

Legislative Assembly of Alberta

Title: **Wednesday, April 17, 2002**

1:30 p.m.

Date: 02/04/17

[The Speaker in the chair]

head: **Prayers**

THE SPEAKER: Good afternoon and welcome.

Let us pray. As Canadians and as Albertans we give thanks for the precious gifts of freedom and peace which we enjoy. As Members of this Legislative Assembly we rededicate ourselves to the valued traditions of parliamentary democracy as a means of serving our province and our country. Amen.

Please be seated.

head: **Introduction of Visitors**

MR. JONSON: Mr. Speaker, this afternoon I am pleased to introduce to you and through you to members of the Assembly Mr. Kiyoshi Shidara. He is accompanied today by his wife, Mrs. Shidara, and the vice-consul general of Japan, Mr. Ito. The consul general has been posted to Alberta for three years and is now returning to Japan. During his tenure we have appreciated his efforts at building Japan's relationship with Alberta. He was instrumental in helping organize a number of Alberta missions to Japan and numerous events and projects here in Alberta. I very much appreciate his assistance in planning my recent mission to Japan. We will certainly miss his expertise and his strong support for the Alberta/Japan friendship that has grown. I would like to ask that our honoured guests please rise and receive the traditional warm welcome of the Assembly. Best wishes to them.

head: **Introduction of Guests**

THE SPEAKER: The hon. Minister of Learning.

DR. OBERG: Thank you very much, Mr. Speaker. It's a great privilege today for me to introduce to you and through you to the members of this Assembly two people that I believe have gone above and beyond the call of duty today. Today Herb and Orval Belcourt together with Georges Brosseau from Canative Housing donated \$5 million for a Metis scholarship fund. This will go a long way in making postsecondary education more accessible for Metis students, and I truly believe that what they've done today is a huge step forward for all of Alberta.

THE SPEAKER: The hon. Minister of Environment.

DR. TAYLOR: Thank you, Mr. Speaker. I have a number of guests here today that I'd like to introduce. They're from Alberta Environment, and they're here to see how the House works and have a visit of the Legislature Building and just see what happens here. I am pleased to introduce Louise Cox, Della Gerbrandt, Bonnie Magill, Jackie Jaycock, Azina Kanji, Shelly Little, Carol Heinrich, Maureen Davson-Trim, Sandra Moore, Pat Visman, Norm Gratton, Sandra Duxbury, Sarah Waddington, Tanya Hope, Terry Sly, David Toop, Megan Jack, Karen Saffran, and Robert Rippon. I'd ask all those people to please stand and accept the warm welcome of the House.

THE SPEAKER: The hon. Leader of the Official Opposition.

DR. NICOL: Thank you, Mr. Speaker. I rise today to introduce to you a former teacher, a former MLA from St. Albert, a former rodeo

cowboy, a current councillor for the city of St. Albert, and an all around good guy. I'd ask Len Bracko to rise and receive the warm welcome of the Legislature.

THE SPEAKER: The hon. Member for Drayton Valley-Calmar.

REV. ABBOTT: Thank you, Mr. Speaker. It is a pleasure for me to rise today and introduce three people in the members' gallery. They are not constituents of mine. They're actually from the Lacombe-Stettler constituency. However, they are family members. I'm going to introduce my sister Chris Leinweber and her kids Michael and Sydney. If they would rise and receive the warm welcome of the House.

THE SPEAKER: The hon. Member for Calgary-Mountain View.

MR. HLADY: Thank you, Mr. Speaker. It is a great honour to be able to introduce to you and through you to the members of the Assembly two people that help make the oil and gas industry work here in the province: Nadine Barber, a senior communications adviser with Anadarko Canada, and Doug Noble with Sparks & Associates. I'd ask them to please rise and receive the warm welcome of the Assembly.

THE SPEAKER: The hon. Member for Edmonton-Strathcona.

