future for a renewed and expanded mandate to ensure that this province continues to reclaim the scars on Alberta's landscape and to continue with associated needed research. The essence of this program, which is so popular with the municipalities, is reclaiming derelict Crown and municipal lands in the province. This program provides employment to many local contractors and assists the municipalities in reclaiming abandoned landfill sites, sewage lagoons, gravel pits, industrial disturbances, water reservoirs, mine hazards, and so on.

8:20

To date nearly 1,400 of these types of abandoned sites have been reclaimed to a variety of beneficial uses. Most land is reclaimed to agricultural capability. However, many sites are reclaimed to alternate land uses. Some past examples of these alternate land uses are, for instance, an abandoned coal mine which was reclaimed and then developed into a golf course and parkland at Cardiff by the municipal district of Sturgeon, an abandoned sewage lagoon to a walleye fish-rearing facility now operated by fish and wildlife in Lac La Biche, and one project nearing completion is an abandoned water reservoir in Legal which is being reclaimed to provide for development into an urban park and a trout pond. As well, a program to educate the public on caring for the land is being developed. To date separate

components from kindergarten to grade 9 are nearing completion, and a high school and adult program is presently under development.

A second component of this program is to carry out research that will improve reclamation methods, determine methods that minimize land disturbances, and develop methods for ensuring prompt and accurate certification of reclaimed lands. This research has focused on four main areas: plains coal mining, mountain and foothills coal mining, tar sands mining, and conventional oil and gas. Research to date has provided information on a number of major problems and has produced some 73 technical reports, some of which are becoming classics within the reclamation field.

Mr. Chairman, the request for 1992-93 from the Alberta Heritage Savings Trust Fund is \$2.5 million for this program: \$2 million is for actual reclamation of an additional 80 new projects and \$500,000 is for funding 15 additional research projects.

Mr. Chairman, I look forward to receiving comments and questions on these two votes from my colleagues.

Thank you.

MR. CHAIRMAN: Does the committee wish to deal with these matters vote by vote or department by department? [interjections]

The hon. Member for Edmonton-Jasper Place.

MR. McINNIS: Thank you, Mr. Chairman. I'd just like to address a few comments to votes 1 and 2 under Environment, which were just spoken to by the hon. minister. The water management systems improvement is a very long-term commitment by the government through the heritage fund to make the existing irrigation system as efficient as it possibly can be made up to the point of delivery. We're all well aware of the condition that the irrigation systems were in when this program was created many years ago, and I know a lot of efficiency gain has been made under the program. I'm certain that the people who are involved appreciate the support of the Alberta government and the Heritage Savings Trust Fund.

I have a few questions I'd like to ask the minister about it. I didn't hear him explain how much further the government intends to go with this. We have to the end of this fiscal year in excess of \$500 million invested in the program, certainly a better investment than NovAtel has proven to be, but how much more money and how many more years are required to complete the system? We very much appreciate the updated map which shows exactly what has been done and what's to be done in the future, but the number of dollars and the length of time would be helpful as well.

The Official Opposition New Democrats believe that irrigation is a very expensive proposition from a taxpayer's point of view. It's true that the relatively small amount of our arable land which is irrigated produces more than its share of income for farmers affected, but a good portion of that income is clearly income transferred from the rest of society to those people who are involved in the system. It's seldom been the case that a really reliable and procedurally or methodologically sound benefit/cost analysis has been done on this kind of work. I know that the benefit/cost analysis that was done, for example, on the Oldman River dam was found to be deficient in four or five major respects by the environmental impact assessment review panel, which is not surprising given that it hadn't been reviewed by any outside agency. They found that a lot of things were done in the benefit/cost analysis, such as treating expenditures as benefits a priori, and you can't really do that in terms of benefit/cost analysis. I think it would be worth while to do that type of

analysis as a prelude to making a decision about how far we go in terms of irrigation expansion.

Speaking for the Official Opposition New Democrats, we believe that more work should be done in a couple of areas: one, improving the yield that's available from dryland farming, especially in southern Alberta, and the second is trying to find ways to better use the water that's available in the system at the user's end. You know, we can spend as much money as we want – \$500 million is a lot of money in anybody's book – improving the efficiency of the delivery system up to the point of the user, but from there on in I think more work needs to be done to make it easier for farmers to irrigate in a way that consumes less energy and possibly consumes less water. Now, there are various concepts and technologies that are tried around the world. I know that some of the members of this Assembly have traveled on behalf of the Heritage Savings Trust Fund committee and looked at irrigation systems around the world, but I don't see much of a research and development effort at our end to try to make sure those farmers have the most efficient, practical system available to them, the most efficient technology in terms of energy consumption and water consumption.

The idea of metering water is one that's been discussed from time to time. There are those at the receiving end who resist that approach because they feel that there would be a user charge associated with it. There are very few places in the world that treat clear, clean, fresh water as being a free good. It's among the more valuable commodities in the world. Water, as we all know, is essentially hydrogen and oxygen, two of the three vital components of life itself. There is no life without water, as we know, and clean, fresh water is among the most valuable commodities anywhere around the world. I think it would be useful at least in the research effort to find out how much water it takes to irrigate different kinds of crops and what kinds of technologies we can employ to minimize the amount of water that's necessary and the amount of energy that's used in lifting and distributing that water. I believe farmers would appreciate that approach generally. So that really is a question about whether any research effort is under way to try to make for more efficient use of water in the irrigation system.

I had a third area. I wanted to question the minister in terms of how this expenditure and this program fit within the review of the Water Resources Act, which is presently under way through the Department of the Environment. I know, for example, that work is being done by the government setting in-stream flow requirements in various of the irrigation rivers. In fact, orders in council were passed last September after the review was announced fixing those numbers. I was a little surprised to find that that kind of order was being passed under the old Water Resources Act in the context of the review. What role does the irrigation system play within the Water Resources Act review? What decisions by the department are pending the outcome of that review in terms of: is it expansion of the system, in terms of how the river systems are managed, what kind of water would be left available for the river itself?

When we talk about water policy in the province of Alberta, there is a priority list of users, a list which is often quoted and cited in various discussions around the province, but we find that the needs of the river system ecology itself are not found within the priority of users. The environment really doesn't have a place in the scheme of things. Now, I presume that that's the kind of question that would be addressed in the Water Resources Act review, but I think the area where it's becoming a critical question to be asked is in the southern part of the province where the demands on the river systems for irrigation water are very high in

precisely the times of the year when the river is the lowest. We know the problems that have emerged on the Highwood River, which is part of a very important trout fishery in the province of Alberta: fish being caught in backwater channels and pools and literally cooking in the hot sun. A very important aspect of water management, particularly in the irrigation districts, is how much water can be available for the needs of the ecology of the river system itself.

Those are a few questions that I would like to ask of the minister in relation to vote 1.

8:30

Now, vote 2 of course is a vote under which money from the Heritage Savings Trust Fund has gone to reclaim so-called orphan sites which are by and large under municipal jurisdiction. In other words, the land reclamation fund deals with publicly owned sites at the request of municipalities. Municipalities usually put forward a proposal. Many of these are old abandoned landfill sites, but there are others which fall under the ownership of the municipalities for one reason or another. If they're truly abandoned sites, then that would be because of forfeiture on the tax rolls. The question I have to ask is: how are orphan sites which are in the private sector to be handled? I know that we'll be dealing with this issue when it comes to the Environmental Protection and Enhancement Act, but there are a number of sites around the province which have been identified as hazardous. I think of the wood preserver plant at Faust. There's one near Cochrane. There's also, of course, the Canada Creosoting site in Calgary. The amount of moneys that is available for reclamation, \$2 million dollars, is not going to go very far towards those.