DR. PANNU: Thank you, Mr. Speaker. I'm pleased to introduce to you and through you to the House a young man that I had the pleasure of meeting with recently in my constituency office on Whyte Avenue. He's highly energetic, interested in politics, and a motivated young man who is here to observe the proceedings of the House today. His name is Andres Lineker, and he is sitting in the public gallery. I would ask Andres to please rise and receive the warm welcome of the Assembly.

THE SPEAKER: The hon. Minister of Community Development.

MR. ZWOZDESKY: Thank you, Mr. Speaker. I rise to introduce to you and through you to all members of the House one of my constituents, Debbie Lishingman, who is here today with 20 other visitors from the Edmonton Immigrant Services Association. We just met outside and spoke with representatives who are here from many different countries and now settled in our province. I don't see them in the members' gallery, but if they're in the public gallery, I would ask them to rise now and please receive the very warm welcome from all members of this Assembly.

THE SPEAKER: The hon. Member for Edmonton-Glengarry.

MR. BONNER: Thank you very much, Mr. Speaker. It gives me a great deal of pleasure today to introduce to you and through you to all members of the Assembly Mr. Paul Cetinski. Mr. Cetinski has written me on a number of occasions and is very involved and concerned with what happens here in the Legislature, and with your permission I would ask him now to rise and receive the traditional warm welcome of the Assembly.

Thank you.

THE SPEAKER: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Speaker. I would like to introduce to you and through you to all hon. members of this Assembly Mr. Francis MacInnis. Mr. MacInnis is a resident of

Edmonton-Gold Bar and a keen observer of the proceedings in this Assembly. I believe Mr. MacInnis is in the members' gallery, and if he would now rise and receive the warm and traditional welcome of this House, I would appreciate it.

Thank you.

head: **Oral Question Period**

THE SPEAKER: First Official Opposition main question. The hon. Leader of the Official Opposition.

Budget Surplus

DR. NICOL: Thank you, Mr. Speaker. The \$500 million surplus from last year's budget presents the government with an opportunity to invest money in priority programs in this year's budget and still meet its debt repayment targets. Last year's unexpected surplus must go toward debt repayment, and the money in the current budget that is earmarked for debt repayment can be released to go toward priority programs. At the end of the year the debt will be lower and important programs will be better supported. My questions are to the Premier. Given that community lottery boards were cut because of budget constraints, will the Premier now use some of this possibly freed-up money to reinstate the boards?

MR. KLEIN: Mr. Speaker, the hon. leader of the Liberal opposition alludes to last year's budget. Whether the \$500 million figure is correct or not remains to be seen, and that will be determined after the results of the final quarter are in. I think it's too early to speculate on what that surplus might be notwithstanding the headlines today in the *Calgary Herald*.

Having said that, the community lottery board issue relates to this year's budget, the current budget, Mr. Speaker, and it was an ongoing program until its cancellation, and there are no plans at this time relative to this year's budget or years subsequent to reintroduce that program.

1:40

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. Will the Premier invest \$115 million from this possible \$500 million surplus in education to address teachers' concerns over crowded classrooms?

MR. KLEIN: As I said earlier, it's premature to speculate on what that surplus will be, Mr. Speaker. If there is any money to be allocated over and above the amount that we're required to allocate to debt repayment, I can assure the hon. leader of the Liberal opposition that it will go to the priorities of Albertans.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. How does the government justify the \$45 million education property tax grab from municipalities when it now has a \$500 million surplus?

MR. KLEIN: Mr. Speaker, again I say that it's too early to speculate on what the surplus might be, and on the basis of that speculation it is very, very premature to speculate on where additional revenues, if any, might be spent.

THE SPEAKER: Second Official Opposition main question. The hon. Leader of the Official Opposition.

DR. NICOL: Thank you, Mr. Speaker. Out of that \$500 million that has been freed up, could you put in \$200 million and use it to replace the increase in health care premiums?

MR. KLEIN: Mr. Speaker, he's mixing apples and oranges. He's alluding to something that was reported in the media which may or may not be true. I haven't had a chance to talk to the hon. Minister of Finance about this particular issue. He's alluding to something that might or might not happen with respect to last year's budget. The issue of health care premiums is an issue that is relative only to this year's budget and subsequent years.

DR. NICOL: Mr. Speaker, if they take that unexpected revenue from last year, put it to the debt, and use the money that was assigned to the debt, does that not give the government money that they can use this year on programs and have the debt at exactly the same place it would be at the end of this year irregardless of where the dollars came from?

MR. KLEIN: Irregardless, but what the hon. member fails to take into consideration relative to a budget process is that if you take onetime funding out of last year's budget and put it into program funding for this current year and subsequent years, then you are back into the situation of financing ongoing programs, Mr. Speaker, that tend to grow and grow and grow.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. My question, then, is to the Premier. What about putting it into the infrastructure of the schools that you've canceled, putting it into the roads that you've canceled? Those are onetime funding.

MR. KLEIN: Mr. Speaker, significant dollars already have gone into infrastructure of both schools and hospitals, but to enlighten the hon. leader of the Liberal opposition, I'll have the hon. Minister of Finance respond.

MRS. NELSON: There was a story that ran in the newspaper today that has got everybody stirred up with regard to speculation as to what the final fourth-quarter numbers will look like for last year's fiscal year. I might remind hon. members that we are at day 17 of this new fiscal year. We will not have final numbers, Mr. Speaker, for the fourth quarter of last year for probably another 60 days. That being said, what we were able to do – that leads into the third question from the Leader of the Opposition – was that in the last 10 days of the last fiscal year, which ended March 31, we were able to identify that we would have some additional revenues, which allowed us to put money back into transportation programs and some infrastructure programs, as we had promised in October when we had to defer those projects. What our numbers will be in 60 days will depend on what comes through on our resource revenue calculation from the estimate to the actual. We don't have that number, so please don't go on with that line of questioning. We don't have it.

THE SPEAKER: Third Official Opposition main question. The hon. Member for Edmonton-Mill Woods.

Children in Care

DR. MASSEY: Thank you, Mr. Speaker. Lack of supervision, lack of independent checking, staff shortages, high staff turnover, and

heavy caseloads: not just contributing factors in the death of Korvette Crier but themes that have been repeated in investigations of the deaths of children from Jordan Quinney to the Kinahan twins. My questions are to the Minister of Children's Services. After each death the minister gives the same explanations. When will the ministry hire the staff, provide the standards, and create conditions to ensure that children in care in this province are safe?

MS EVANS: Mr. Speaker, the death of Korvette Crier is a tragedy that has been discussed by our department since August 1999, when this ministry was about four months old and when we were at the outset of looking not only at our delegations but our establishment of regional authorities. We didn't start when the judge's report came out on the fatality inquiry. We started the day after the tragedy to try and explore what we could do to make sure that the standards were in place, that we were doing the right things for children throughout Alberta. Currently we have 18 delegated authorities of First Nations who are providing services both on and off reserves, in some cases, to children and families in need. We have huge needs still with foster parents, but we continue to work very hard not only with those authorities but in the monitoring.

I should just once again, as I have many times in this House, reidentify that although we had a staff reduction in this year's budget of 186 full-time equivalent positions, those were in the area of administrative support. Professional technical advice had nothing to do with frontline workers that would be involved with these children, and there is absolutely no doubt in my mind that in the case most recently cited in the hon. member's question, there was a clear delineation, that staff supports were in place, that there were supervisory supports in place, that resources were in place. They may not have been in place at the time of this death over three years ago, but clearly we have been moving in the right direction to improve the system on a daily basis, and children are safe, Mr. Speaker.

THE SPEAKER: The hon. member.

DR. MASSEY: Thank you. My questions are to the same minister. Can the minister assure the House that the factors leading to the death of the next child in care will not be exactly the same as those in the Quinney, Kinahan, and Crier cases?