I'm wondering if the government has come close to coming to grips with how to deal with these abandoned sites for which the responsible party can't be found. My analysis is that the Environmental Protection and Enhancement Act will give us some tools to deal with in terms of future sites when they are decommissioned and the rest of that, but with the ones that are abandoned for some time, it seems to me that the best the government is able to do right now is to survey and locate these sites and try to bring in some measure of containment so that more contaminants aren't released into the environment. Really the question of how these are to be cleaned up has not been addressed yet. I'm talking about those that are under private ownership. It's really not sufficient to say that the owner is responsible, because what so often happens is that the owner is an innocent victim in effect, a family with a mortgage. When you think of some of these old abandoned refineries and abandoned gas stations where people build their dream home and find that the basement reeks of grease and oil and gasoline and they find that unknown to them they are on top of a site – well, they've just lost the value of their property because nobody else is going to buy it now, and then to say to them, "Well, you have to clean it up," is just not going to work. They don't have the money, aren't able to do it. There are quite a number of cases, and I'm sure they come to the minister's attention as they do to others of us.

We really don't have a system in place that I can see to apportion those costs realistically in the way that the reclamation will be done. I know that the wood preserver at Faust appears to be leeching into the lake ultimately. Certainly there's been evidence from time to time of creosote leeching into the Bow River in Calgary, and I think there's some evidence in Cochrane at least that the damage from there is spreading. My question is: what plans, policy, program, legislation does the government have in mind to deal with abandoned or orphan sites which don't

normally qualify under vote 2 of the Heritage Savings Trust Fund because they're in private hands rather than public hands?

Some questions for the minister.

MR. MITCHELL: Mr. Chairman, I would just like to ask one question about vote 1, and it relates to the cost benefit of this kind of expenditure. I would simply like to know whether the minister has done any analysis to demonstrate that this kind of investment actually does have a cost benefit and whether that cost benefit can be established or sustained once you factor in the subsidies that go to farmers as a matter of course, the danger being that we subsidize irrigation and then we subsidize the crops that are grown on that irrigated farmland.

Certainly we appreciate that there has been value in irrigation, that people living in these regions have a right to a sustained way of life and so on, but we have to know at what cost that is relative to the benefit. I think that is only prudent; it's only proper. It's not an unreasonable analysis to do. I know that the suggestion of an analysis itself frightens some people, but we cannot be frightened by facts. We must have the facts so that we can properly evaluate the implications of this kind of investment. This is not a small investment. This is half a billion dollars, and this is only part of what we as a government have invested and continue to invest in irrigation. So cost/benefit analyses are not inordinate. They are not unnecessary. It seems to me that they are prudent and proper.

MR. CHAIRMAN: The hon. Member for Edmonton-Kingsway.

MR. McEACHERN: Yes, Mr. Chairman. Thank you. I would like to ask some questions and make some points about this budget. The government regularly comes before us with the heritage trust fund estimates and asks for certain dollars to be spent. In this case, on the Environment side they're asking for \$35 million for Water Management Systems Improvement. Now, if you look at the information on page 13, they admit that already \$472 million have been spent on this project, so this \$35 million brings it up to just over half a billion dollars over the years in this particular category.

I want to point out to the House that that is not the only money by far spent on water systems in this province. We have a number of other votes that we've already taken or that are in other parts of the budget that also apply to water management systems; in other words, irrigation. I would remind you of the Public Works, Supply and Services vote in the Capital Fund, which we just did the other day, some \$18.6 million. That was on top of \$50 million from the year before and \$107 million from the year before. I don't have the figures to hand for how much the year before and the year before and the year before that, but it's been going on for some number of years. So again we're talking about large, large sums of money under the Public Works, Supply and Services Capital Fund section.

Then of course we can turn to the budget itself, and we find that we have under Agriculture some \$11.3 million this year on irrigation. Last year it was \$13.5 million, and again that figure is the last couple of years of a number of years, and the total amount I don't have to hand. The Agriculture department has sometimes had heritage trust fund expenditures in other years, but it doesn't happen to have any this year. So again we could look back and find those numbers.

Then the Environment department in the budget also in vote 3 has some \$49 million in water systems, so I assume that they're connected to irrigation. They may not all be, but certainly I think

some aspects are. It was \$47 million last year, and again that probably went back a number of years.

That's not the end of it. Public Works, Supply and Services has some expenditures in the regular budget. It's only \$250,000 this year for the Oldman dam, but you and I know that the Oldman dam overall cost a lot more than that. I don't remember the number, but something like \$350 million sticks in my mind. It may now be somewhere closer to half a billion dollars. In any case, it's a lot of money. So when my colleague calls for some kind of an assessment of the benefits of all these irrigation expenditures, I think that's really in order.

8:40

Now, one of the figures that the minister just quoted and that the Member for Pincher Creek-Crowsnest loves to quote is that only 4 percent of the agricultural land in Alberta is irrigated, but it produces 20 percent of the agricultural revenues. That may very well be, but I think you still need to stop and look at how much or what percentage of the budget of the government – and I'm not talking just about the budget by itself but also the Capital Fund, also the heritage trust fund, and all expenditures of the government, everything in the consolidated picture, which this government always likes to avoid of course. They like to isolate things in parts, and one of the reasons that irrigation expenditures are scattered in four different places is to downplay the amount they've spent on it. So while the return may be large in terms of production, nonetheless the expenditure is also extremely large compared to other expenditures in agriculture, and the government consistently backs away from doing a proper cost/benefit analysis as to how much we are putting in and how much we are getting out. Given the difficulties in agriculture today, particularly where markets are so uncertain, with the way the GATT negotiations are going and international trade in the agricultural industries, you really have to question putting a lot of dollars into irrigation and producing food that we have trouble selling or that we have to sell at a low price.

I've had an opportunity to fly over the southern region of Alberta on two or three occasions, and I've got to admit that it really is a good propaganda point, I guess. When you look out the window and see the sort of desertlike conditions and then you see where somebody has irrigated a field and it's nice and green and productive, it makes you feel: oh boy, man is turning a desert into an agriculturally productive region. It looks good and feels good to see that, and I accept that. But just looking at it and sort of saying, "Isn't that nice to be able to turn a desert into a growing region" doesn't really cut it. If all we had was desert, then I guess it would, but when we have a lot of other land in the central part of Alberta and the northern part of Alberta that also grows incredible crops without irrigation, then you have to stop and consider very carefully the cost/benefit analysis.

The other thing, Mr. Chairman, that bothers me is: where do these expenditures come from in the heritage trust fund? I find it very disappointing that we don't have the Treasurer here today to explain a little bit more about how he manipulates the moneys in the heritage trust fund and where he gets these expenditures and so on. See, in 1987 we actually capped the amount of money we were prepared to put into the heritage trust fund, so it's not growing. It's interesting that the Treasurer still says that there's \$15.3 billion in the heritage trust fund, as there was at that time, and nominally that's the case. I mean, if you look at his quarterly report from – I'll use the figure from March 31, 1991, for the moment, because that's the last annual report figure that we have: \$12,132,000,000. Then of course he likes to add to that the deemed assets, some \$3,197,000,000. That of course adds up to

his total, then, of \$15.3 billion in the heritage trust fund. Now, I might point out that that \$15.3 billion is worth less today than it was before; that is, in 1987, when it was frozen at that point.

I must also point out, Mr. Chairman, that the \$12.132 billion that is considered to be the financial assets of the fund is the only part that you can really count as assets. The money in the deemed assets, as the Auditor General tells us over and over again, is money that's been spent, some of it on dams as a matter of fact, and cannot really be counted as assets of the heritage trust fund or assets of the government. In fact, when he does his consolidated statement, he does not include those because they represent expenditures that have already been made or money that we've given over to somebody else, and they have control of it, and therefore the government does not and cannot claim it as an asset anymore.

What I would like to know from the Treasurer were he here is why or how he's going to pay for this \$102 million, not just the \$35 million for agricultural irrigation but also the \$36 million for Agriculture and all these other votes that add up to \$102 million. I want to know where the money is going to come from to pay for these. The deemed assets continue to grow, but that just means that the amount of expenditures out of the \$15.3 billion gets bigger and bigger. By the end of this year, if the government spends the amount that it intended to spend last year, the \$109 million, and then also spends the \$102 million that it plans to spend this year, \$3.4 billion will be in the deemed assets of the heritage trust fund, and that will bring down the value of the financial assets of the heritage trust fund to \$11.9 billion, below \$12 billion even by the Treasurer's own reckoning.