MS EVANS: Mr. Speaker, as it's often been stated in this House, when you have a death of a child in care, it's always a tragedy. We do not look forward to and anticipate death. We anticipate wellness. We do not however ignore the fact that children that come into care – and everybody should remember this: we have over 14,000 children in care presently, not all of which are in care by direct guardianship of the ministry. Somebody somewhere has abused that child, or it wouldn't be in care in the first place. We do not admit the well children that are the daughters and sons of people in this Assembly, for the most part, but we do admit children that we acknowledge are fragile, sometimes have been battered, experiencing family violence, may be victims of fetal alcohol syndrome or fetal alcohol effect, and we do our best to prevent that. We do not look forward to death at any time.

THE SPEAKER: The hon. member.

DR. MASSEY: Thank you, Mr. Speaker. Again to the same minister. A former minister reported that until 1997, 50 children in care had died. How many have died since then?

MS EVANS: Mr. Speaker, we'll be pleased to table any information that the hon. member wishes. That is always annually reported. We will review that and provide that. I believe that in the past year the number was 13 – and many of those deaths were tragedies that were quite unrelated to care – that were administered while in the direct supervision of a guardian or a family member.

THE SPEAKER: The hon. Member for Edmonton-Highlands, followed by the hon. Member for Calgary-McCall.

1:50

Budget Surplus (continued)

MR. MASON: Thank you very much, Mr. Speaker. Year after year for the past eight years this government has underestimated its budget surpluses by a total exceeding \$19 billion. It's breathtaking. History appears to be repeating itself again this year. Since bringing down her budget on March 19, a month ago, the Minister of Finance has already revised her numbers once. Now there are reports that she may soon be doing it again. My question is to the Minister of Finance. Why doesn't the minister just be straight with Albertans and tell them what last year's budget surplus will actually be?

MRS. NELSON: Well, first of all, Mr. Speaker, I have to clarify something. I believe I heard the hon. member say that we have revised our budget. We have not done that. The budget is before the House right now and being debated, and there has been no revision to that budget. What we have done, as I said to the earlier question from the members of the Liberal Party – we were able to take advantage of some additional revenues that had come through in the fourth quarter to honour a commitment to put dollars back into some Transportation and Infrastructure programs before the March 31 year-end date came around. We did follow through on that.

We do not have final numbers and will not have final numbers. I told this to the hon. member opposite this morning in Public Accounts, Mr. Speaker. We'll do it again. We do not have final numbers, and we will not have final numbers, hon. member, until likely the first week of June, at which point we will have the resource revenue numbers coming in and we can give you a better update as to what last year's numbers ended up being.

THE SPEAKER: The hon. member.

MR. MASON: Thank you very much, Mr. Speaker. Instead of this policy of hiding the true size of the budget surplus until it's too late, why isn't the government . . .

REV. ABBOTT: Question. Question.

THE SPEAKER: To the hon. Member for Drayton Valley-Calmar: thank you. Your elicitation is totally unnecessary, unwarranted, uninvited.

The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you, Mr. Speaker. Instead of this policy of hiding the true size of the budget surplus until it's too late, why isn't the government at least being straight with Albertans and telling them that it is more important to have a large budget surplus than have community lottery boards and more important than having properly funded schools and hospitals?

MRS. NELSON: Well, Mr. Speaker, again – and I went through this this morning for two hours with the Public Accounts Committee –

when we rely upon our revenues to come in and we do record the actual, which is what comes out in our final report for the year, we have to wait until those resource numbers come in. They are actually the resource revenue numbers that go to March 31. They will not be reported through to the government in the form of Crown royalties for 60 days after the last day of production, which is March 31. We don't have those numbers, and we have to present actual numbers, so we can't give you a definitive on what that number is. What we were able to do before the end of March – we had a feeling and a preliminary number on our corporate tax number, and we were able to make some adjustments to the Infrastructure and Transportation requirements that we had pulled back on the deferral last fall.

We don't have those numbers, hon. member, and we won't have them – we never do – until 60 days after the year-end. So we can't give you that number.

MR. MASON: Mr. Speaker, given the fact that the minister's department is as leaky as a rowboat with termites, can she explain to the House whether or not she or any of her officials authorized the release of information about the size of last year's budget surplus to the media?