Of course we had the situation where Professor Mumey at the University of Alberta very recently analyzed the heritage trust fund and put the market value on as many of the parts of the fund as he could. His conclusion was that the heritage trust fund is really only worth \$9.6 billion, and I must concur with his analysis. So, Mr. Chairman, that leaves the Treasurer giving a rather false picture to the people of Alberta about what's happening with the finances of this province.

One of the reasons that the government has spent money in the capital projects division of the heritage trust fund is to avoid accounting to the people of Alberta in a proper way for the expenditures of the province. They've used the heritage trust fund and spent this \$3.4 billion, or will have spent that much by the end of this year, over a number of years and pushed it aside from the budget and said that it's not part of the budget. What that allows the Treasurer to do is to come up with some kind of false number like this \$2.3 billion that he says will be his budgetary deficit when everybody knows that over here in the heritage trust fund – well, the problem is partly that everybody doesn't know, because the Treasurer gets reported in the paper and often doesn't get corrected on these kinds of things. So he puts out to the people of Alberta that there's just a \$2.3 billion deficit for this coming year, when those of us who have had experience with the Treasurer and his budgets over the years now know that we have to turn and say: well, no, there's \$252 million in the Capital Fund, or there's another \$102 million in the heritage fund being spent that he's not telling the people about in his other figure. He makes no attempt to do a consolidated analysis of the total expenditures, and that of course is totally unacceptable.

So, Mr. Chairman, not only do we need more accounting and more detailed analysis of what's going on with these kinds of expenditures under the Environment department, but we need for the Treasurer to put the facts up front as to what he's doing with the heritage trust fund and why. You know, is that money coming out of the \$190 million that they transferred over to the heritage

trust fund? No, I guess it couldn't. If it's transferred to the heritage trust fund, then it can't be coming out of some part of the heritage trust fund. So Telus sold some shares out of the heritage trust fund and made \$190 million in capital gains, but they also made \$780 million, \$668 million of which was put back into the heritage trust fund. Which part of the heritage trust fund does this \$102 million come from? Is it coming out of the cash and marketable securities section, the \$4.2 billion there, or is it coming out of the Alberta division of the heritage trust fund? Are some of the other investments being written off? When the heritage trust fund estimates come up, the Treasurer should be here and give an explanation of how this fund is working, why, what he's taking from where, and how this \$102 million will be accounted for. But we won't hear that from this Treasurer, and we won't hear it from the ministers that are speaking on their individual votes. We won't find out until next year where the adjustments were made. In fact, with some of the other moves being made during the year, it'll all be lumped together and very, very difficult to figure out how the Treasurer is manipulating the dollars of the heritage trust fund. That's a very poor and inadequate way to present the books of this province to the people of Alberta.

8:50

I don't really see why we on this side of the House should approve any of these estimates under the heritage trust fund with the nil explanation that we get whenever we start into the heritage trust fund estimates. The Treasurer never comes forward and explains what he's doing with the heritage trust fund and how it's working and why and when the dollars are going to be taken this way or this is going to be sold or this is going to be added to here or this is going to be taken from there. Nothing. No explanation whatsoever. We just get each minister standing up and narrowly speaking only to his own votes. I venture to say that the Minister of Energy will have absolutely no explanations or answers to any of my questions. He might about the original questions about whether or not we're going to do some cost analysis on the irrigation expenditures of the government, but I doubt it. He certainly won't have any on what the Treasurer is doing with the heritage trust fund, and that's just abysmal, Mr. Chairman.

I'll stop there.

MR. CHAIRMAN: Are there any further?

The hon. Minister of the Environment.

MR. KLEIN: Just to reply very briefly to some of those questions that I can answer. The hon. Member for Edmonton-Jasper Place asked how much it will take to complete the project which comes to an end on March 31, 1995. There will be about \$48.6 million over the next two years required to completely finish the project.

With respect to the Water Resources Act, which is out now for public discussion, input, and consultation, indeed the terms of reference for those public consultations allows for discussion and suggestions, recommendations for all forms of water conservation. Nonetheless, we have had to allocate to the irrigation districts certain amounts of water and at the same time establish minimum inflow stream requirements for the major waterways. These people do have licences. They are entitled to water allocation. So we had to make a determination based on the South Saskatchewan River basin study of what those allocations should be until we can come up with something more permanent through a complete rewrite of the Water Resources Act, understanding that we do have a commitment to protect the integrity of all watercourses but we also have a responsibility to capture and use wisely that water that we're entitled to, 50 percent of that water, and to pass on to

other jurisdictions in good shape the remaining 50 percent. So we're trying to deal with that situation in the interim, and hopefully we can arrive at a more permanent solution as we rewrite the Water Resources Act.

Another question that was asked, I believe by the hon. Member for Edmonton-Meadowlark, was the question relative to the cost benefit. I think the hon. Member for Edmonton-Kingsway alluded to it as well. As I mentioned in my opening remarks, agricultural land that is irrigated accounts for about 20 percent of all primary agricultural production in the province. Last year there were agricultural receipts from primary production in the order of \$4.4 billion, so we're talking about something in the neighbourhood of \$800 million a year from irrigated farmland, which is quite significant indeed. That's primary production. Add another \$4 billion to that relative to value added and you have quite a significant contribution from irrigated farmland in southern Alberta. I believe that indeed there is a tremendous cost benefit.

Yes, there is a lot of talk these days amongst the farmers in the irrigation districts as to whether they are using wisely the water that is allocated to them, how they could get better use of the water relative to the heat units, and whether they are in fact growing the right kinds of crops. Basically, sophisticated irrigation systems that are in place now have prompted just a tremendous amount of research within the agricultural community relative to the better use of the water that has been allocated to that particular community. I think that this is going to be a major endeavour within the Department of Agriculture: to foster more research to see how indeed we can use the water that is available to us much more wisely now and into the future.

Thank you, Mr. Chairman.

MR. CHAIRMAN: The hon. Member for Edmonton-Centre.

REV. ROBERTS: Thank you, Mr. Chairman. Just before we leave the vote, though, I'm still curious on this question of wise use and conservation of this precious resource of water, particularly as I've come to know of this demand-side management. We're talking not just about building irrigation headworks and, as the Member for Edmonton-Jasper Place says, getting the water delivered, but to ensure the wise use. Now, if there is such a lot of discussion about conservation, wise use, demand-side management, then I'm perplexed about this issue of metering and monitoring the water. How is this department or anyone who is going to be strategically looking at the wise use question or looking at the peaks, looking at all of the questions of the user side - if that water use is not being metered, if it's not being monitored in a measurable way, how are those kinds of initiatives being taken either now or as we plan for the next four or five years? I think it's a significant point, not to be glossed over, and just wanted to have it on the record and perhaps a response from the minister tonight.

MR. KLEIN: Quite simply, I don't know what the answer is, Mr. Chairman, at this particular time. That's why we have out for full discussion the Water Resources Act. Indeed, metering of water for irrigation purposes and for domestic purposes in those municipalities that don't have metering is very much a matter for discussion as that paper makes its way around the province. Hopefully, by this time next year we'll be able to bring before the Legislature a package that clearly gives us a mandate that reflects today's water management policies in a realistic manner.

MR. CHAIRMAN: Is the committee ready for the question?

HON. MEMBERS: Question.

Agreed to:

| | |
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| Environment | |
| 1.1 - Program Support | \$1,350,000 |
| 1.2 - Water Management Headworks and Main Canal Rehabilitation | \$22,849,000 |
| 1.3 - Water Management Development Projects | \$8,751,000 |
| 1.4 - Improved Operational Capabilities | \$2,050,000 |
| Total Vote 1 - Water Management Systems Improvement | \$35,000,000 |

2 - Land Reclamation

MR. McINNIS: Mr. Chairman, perhaps the minister has forgotten the question I asked under this vote relative to sites in the private sector.