MRS. NELSON: Well, actually, Mr. Speaker, we would not have given that number out from our department, and any pre-information that has come in the press, quite frankly – and I've talked to reporters about this. I would caution them: be careful what you print because so far you haven't been accurate on any one of the statements that you've made as far as what's in the budget numbers. They've been wrong in each case, and again I daresay that this number is wrong. I don't know where that number came from, but it certainly didn't come from my department. Whoever is handing it out, I hope that they haven't signed their name to it, because I don't believe it's correct.

THE SPEAKER: The hon. Member for Calgary-McCall, followed by the hon. Member for Edmonton-Centre.

School Fund-raising

MR. SHARIFF: Thank you, Mr. Speaker. Last Monday in this House the Minister of Learning indicated that he would be drafting regulations that would prevent schools from asking parents to fund-raise for essential services. It is alleged that some school boards are forced to fund-raise as they do not receive adequate funding for items such as textbooks. I called a number of schools in my riding, and all of them have confirmed that they do not fund-raise for textbooks. However, they fund-raise for items such as library books, seat belts for buses, sewing machines, pots and pans, et cetera. These schools are concerned that such items may be affected by the minister's regulations. My question is to the Minister of Learning. How much funding do we provide to support essential services including textbooks?

DR. OBERG: Well, Mr. Speaker, when it comes to the total amount of funding that goes to the schools, it's roughly \$3.7 billion on the basic side of my department. To put that into concrete terms, it works out to about \$7,500 per student. So in a classroom of 20 students, for example, that's roughly \$150,000 that is going in there.

Mr. Speaker, we have received – and I've heard it in this House as well – a lot of issues about fund-raising for textbooks. When we go and take a look at them, there are indeed very few areas that actually fund-raise for textbooks. Obviously, you know, there was just a guffaw from across the way.

I will say what the Alberta School Boards Association has said about fund-raising: "Fundraised dollars should not be used for instructional purposes or basic education items, those being items required to complete a core course." Mr. Speaker, that was put out around two years ago, in September of 2000. Since that time I've still received issues and I've still received complaints. There needs to be clarity on this situation for the parents. I am in no way saying that they cannot fund-raise.

MR. SHARIFF: Again to the Minister of Learning: under the new regulations that he'll be drafting, what can schools fund-raise for?

DR. OBERG: Well, Mr. Speaker, what we will be doing is looking at essentially an inclusionary as opposed to exclusionary list of what can be fund-raised for. We continue to hear, as I stated earlier, about fund-raising for textbooks. Clearly, that is something that is not acceptable with the Alberta School Boards Association, but fund-raising for things like a rock-climbing wall, things that are outside of the core curriculum – absolutely, people can fund-raise for those. If they want their band trip to Okotoks or their band trip to New York, absolutely they can fund-raise for these types of things.

Mr. Speaker, I in no way want to cut off fund-raising. However, there does have to be – and I will use the same word that I have used previously – clarity as to what is being fund-raised for. That's what the attempt will be in any regulation used: to provide that clarity to parents.

MR. SHARIFF: My final supplement is also to the same minister. Can the minister identify which school boards in Alberta fund-raise for textbooks and why?

DR. OBERG: Well, Mr. Speaker, this issue has been brought up numerous times in this House. I have said, as the Premier has said: bring the issues forward, and we will look into them. We had 22 different schools. I will not mention the school boards nor the individual schools, but we did have 22 brought forward. We looked into each and every one. There were two that were very questionable. We went back and took a look at them more, and the superintendents assure us that they have not been used to fund-raise for textbooks.

I will say, Mr. Speaker, that in my own particular constituency I received a letter from the student advisory council of one particular school saying that they were having to fund-raise for a whole set of textbooks. I subsequently called the superintendent, as he used to be the principal at that school, and I said: what's going on here? He said: absolutely, 100 percent, not; they should not, they do not have to, they will not be fund-raising for textbooks in that school.

So, Mr. Speaker, again this speaks to the clarity that is needed when it comes to fund-raising so parents know what is actually being fund-raised for.

THE SPEAKER: The hon. Member for Edmonton-Centre, followed by the hon. Member for Lacombe-Stettler.