MR. KLEIN: Well, Mr. Chairman, as the hon. member knows, this program is to look after those sites that are owned by the Crown or by municipalities. There is the ongoing problem, of course, of those in the private sector. Basically, one of the most difficult issues I think we are going to have to come to grips with in Bill 23, the proposed Environmental Protection and Enhancement Act, is the definition of persons responsible and the assignment of liability. Indeed, we intend to discuss that in as much detail as we possibly can when the Act comes before the committee for examination.

9:00

What the long-term answer is going to be, Mr. Chairman, I don't know. What we're suggesting at this particular time is that there be adjudication based on fairness and some kind of an assignment of responsibility based on how much each of the parties contributed to the pollution of a particular site. Also, the Act does give us some authority to establish with industry funds looking into and addressing specific environmental problems including contaminated sites. It gives us the authority relative to the mechanism and how these funds are going to be set up. Whether we can get the co-operation of industry remains to be seen, but these are some of the things that we're trying to address, and I would welcome any suggestions from the hon. member.

Agreed to:

| | |
|---------------------------------|-------------|
| 2.1 - Land Reclamation | \$2,000,000 |
| 2.2 - Reclamation Research | \$500,000 |
| Total Vote 2 - Land Reclamation | \$2,500,000 |

MR. CHAIRMAN: The hon. minister.

MR. KLEIN: Thank you, Mr. Chairman. I move that votes 1 and 2 be reported.

[Motion carried]

Energy

1 - Renewable Energy Research

MR. CHAIRMAN: The hon. Minister of Energy.

MR. ORMAN: Thank you, Mr. Chairman. I'm pleased to present to the Assembly a request under the capital projects division for the heritage fund, a \$1 million allocation for the southwest Alberta renewable energy initiative, in short form known as SWAREI.

This is a very interesting project for the heritage fund, Mr. Chairman. It's in the third year of a three-year program, and it looks into the future with regard to alternative energy. It not only looks into the future, but it provides a path to get there. As hon. members know from previous discussions with regard to this particular vote, there is a tremendous potential in this province for renewable energy generation. We are providing through this process, through this particular initiative, the groundwork to expand our energy expertise and expand the resources beyond the conventional fossil fuels.

Mr. Chairman, this initiative is really due to the commitment and foresight by Premier Getty when he made the commitment and provided the atmosphere to allow this project to go ahead in 1986, along with the tremendous support and commitment of the Member for Pincher Creek-Crowsnest. This project was formally launched in December of 1989. As I indicated, it was a three-year project, and this is the third year of the three-year project.

The SWAREI initiative is managed by the Alberta office of renewable energy technology. It is governed by an independent, six-person board of directors, and that board of directors is chaired by Dr. John Rottger, a physician in Pincher Creek who has a considerable amount of interest and expertise in the area of renewable energy. I'd like to commend the board for their commitment, their insight, and their involvement in this particular project, Mr. Chairman, because without them it would not be near the success that it is today.

The key operational functions of the Alberta office of renewable energy technology are, first, to manage the SWAREI program, to advise the Alberta government on renewable energy technologies, to promote the development of renewable energy technologies, and promote co-operation with the private sector, research agency, and other government departments. The SWAREI project is the largest renewable energy program in western Canada and includes the largest wind energy project in our country. The geographical area for this project is southwestern Alberta, as the name indicates, and it basically surrounds the Pincher Creek area. This area was chosen for obvious reasons, Mr. Chairman, and it contains the most ideal testing area in Canada for research and demonstration projects.

During the last two years of this project the board of directors have put in place a process for assessing projects that come forward for support through the dollars voted under this vote, to promote and to pass judgment, to make recommendations on initiatives that have an opportunity to deliver important renewable energy potential. There were eight projects approved in 1990-91. These projects were designed to demonstrate large-scale wind power, small hydrogeneration, and solar- and wind-powered water pumping. Wherever possible we want to emphasize the showcasing of Alberta know-how and technology.

For the committee, Mr. Chairman, I'd like to outline the projects under SWAREI that have been approved to date. The first is Adecon energy systems incorporated. It's a wind farm capable of producing 1.5 megawatts of electricity. The Alberta renewable energy test site, which is in Pincher Creek, conducts wind research testing. U.S. Windpower Incorporated: this wind farm is a turbine demonstration, it is expected to cost \$11.4 million over three years, and it will be financed entirely by the project proponent. The Waterton dam has a 2.5 megawatt hydroelectric power plan scheduled for completion in mid-July of '92. Canadian Agtechnology Partners, which is out of Olds, is a demonstration of solar- and wind-powered pumpers to provide water for wildlife habitat near the Oldman dam. Maverick Wind Energy is also developing a water pumper. The Chinook Project Inc. is a joint venture of the Peigan Indian nation and the Chinook Project, which is out of

Calgary. This is a wind farm that will be located on the Peigan reserve in southwestern Alberta. This project will be capable of generating 9.9 megawatts of electricity and is estimated to cost more than \$17.5 million. The proponents expect construction to begin in 1993. The last initiative is the Dutch Valley Produce Ltd. wind farm. It's located on the Brocket colony east of Pincher Creek and will be capable of generating 195 kilowatts of electricity. This project, although modest in cost, is important for the future of this project, and it will cost \$209,000.

Our goal, Mr. Chairman, is to encourage private-sector support and investment, and ultimately successful projects will have a high component of private-sector involvement. As an example, and this is a fine example of how limited government dollars can generate significant private-sector dollars, in 1991 a government expenditure of \$1.4 million under the southwest Alberta renewable energy initiative attracted private-sector investment totaling \$16.8 million, which is a ratio of 1 to 14. That goes to show that government doesn't have to do it all when we are referring to new technologies and breakthroughs. The private sector is there just as willing to take the risk; as a matter of fact, in the proper environment take the lion's share of the risk in this connection.

9:10

In closing, Mr. Chairman, this initiative is consistent with the recommendations made by the clean air strategy for Alberta that was just endorsed a few weeks ago. At least the major recommendations were endorsed, which was a multistakeholder consultative process. The CASA report acknowledges the importance of wind and solar and other forms of renewable energy, and this project in the capital projects division responds absolutely to those particular recommendations.

In that we are at the end of the three-year commitment, Mr. Chairman, I have asked the board of directors to make recommendations to me, through me to the government, and ultimately to the Assembly with regard to the next step. I would hope that I have those recommendations in the near future, and I understand that they are progressing well. This is an excellent initiative that has achieved a number of breakthroughs in alternative energy, and I believe that an energy producing province like Alberta should be just that: not solely a nonrenewable energy producing province. We are in the business of energy, and that should include renewable as well as nonrenewable.

Thank you very much.

MR. CHAIRMAN: Thank you.

The hon. Member for Edmonton-Centre.

REV. ROBERTS: Well, thank you, Mr. Chairman. It's very important that we're here tonight to discuss this whole issue of renewable energy development and research. As the minister says, this is a tremendous growth area, an area of tremendous potential. It seems to me that what we have here tonight in terms of the \$1 million allocated is a significant, symbolic amount, but when you look at the whole scale of things, this really is a pittance, a very measly amount to invest in what we know is sure to be and what is now an area of great potential and great interest and great investment. The minister says that this is the third of three years of this \$3 million. Out of the - what? - \$12 billion that we spend in this province, only \$3 million over three years is devoted to renewable energy research. Now, what kind of statement is that? The minister said that it's an area of great and growing interest in concern and development. I want to be on record tonight in saying that when the board of SWAREI comes to the minister, I hope he can take their request, because I see they have dozens and

dozens of projects which they'd like to fund. I'd like to see the amount at least doubled, so that we say, "Let's spend \$6 million over the next three years." As the minister is saying and as we must all begin to realize, this is an area we have to move into not just with rhetoric but with a financial commitment.