Community Lottery Boards

MS BLAKEMAN: Thank you, Mr. Speaker. The Premier has indicated that the community lottery boards were eliminated because they were not a priority for the government. Well, Albertans disagree; the lottery boards are a priority for them. My questions today are to the Minister of Gaming. If community lottery boards were really cut because of budget constraints, why didn't the

government just reduce the funding but leave the volunteer board structure in place?

2:00

MR. STEVENS: As has been indicated, Mr. Speaker, in this House on a number of occasions, the decision with respect to the discontinuance of community lottery boards was, firstly, a fiscal decision, and secondly, it was a very difficult decision for this government to make. It was part of the overall government package, and it was made on the basis that there were other priorities which were higher; namely, health, education, children's services. Out of the Alberta lottery fund, which is where gaming revenue goes in this province, all of those areas are receiving additional funding in this particular fiscal year.

THE SPEAKER: The hon. member.

MS BLAKEMAN: Thank you, Mr. Speaker. Given that 98 percent of the funding for community lottery boards went directly to providing programs, where does the minister envision getting a better deal for program delivery costs?

MR. STEVENS: There's absolutely no doubt that the community lottery boards did a lot of good work over the four years that they were in existence, and I very much appreciate the volunteer work that each of the volunteers in the 88 boards did, but the fact of the matter is that there's going to be approximately \$300 million available for the not-for-profit volunteer sector this year. That's a great deal of money, and there are a number of very valid vehicles through which that money will get into our communities.

THE SPEAKER: The hon. member.

MS BLAKEMAN: Thank you, Mr. Speaker. Again to the Minister of Gaming: what are the anticipated administration costs for incorporating the community lottery board programs into the community facility enhancement program, as the minister has mused on before?

MR. STEVENS: Mr. Speaker, what I have indicated is that as a result of the discontinuance of the boards and as a result of a response from the public, we are prepared to look at and we in fact are looking at those smaller applicants who may fall between the cracks; in other words, those applicants who may not have access to funds under current programs. We're in the process of looking at that, and when I have something to report to my colleagues, I will be bringing something forward for their consideration.

THE SPEAKER: The hon. Member for Lacombe-Stettler, followed by the hon. Member for Edmonton-Gold Bar.

Rural Electrification Associations

MRS. GORDON: Thank you very much, Mr. Speaker. My questions today are to the Minister of Energy. Last night five MLAs met with several board members from Central Alberta REA Limited, providers of power for our rural constituents. This group told us, Mr. Minister, that your department is setting up a committee to review once again REAs in Alberta. Why would there need to be another review when it was less than three years ago that REAs participated in a similar exercise?

THE SPEAKER: The hon. minister.

MR. SMITH: Thanks, Mr. Speaker. In fact, I spoke to the REAs at their annual meeting and enjoyed an afternoon with some 475 members of an association that brought major change to this great province over the last 50 years. In fact, through the process of a new competitive market structure there are some issues that come that impact REAs. These rural electrification associations have the issue of load settlement and the accurate reading of their bills, the issue of what happens when an REA purchases another REA in a different service area. What happens when it competes with a transmission provider to buy service for an independent town?

We already have the MLA for Grande Prairie-Smoky working with a committee on issues of electricity in small communities, and I've asked him and Brent Rathgeber, the member from Edmonton . . . [interjections] I couldn't remember his constituency. As soon as I said the name, Mr. Speaker, Edmonton-Calder came to mind.

They're not a committee. They're not a task force. They're simply two good, strong, effective MLAs that are helping a minister communicate with an important stakeholder to resolve issues that may be outstanding in the area of a new competitive market of electricity marketing.

THE SPEAKER: The hon. member.

MRS. GORDON: Thank you, Mr. Speaker. REAs are rural electrification associations. I thought I should state that.

As many individual REAs over time have amalgamated to achieve economies of scale, is this practice still allowed and will it continue to be allowed in the future?

MR. SMITH: Mr. Speaker, I know about the rural electrification associations. That's exactly the nomenclature that I applied to them.

With respect to these individual questions that the member is bringing up, those are exactly the types of issues that are going to be brought back in a businesslike format and be reported through a system that we have called standing policy committee, called cabinet and caucus. It's worked for well over nine years, and I expect it to continue to work efficiently in this government.

THE SPEAKER: The hon. member.

MRS. GORDON: Excuse me one moment, Mr. Speaker. Mr. Minister, it was a couple of people over here that weren't sure what REAs were, so I was just identifying for them. It wasn't anything back and forth.

Are these REAs able to compete to seek customer bases outside the farm gate? For instance, could they provide service to municipalities and/or their ratepayers?

MR. SMITH: Those are exactly the questions that we'll be talking about in standing policy committee. I know that the member as a chair of a standing policy committee has perfect attendance in that committee, and we'll ensure that she has an invitation to our standing policy committee as well.

THE SPEAKER: The hon. Member for Edmonton-Gold Bar, followed by the hon. Member for Calgary-Shaw.

Apprenticeship Standards

MR. MacDONALD: Thank you, Mr. Speaker. On July 3, 2001, the Minister of Learning stated, quote: the demand for skilled tradespeople in Alberta is high right now, and so are our standards. End of

quote. My first question is to the Minister of Learning. Given that a personnel list dated June 1, 2001, of contractors working at the Weyerhaeuser mill in Grande Prairie indicates unregistered personnel employed in the compulsory trade of pipe fitting, is it now government policy to ignore nationally and internationally recognized Alberta standards as an answer to our shortage of skilled tradespeople?

DR. OBERG: Mr. Speaker, the answer to that is no, but I really feel that the Minister of Human Resources and Employment, in looking after the occupational health and safety components, would probably have a better answer than I would, and I would ask him to respond to this.

MR. DUNFORD: As closely as I was paying attention, I'd have to get the question repeated.

THE SPEAKER: The hon. member.

MR. MacDONALD: Thank you, Mr. Speaker. Again to the Minister of Learning. The Human Resources and Employment minister in a letter to me dated July 25, 2001, states:

Welding and steamfitting/pipefitting are 2 of the 22 compulsory certification trades designated under the Apprenticeship and Industry Training . . . Act administered by Alberta Learning. People working in these trades must be a registered apprentice or a certified journeyman with the Registered Apprenticeship Program.

Given that, what measures is the Department of Learning taking to ensure that compulsory trade certification is being enforced throughout this province?

Thank you.

DR. OBERG: Mr. Speaker, we have local apprenticeship committees throughout all communities in this province. We also have provincial apprenticeship committees as well as the apprenticeship board. The apprenticeship side of my department is truly one of the gems in my department. We are presently increasing – increasing – at the rate of a net 132 apprentices per week. We recently passed 40,000 apprentices in our apprenticeship program, and it's something that all Albertans can be extremely proud of.

With regard to the specific issue that the hon. member has raised about one particular person working at one particular job, I'd be more than happy to take a look at it, but, Mr. Speaker, I will not have this hon. member speaking negatively about our apprenticeship industry because it is the best in Canada if not in North America.

THE SPEAKER: The hon. member.

MR. MacDONALD: Thank you. Again, Mr. Speaker, to the same minister: does the Department of Learning consider the use of a noncertified worker in a compulsory certification trade a violation of the general safety regulation?

Thank you.

DR. OBERG: Mr. Speaker, again as a general rule I would agree with the hon. member, but for each individual circumstance we will take a look at it, and if there is indeed a fault to be found, we will rectify it. I will reiterate that our apprenticeship program is the number one program in North America.

THE SPEAKER: The hon. minister to supplement.

2:10

MR. DUNFORD: Again, because the hon. member is bringing up a

specific situation, I would take it upon myself to work also with the Minister of Learning so that we can clear this matter up. The hon. member has a well-rehearsed manner that he brings into question period, as if these were some exposes and that kind of a thing. I think that in fairness to getting answers for a question, you might provide the information so that we could be looking into it. Certainly I join the Minister of Learning in recognizing the apprenticeship system which many, many unions, that the hon. member is involved with, recognize as the best in this world, as the previous member had indicated. To try to cast some disparaging comments on it is really casting disparaging comments on those people that support him very, very well.