Mr. Chairman and members, it's extraordinary to look at the vote, because I take it that this \$1 million out of the heritage trust fund, this \$3 million over the three years, really came out of the Department of Energy itself. When you look in the Department of Energy, Sustainable Energy Development under the Minerals Management section – what it's doing under Minerals Management I have a hard time understanding – that whole vote is down 6 percent; Administrative Support is down 32 percent; Non-Conventional Energy Development, down 7.8 percent; and the Small Power Research and Development, as we know, has been simply moved over to the trust fund. I don't understand, if the minister is as concerned as he says about developing this as an area that we as an energy-producing province need to be developing, why it's being split off between these two departments, why the operating general revenue amount through the province is going down so significantly, and we have, as I say, such a pittance in this vote here tonight. I know the minister's going to come back and say that this \$1 million represents more of an investment in this field than any other project in western Canada. Well, we want to be the leading energy-producing province in western Canada, in all of Canada, in fact in the world. So what I'm arguing is that this \$1 million is just not enough, particularly when we see how even in the department itself there seems to be a declining interest in support for renewables and for nonconventionals and for sustainable energy development.

In fact, by my calculations, Mr. Chairman, in the entire budget for the Department of Energy, both through the General Revenue Fund and through the heritage trust fund, only 3 percent of the budget is devoted to the development and use of renewable energy resources. Only 3 percent. That leaves 97 percent devoted to fossil fuels and nonrenewables. It seems to me that if it's a 97 to 3 ratio that we're talking about here, what we have is not really a Minister of Energy; we have a minister for the extracting and selling of hydrocarbons. We have a minister who's presiding over nonrenewables of oil and gas and coal at least 97 percent of the time, and 3 percent of the budget is devoted to what we have here tonight, which represents the renewable sector in the field of energy. Well, that's just not good enough.

In fact, I was interested to hear the minister say that a lot of this initiative came not from the department itself – I think the Premier caught on to it at the last minute – but it was really the work of the Member for Pincher Creek-Crowsnest, who saw down in that part of the province the tremendous potential for wind and, hopefully, for solar and really went after it. I guess with his understanding through the Alberta Research Council and the rest he had the faith, the confidence, and the vision to pursue this and needed to get the department and the Premier on board and to push this through. Well, good for him. I just wish that maybe he could have a higher profile in the Department of Energy itself or in this government looking at their budget, because certainly to have the vision that he has, to be able to take that part of the province and to develop it through these funds – and I say again how wonderful it is to see that just this \$1 million has spawned so much investment by the private sector and tremendous rates of return, and it's politically correct; it's economically correct. I just can't understand why there's been such a neglect and why there's such a lack of fiscal punch to this whole area.

In terms of the details of the SWAREI, the southwest Alberta renewable energy initiative – and it was nice to have the minister

read through some of the annual report; we all have that. I again find it interesting that of the number of projects that were submitted, there were only six that finally got the funding, again indicating just that there's a tremendous amount of interest. People want to do research, people want to do some development and are applying for funds, but it seems that the funds are just running out. The initiative, the imagination, the creativity is there, but the political will to finance it and to fund it isn't, and I think that's very disappointing. I hope it's an incentive and an argument for this minister to, as I say, go back to his pals either in the department or in the cabinet and say, "Let's at least double the amount for this vote in the next three-year period."

The minister didn't refer to it, but I read, if I'm correct here, that AORET, which is the Alberta office for renewable energy technology, has been granted a total of 12.5 megawatts of power generation. Why just 12.5? Again, I think that's a very minor amount, and if we're very serious about developing these alternative sources of generation, of power, what is the plan over the next three, four, five years to marginally increasing that by 1, 2, 3, 5 percent or maybe even doubling it over the next five years in terms of the total megawatt power that can be generated through these alternative renewable sources? I think that would show a commitment as well to what the minister says he finds to be an area of great excitement and great potential in the province.

Yet I know, or at least it seems to me, that we're bumping up against what's standing in the way of further developments here, which are the conventional ways in which we generate electricity in this province. I mean, to have a number of conventional coal-fired and hopefully perhaps some natural gas or cogeneration-fired generators continuing to put more and more power into the grid – again, we'll have to wait to see how the EEMA review comes through and the ERCB's data and the rest, but it seems to me that there's not going to be a lot of room for other power generators to get on the grid when there's such a surplus of power in this province as we're currently developing it. Yet if there was a more planned, managed approach to this issue, I think and I argue that there should be a much greater share of our total megawatts of power coming from small power and renewable sources.

9:20

I guess the point is, Mr. Chairman, that I really want to say to the minister how much I agree with him and how much I think that we have in some ways a similar vision for this province of Alberta and for the Department of Energy, which is not just to be leaders in the extraction of oil, gas, and coal but to be leaders in all forms of energy production and even consumption, which involves conservation. I think we need to be the best in the world at energy. That is our competitive edge, in all of its forms and in all of its uses, and we've learned, having come through the period of great oil booms and now gas bubbles, about energy. But we're not restricted to those two fossil fuels and to those two sources of energy. We have a great variety of sources of energy that the good Lord has given us, and to be able to efficiently develop them, bring them to market, and efficiently have consumers use them I think is a tremendous economic advantage for us, in the Canadian context, in the North American context, and, God knows, throughout the world. People always will need energy, but they're going to need energy that's produced efficiently and able to be consumed efficiently.

In fact, Mr. Chairman, I've got this quadruple E for my energy policy, which is the four Es of being efficient, being environmentally sound, being able to export it – because to export the expertise is a key ingredient here – and the fourth E is to be able to educate the public. Certainly it's fine to just carry along with

the status quo in terms of energy use, but we have to educate the public, even though some of them are far ahead of us. In general, we have to educate about more efficient ways in which to develop and to use energy; we have to be more efficient in it, more environmentally sensitive and sound, and to export the expertise that we have.

Mr. Chairman, there are, as we look around the world, far more sources, too, of others who are beating us to the punch in terms of renewable energy development. I mean, we cannot sit back on our oil and gas laurels or funds, hoping and praying that things will turn around; they will and they might. It's going to continue to be a mainstay of our energy development through the nonrenewables, but to develop more of a balance, to develop more incentives for renewables – you know, it distresses me when I hear that there is someone in West Germany who is currently developing hydrogen cells to power automobiles and who may soon corner the market on this alternative source of fuel for automobiles, which is through the use of hydrogen. Now, what would that do to the oil and gas sector besides completely denting it, and yet why is that development happening over there?

Hydrogen, as we know, is one of the cleanest, most efficient sources of energy, and hydrogen is something that we really need to be able to pursue in its full range of development and use. Photovoltaics is another great source of renewables, Mr. Chairman. I know there are some studies, I know that a variety of people are looking at things, but let's get to it. Let's get some pilots funded. Let's get some fiscal punch, as I say, to a variety of these leading renewable technologies and find ways in which we can lead the market in terms of developing this area of our provincial life.

Now, it distresses me further, Mr. Chairman, when I get this mailing from the Solar Energy Society of Canada Inc., who are having their 18th annual conference right here in the city of Edmonton this summer, in July. It's a program for renewable energy technology for today, and when I look at it, it looks like a terrific program, the very kind of thing which we're discussing here, which needs, I think, to be entirely promoted and pushed by this minister and this government. Yet who are their sponsors? CANMET, from the federal government, Energy, Mines and Resources, and the University of Alberta. I don't see the Minister of Energy's name here or how much they're going to be putting into this conference.* It seems to me that this is precisely the kind of thing that we need to be really supporting in a very big way.

When I look at the agenda, as I say, with photovoltaics, energy conservation, active solar, biomass, indoor environment, demand-side management, low energy housing – they are taking in the southwest renewable energy initiative tour, which is significant, of course – this is the kind of thing that we really need to be able to show that we're behind 100 percent. As I say, Mr. Chairman, we need to find more of a balance in terms of moving in this direction, that the current funding arrangements, at 97 to 3, show us where our heart is in terms of the money. It's on the nonrenewable side. It's on the fossil fuel side, on the hydrocarbon side, and we need it urgently not to move in this direction, not just because of conferences like Rio and the rest, but because I feel the commercial marketplace is moving us in that direction. It's commercially and economically sound for us to be able to have an economic and technological leg up in this area. We're going to be able to make money and be economically better off as a result of it.

Finally, Mr. Chairman, it's not just, I think, making good sense now but when we look ahead for our children and our children's

children. I don't want to get into all the projections in terms of the reserves of crude oil, heavy oil, and natural gas; I know it's going to be around for a while. Nonetheless, if we took the \$566 million that we lost in NovAtel, the \$566 million that we lost in telecommunications, and put even 10 percent of that into renewable energy, which as I say is our competitive edge, our competitive advantage in this province, the energy province of Canada . . . If this cabinet or this government had decided no, we'll let telecommunications go to others because they can develop that kind of technology, and let's invest in renewables, the leading-edge technology that we want to beat the Germans, the Japanese, the Americans, and everybody else on, just think how much further ahead we would be. Just think how much better positioned in the world market, in the global economy we'd be, how much better off we'd all be. So I don't want to hear excuses from the minister: "Well, the member just wants to spend more money." It's not a matter of spending more money; it's a matter of spending better, spending with a wiser sense of allocation of the precious taxpayers' dollars out there. To have wasted and squandered \$566 million in NovAtel, to have only \$1 million out of \$12.5 billion in total spent by this province on renewables, which is wind projects, where people are chomping at the bit to get on with it, I think shows a real disgrace and a real lack of leadership and vision on the part of this province.

Now, I say all those things; I hope and pray that there's time to turn things around. I hope that this minister, who has said here tonight that he knows how important this area is, what potential there is, that he wants to be the Minister of Energy, not just a minister who extracts and sells hydrocarbons – if he wants to be the Minister of Energy, if he does, then I would hope that when we come back here this time next year, we will see some significant reallocation of dollars, significant reallocation to correct this imbalance between 97-3, to have more funding, whether it's a marginal increase or some doubling of the amount that we as the public sector can show in terms of leadership, because we know it will spawn increased amounts of private-sector involvement. That is what I hope the minister is now going to stand up and commit to, because the eyes of all Albertans who are concerned about these issues and others whose concern is growing want to see action, and direct and significant action, on this. Everything is ready to move except for the minister bringing his cabinet colleagues over. I know he has the leadership to be able to pull some of this off, and I expect that through the next few months and over the course of the next year we're going to see some significant improvements to this vote, and it will come back for a renewed province with renewable energy at its core.

Thank you, Mr. Chairman.

9:30

MR. McINNIS: Well, Mr. Chairman, I was going to say how much I agreed with the comments of my colleague the Member for Edmonton-Centre until he hit that last bit about leadership. I don't know; I don't think I can go along with that. What we've got here, as was mentioned, is a half-baked proposal which doesn't square with anything else the government says outside of here in terms of its approach to not only the energy questions, which my colleague dealt with, but also the clean air questions. You know the amount of time that was spent on the clean air strategy. I know what a keener the Minister of Energy is when it comes to multistakeholder consultations and power sharing and all these other buzzwords that he's picked up on in the last few months. It's very clear, when you look at dealing with the problem of greenhouse gases and other polluting gases which the energy

*see p. 1390, left col., para. 5

industry creates in our province, that the most painless way to deal with that is to find other ways to produce energy.

Now, it has to be said by somebody in this Chamber that the cheapest and the cleanest energy you will ever produce is the energy that you save from consumption in another source and the need, as mentioned in terms of energy development, to utilize conservation as a technique to generate new energy. As soon as somebody stops using a kilowatt hour, that kilowatt hour is available for somebody else. It's so much less expensive and so much more environmentally friendly to move that kilowatt of energy from one user to another than it is to go out and create a new source, yet today in our province, in 1992, we have no structure of incentives which would push our utility system in that direction at all.

In fact, the incentives are entirely the other way. All of the utilities which make up our so-called system compete with one another and scramble for who's going to get the next project in line. They go to great lengths and great expense to try to convince the Energy Resources Conservation Board to allow them to build more facilities and to convince the Public Utilities Board to allow them to put these things into service. All we do is create more greenhouse gases to supply energy for an ever expanding market, whereas it's been proven many places around the world that on a capital-cost basis it's far and away cheaper to look at conservation as a source of energy than it is new kinds of production. That hits squarely, Mr. Chairman, on the notion of a clear air strategy for the province of Alberta. You won't find a more painless way to reduce greenhouse gas emissions than the conservation of our energy and the reallocation of it in other directions. I think that point was powerfully made, but it has to be made in the context of a clean air strategy.

Now, I'm going to ask the minister why he finds it necessary to concentrate all of the effort under this vote in the southwest region of the province. This is not supposed to be a pork barrel program which pleases one riding or one member. In reality, the technology of renewable energy is changing dramatically, and it's changing as we speak. The most exciting technology for renewable energy production is totally portable. You take it where you want the energy. The idea of building a great big plant somewhere where you generate all this electricity and put it up in high-voltage lines and ship it halfway across the province to be consumed is out of date.

This year at the Earth Day festival in Edmonton, for example, there was a wind energy unit demonstrated which was capable of providing more than enough electricity to build a cabin, to run power tools to build a cabin. Anywhere that you can haul that thing in where there's wind, you can make it run. Now, that's a very exciting prospect. It's a different kind of technology than we're used to in supplying energy. It's not the kind where you have big capital costs and where they're fixed and located in one particular area and then you have the financial cost and the energy losses associated with transportation. That technology is commercially available today. What part are we going to play in that sort of energy development? Why do we have to think of it in terms of something that pleases one riding and one MLA? Why don't we think of it as something that could serve the whole province and, as the Member for Edmonton-Centre explained so well, that we could export elsewhere around the world?

Photovoltaics. A friend of mine who happens to chair an advisory committee that I have on environmental matters lives on a farm where they have no electricity. They're not on the grid. They don't consume any outside electricity. They use a photovoltaic system in order to charge batteries, and they run such electric appliances as they need on the farm off the electricity from

the sun. They have power when the sun goes down and on a cloudy day because they have a battery system. Well, in fact, that's also a kind of technology, the photovoltaics and the batteries, which has tremendous potential in the future and can resolve these issues of energy supply and demand without making further inroads in our resources, without further compromising the air that we breathe.

So I think the Member for Edmonton-Centre is right on the money when he says that the balance of 3 percent to renewables and 97 percent to nonrenewables is out of whack with the future as it's known to us. In the future we won't be digging up billion-year-old carbons and blowing the carbon dioxide in the air. We won't be doing it for two very good reasons. One is that the material won't be there to do that process forever and ever; we know that it's nonrenewable and therefore finite in terms of supply. A more important reason is that we will not be able to absorb that much atmospheric pollution, especially on the carbon dioxide side, without suffering horrendous problems of global warming and all that entails for us in the province of Alberta.

So let's have a real program here, not just a half-baked, underfunded program which affects only one geographic corner of the province of Alberta.

MR. CHAIRMAN: The hon. Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. As I observe this particular initiative and couple that with the government's recent announcement of its clean air strategy, I'm getting this feeling that there's this approach avoidance characteristic on the part of the government. In a sense, they're getting closer. They're starting to think about issues that affect our air, particularly the global warming climate change, but there's this barrier. There's this difficulty to truly embrace those issues, to admit aggressively that these issues exist and then to take concrete and specific action.

The clean air strategy was interesting. Nobody, I would expect, would argue that an emphasis on further consultation and ongoing consultation isn't reasonable. It is reasonable, but it isn't enough in and of itself. The premise in the government's press release that underlined this emphasis on consultation was that somehow awareness amongst Albertans had to be enhanced before action could be taken. Certainly it would be very difficult and not proper to jam environmental solutions down people's throats, but at the same time there is a component that goes beyond awareness, and that's leadership. Government does have a forum and a platform and a credibility with which it can communicate the problems inherent in a given issue, can develop the issue, can frame the questions, can challenge people. To simply fall back and resort to ongoing consultation as truly the essential if not the overwhelming initiative of the clean air strategy is to deny that important leadership role. It is not enough. It is not acceptable any longer for governments to deny that role. I think that if we have learned anything in the last two weeks of the Rio de Janeiro conference, it is that governments must begin to take active leadership roles in changing people's minds where people are complacent about environmental problems and environmental issues.

The reason I mention that is because CASA, the clean air strategy, typifies or characterizes an attitude on the part of this government which is consistent with the attitude that I think is characterized by this relatively minimal investment in renewable energy research. It is the fact that the heritage trust fund has spent literally hundreds of millions of dollars investing in the development of conventional and oil sands energy, which is marginally conventional. It has spent a negligible amount – I believe it's \$3

million, maybe 3 and a half million dollars now – on renewable energy research.

9:40

There are two imperatives for us to emphasize that kind of research more. One is the fact that our conventional energy resources are not renewable and will have a limited future. Secondly, there is the environmental question that we have to address: that fossil fuels are contributing to climate change. Anybody who denies that is somebody who is simply trying to defend the existence of our way of life at any cost. The fact is that climate change is occurring and that we are contributing to it. Even if you don't accept that, one has to accept that the same pollutants that would contribute to global climate change are pollutants that are beginning to affect our daily health. It is a fact that there are inordinately high levels of asthma in this province and that auto pollution contributes directly to that kind of health problem.

There are many recourses that we could pursue to reduce that problem. One of them is renewable energy research. My feeling is that to the extent that the heritage trust fund could be used in a constructive, forward-thinking way, it should be used to invest more aggressively in renewable energy research. My criticism of the minister in this case is not that there is something inherently wrong with this program but quite the contrary. There is something inherently right with it, and he should gain the support of his caucus colleagues to invest more dramatically in this program than this allocation represents.

MR. CHAIRMAN: The hon. Member for Edmonton-Centre wishes to make . . .

REV. ROBERTS: A correction. I'm sorry, Mr. Chairman. Upon further review I do want to correct this. The conference I referred to, the Solar Energy Society of Canada conference this summer, is in fact supported by the Department and the Minister of Energy.* At least Alberta Energy is listed here. I'm not sure to what degree. It would be useful to know among the three sponsors just how much they're kicking in, because I see the registration fee for people to be able to attend this conference is still \$300, which I think is prohibitive for some. Nonetheless, I'm sorry for the incorrect statement of earlier.

MR. CHAIRMAN: The hon. Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I want to just briefly convey a conversation I had earlier this week with one of my constituents in Calgary-Mountain View who is working on an Anglican diocese committee in terms of mission work and involved in sponsoring the Anglican bishop from the Solomon islands to visit Alberta later this year. I found his comments interesting in that in terms of the work of the church in the Solomon islands, it's of course everything to do with the community, wide ranging, and including that, the work they're interested in is for the economic conditions of those islands. For them it's a huge expense to import crude oil to generate electricity and provide a source of energy to the people on that island. So as part of the itinerary for his visit they've ensured that there will be a couple of days spent in southern Alberta touring some of these experimental programs in terms of solar and wind generation, because if there's one thing that they have in the Solomon islands, it's sun and wind.

It just struck me that in terms of promoting Alberta industry, Alberta technology, here's one very small example of a potential use of something that we're developing in Alberta that's applicable to solving the real problems, the down-to-earth practical problems of people halfway around the globe, and I'm sure that for the people in that situation, the Solomon islands, it could be repeated thousands of times in thousands of other locations elsewhere in the world.

So I just would say to the minister that we've heard the discussion in general terms, that a very specific experience I've had this very week impressed on me the potential value of this particular work or this particular investment, and I would simply commend to the minister and to the government to really see this as a real potential opportunity for the people of Alberta and for a new industry that we could be promoting for worldwide application. I see a lot of good being able to come from this and just would encourage this government and this minister to carry on with this program.

MR. CHAIRMAN: The hon. minister.

MR. ORMAN: Thank you, Mr. Chairman. Let me begin by saying that there is a familiar theme emerging from the opposition, both the NDs and the Liberals, and that emerging theme is that if you throw money at it, you'll solve the problem. I don't believe that. I want to point out to the hon. members that this project is going to be well thought out, it's going to be well planned, it's going to be reasonable, and it's going to respond to good business plans. That's the underlying essence of this program, and to allow all of the people who figure that they have a mousetrap for renewable energy to produce capacity in the electrical grid means that the consumer pays more for electricity.

Mr. Chairman, that's another point. If the hon. Member for Edmonton-Centre has the report, as he indicated he did in the debate, then he will know that there is more than \$1 million committed to this project. As pointed out on the capacity allocation notation in the 1990-91 annual report of SWAREI, the hon. member will know that there is 12 and a half megawatts of power capacity under this Alberta small power research and development program allowing these producers to generate electricity into the grid at a subsidy by the consumer. So the consumer, the taxpayers are paying for this. The taxpayers are paying for it through the \$1 million allocation one way or another, and they're paying for it because the rate that is being subsidized to small power producers and to SWAREI is being borne by the taxpayer or the consumer of electrical rates.

Now, the Member for Edmonton-Jasper Place can stand in his place and suggest that all these initiatives, whether they're photovoltaics or whatever initiative it is, should be funded: let's throw money at it; let's have the taxpayers pay for this initiative. Well, Mr. Chairman, I know and you know, probably two ridings in this province that we represent, that the consumers are not happy with electrical rates, and until the consumers of electrical rates believe that they should be subsidizing to a greater extent power generation from alternative sources, I don't think we should move too quickly.

I know one thing the consumers are going to want. They're going to want to make sure that the government is responsible: who is funded under this program, have they got a good business plan, do they have a high probability of success, and can they generate under the 12 and a half megawatts into the grid which they are subsidizing in their electrical rates? The hon. Member for

*see p. 1388, left col., para. 4

Edmonton-Centre may want to throw money at this, but I know that the taxpayers and the consumers of electricity don't. They want to make sure that we're doing the right thing, and that's why we've only allocated \$1 million a year for three years for this project: because we want to be sure we're doing the right thing when it comes to the use of taxpayers' dollars for this type of initiative. Let's not lose sight of the fact that this project allows for an \$11 million project to be totally funded by the proponent without taxpayers' dollars, because there is an allocation under the small power producers program, Mr. Chairman. Let's not lose sight of that fact and, as I indicated, that every dollar of taxpayers' dollars, not including the incentive rate in the small power producers program, is 14 to 1: \$14 of private-sector dollars for every \$1 expended in this program.

9:50

Mr. Chairman, if this program is successful, if the small power producers can show that under SWAREI they are doing the right thing and they are good stewards of taxpayers' dollars, then in fact this program could conceivably be continued.

Mr. Chairman, I was going to correct the hon. member. He did read further into the conference details and found that we in fact are supporting this project, and that is a further commitment outside of the numbers that the member cites of 97 to 3. That's on the assumption that nobody in my office works on SWAREI, the deputy minister is not involved in any discussions or initiatives around this, that dollars allocated to those votes, aside from the vote that he's quoted, are allocated. I'll tell you that the deputy minister, myself, the communications director, my office staff have all been involved, and members of my department who are not contained in that vote the hon. member talks about. So there is a broader commitment than the hon. member is willing to admit.

Mr. Chairman, I want to make a few comments on the Member for Edmonton-Meadowlark's comments on global warming. Well, we have a group represented by the clean air strategy, a multistakeholder group representing a cross section of stakeholders who presented to government a greenhouse gas emissions policy for this province. It went unedited, unaltered by government, was adopted word for word, and presented to environment ministers and energy ministers as Alberta's position on greenhouse gas emissions. Now, given that we had environmental groups, municipalities, industry associations, power generators, health units, native groups – a broad cross section of stakeholders – I don't know who the hon. member represents if he says it's not the right response. Who is he speaking for? He's not speaking for the broad cross section of stakeholders who made the recommendation to government and which was adopted. So to say that that process was not of value is a perversion of the facts.

We have moved on CAS in a number of other areas. We'll have a discussion paper out next week on fuel use policy recommended by the CASA group, that natural gas be allowed to be used for incremental power generation in this province. I have directed the Public Utilities Board to put together a paper for me on incentive rate making, and that comes from the CASA. So there are some very significant initiatives that came out of the CASA that the government has moved on. We don't advertise, Mr. Chairman. We don't go out and try to grab headlines for them because we find that the fewer people there are taking credit, the more gets done. Just because the hon. member doesn't see us crowing about them doesn't mean to say that they aren't happening.

The hon. Member for Edmonton-Meadowlark talks about the Rio conference. Well, again first let me say that we have a greenhouse gas emissions policy in this province. For the hon.

member to suggest that with Canada contributing 2 percent of greenhouse gases for global warming somehow we are going to solve the world's problem here in Alberta I think is a little bit specious in terms of its connection with dealing with the real issues. If the hon. member wants to abate greenhouse gas emissions and global warming, then he should be bringing forward recommendations that deal with China and the former Soviet Union that generate 60 percent of the world's global warming. We contribute 2 percent. We can have our global warming in this country, Mr. Chairman, and that will make no dent in what has to be done to address the issue of global warming. I have not heard the hon. member speak of anything other or anything imaginative more than what Albertans can do.

Now, don't get me wrong, there are things that we can do and should do. We should show leadership as a country, and I believe we are. The leadership we are showing in this province is as a result of the CASA, and that's bringing forward a greenhouse gas emissions policy for this province that the hon. Minister of the Environment has used very effectively with his colleagues across Canada. In fact, the Minister of the Environment tells me, Mr. Chairman, that other provinces are following suit and are hoping that they can respond in the way that Alberta has responded not only to the process of CASA but to policy responses as a result of CASA. We are showing leadership on the environmental front, and it's just not coming by throwing money at it. It's coming through consultation, through thoughtfulness, and through using the taxpayers' dollars in the very best way that will result in the most successful programs.

That's what this vote does, Mr. Chairman, and I hope that all hon. members see fit to support this initiative.

Thank you.

MR. MITCHELL: Mr. Chairman, I've listened to the minister's comments with interest, and I appreciate his intensity on this issue. I'm sure that he has wrestled with it. I do take exception to his conclusion that Canada's 2 percent contribution to global warming gases is insignificant and that nothing we could do could be of significance. In the same breath he says that we should be talking about what we can do in China and what can be done in China and elsewhere in the world where these problems are much more significant and greater. What I would argue is that the only way that Albertans can provide leadership to China and to the former East Germany, to Russia, to Ukraine, to any number of countries that have difficulty with pollution is to demonstrate that we have done every last thing that could be done here to improve our record with respect to emissions of global warming, greenhouse gases, and any other number of pollutants.

To further this argument, a second point is that if we in Canada did reduce our emissions of carbon dioxide by 50 percent, that would be a 1 percent reduction of global warming gases in total in the world, and that is not insignificant. You just have to do that 50 times, and all of a sudden you've made a pretty significant impact on the contribution to global warming in the world. It is inherently arrogant for a country such as Canada with all of its advantages and all of its resources, all of its privilege to say: "We're not going to change. Everybody else in the world has to change." It's arrogant, and it's also ineffective. You can't make the case with credibility until such time as people with our sophistication, our resources, and our education have demonstrated to the world that we have done absolutely everything that can be done and have made sacrifices, and now we're going to assist, ask, provide leadership to other countries in the world. For the minister to say that CASA is enough and use as a defence of that the fact that other provinces are looking to it and admiring it is to

say, "Sure, they're going to admire it, probably because they had the same political intransigence that this government has, and it's an easy thing to implement to make it look like you're doing something."

My point is that CASA, to the extent that it does anything, isn't evil. It isn't wrong. It's good, but it isn't enough, and it's time that governments such as the government of Alberta begin to understand that they can provide an aggressive leadership role, that they must provide an aggressive leadership role. To say that we only produce 2 percent and therefore we're not big players is categorically wrong. We produce 2 percent; that's a pretty significant portion of what's produced in the world. We can make a significant contribution in reducing our own emissions of global warming gases, greenhouse gases, and that strengthens our ability to provide leadership in the world to reduce other countries' emissions of greenhouse gases.

REV. ROBERTS: Just three quick points, if I may, to respond, one on the CASA and the rest. The question I didn't ask last week, which I should have, was in terms of the costs of clean air: what it's going to cost both the producers and the consumers. I saw a very interesting study last week about lower cost emission technologies and getting a sense of what technologies are available in terms of their emission standards and levels and their costs, and I think that's where we need to move the debate.

10:00

Speaking of costs, the minister also made his point about the amount the Alberta small power producers are putting onto the grid and that they were in fact being subsidized. I read that, and I understand that. I have no information. I don't know if the minister can furnish me with it at some point – maybe it's for the Order Paper – in terms of costs per units, whether the power is generated from a coal-fired as opposed to renewable. What are the various costs involved that call for these preferential rates and the degree to which those rates indeed are preferential? It seems to me that those costs will be coming down over time as we develop the technology and the scale and the scope. I know that the taxpayers don't want to continue to subsidize it when there's cheap coal and other ways to generate it, perhaps, but I think if we had more detailed facts about the costs of the various methods of generation, I would be further ahead.

Finally, I didn't mean to say that there weren't others in the department who were onto debating developing renewable energy policy. I'm sure that the deputy minister and others in the department do. It still, though, strikes me as being very odd that we have this million dollar vote here but within the department itself I see cutbacks in nonconventional energy developments and energy administrative support, that those who are primarily responsible for this area are being cut back. I didn't get a chance to get the minister to respond to that during estimates, but if he's so concerned and claims that it's more a 97-3 split, then why are these votes being cut back which help to further this whole great area of public policy?

MR. ORMAN: Well, Mr. Chairman, just simply to say that the rate issue is in the small power producers program and is not part of this – there is an allocation for it, but for me to provide those numbers, I can attempt to do that, but it is not germane to this particular debate. I'd simply say to the Member for Edmonton-Meadowlark that what he's suggesting re greenhouse gas emissions would cost hundreds of billions of dollars in this country, and I think it's unfortunate that he doesn't understand that.

Mr. Chairman, we are showing leadership, as I indicated. We have a greenhouse gas emissions policy. We are doing the right thing, and we're doing it in a way that responds to what stakeholders tell the government it should do in this connection.

MR. CHAIRMAN: Are you ready for the vote?

HON. MEMBERS: Question.

MR. CHAIRMAN: The question, then, is on vote 1 under the Department of Energy: Renewable Energy Research. There are no subprograms.

Agreed to:

| | |
|--|-------------|
| Total Vote 1 – Renewable Energy Research | \$1,000,000 |
|--|-------------|

MR. ORMAN: Mr. Chairman, I move that the vote be reported.

[Motion carried]

MR. STEWART: Mr. Chairman, I move that the committee rise and report progress.

[Motion carried]

[Mr. Speaker in the Chair]

MR. SPEAKER: Order please.

MR. SCHUMACHER: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again.

Resolved that the sums from the Alberta Heritage Savings Trust Fund not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 1993, for the purpose of making investments in the following projects to be administered by

Department of the Environment: \$35 million for Water Management Systems Improvement; \$2,500,000 for Land Reclamation.

Department of Energy: \$1 million for Renewable Energy Research.

MR. SPEAKER: Having heard the report, those who agree with concurrence, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Carried.

We have a procedural problem to deal with, Government House Leader.

head:
head:

**Private Bills
Second Reading**

**Bill Pr. 6
Rocky Mountain College Act
(reversion)**

MR. SPEAKER: Earlier this evening when one private Bill was mooted, the Chair raised its eyebrows at the word "amended." There has been some checking done with the Table officers, and that motion was out of order. Therefore, the Chair would invite a motion to rescind the previous motion.

MRS. B. LAING: Mr. Speaker, I move that Bill Pr. 6, Rocky Mountain College Act, be rescinded.

MR. SPEAKER: It's just a procedural motion to rescind the previous motion. That's what the interpretation of that motion is.

[Motion carried]

MR. SPEAKER: Now might we have the appropriate motion, please? Calgary-Bow.

MRS. B. LAING: Mr. Speaker, I would like to move second reading of Bill Pr. 6, Rocky Mountain College Act.

MR. SPEAKER: Thank you. It is a matter that an amendment cannot be taken until after second reading.

[Motion carried; Bill Pr. 6 read a second time]

[At 10:06 p.m. the Assembly adjourned to Tuesday at 2:30 p.m.]