THE SPEAKER: The hon. Member for Calgary-Shaw, followed by the hon. Member for Edmonton-Riverview.

School Construction Deferrals

MRS. ADY: Thank you, Mr. Speaker. My questions today are for the Minister of Infrastructure. In 1999-2000 the South Calgary High School Committee in my constituency was informed by government that the provincial government could not make priority lists for capital budget for the construction of new schools, that school boards alone were responsible for assessing the needs within their jurisdiction and for prioritizing their requests for new schools, that in order for the south Calgary high school to be built, their board would need to rank it number one on their priority list. This was achieved in 2001, and the school was granted by government. Can the minister tell my constituents why, when deferrals became necessary because of funding difficulties, his department chose to defer the number one priority and not the projects further down on the list?

THE SPEAKER: The hon. minister.

MR. LUND: Thank you, Mr. Speaker. Let me first of all assure the hon. member that this is just a deferral. It's not a cancellation. Also, I want to emphasize that to say no is very difficult for me. The fact was that we had a situation, because of the economic conditions that arose after September 11, where we simply had to reduce our expenditures on the capital side, so that meant making some very tough decisions in order to find enough money to meet the net target. Through that process there turned out to be two high schools in the city of Calgary that were deferred: one in the public system, that the hon. member is referring to, and one in the Catholic system, that is in the north part of Calgary.

What we had to look at is two projects that would amount to over \$40 million, so we had to weigh: if you take that \$40 million, take it away from a number of other smaller projects, what is the impact of that move? We know that high school students are more mobile than, say, elementary and/or intermediate. That all played into part of the decision. I can assure the hon. member that with the work that she has done and the priority that the school board has put on this project, it is a high priority for us when the funding becomes available.

THE SPEAKER: The hon. member.

MRS. ADY: Thank you. Given that the high school was granted \$15 million of the \$22 million needed for the project, is government now removing those dollars and reassigning them to other projects?

THE SPEAKER: The hon. minister.

MR. LUND: Thanks, Mr. Speaker. The hon. member is absolutely correct about the numbers that were allocated to that particular project. We have asked both the public and the separate boards in Calgary to take the dollars that were allocated, except for a portion that would see the design and up to the contract of papers – they would be able to continue doing that – and use the rest of the money on other projects within their jurisdiction. So that's what currently is happening, and it is my understanding that the board is well along the way in the planning and the design in both cases, so once the money does become available, they'll be ready to go to tender.

MRS. ADY: My final supplemental to the hon. minister: if revenues are higher than projected in the first quarter and further moneys are restored to Infrastructure, can the minister assure the residents of Calgary-Shaw that the restoration of this high school will be one of its top priorities?

THE SPEAKER: The hon. minister.

MR. LUND: Thank you, Mr. Speaker. I like to think of myself as being very optimistic, so I would share the enthusiasm of the hon. member. However, we have to also remember that there was a total of 40 projects put on the deferral list, so we'll have to have some very serious discussion if and when more money becomes available. But, yes, all of the deferred projects, particularly these two in Calgary, are very high priority.

Regional Health Authority Budgets

DR. TAFT: Mr. Speaker, the Northern Lights, Keeweenaw, Peace, Mistahia, Lakeland, WestView, East Central, Headwaters, Chinook, and No. 5 health regions are all either projecting budget shortfalls this fiscal year or are looking at reducing services to meet their budgets. My questions are to the Minister of Health and Wellness. How does the minister explain why so many rural RHAs are anticipating deficits?

MR. MAR: Mr. Speaker, I'm referring to issue 21 of the 25th Legislature, Second Session, Alberta *Hansard* for Tuesday afternoon, April 16, where the hon. Member for Edmonton-Riverview asked the question that he's asking today, and I'll refer him to page 714 for the answer.

If I may reiterate that answer, Mr. Speaker, health is the top priority of this government. A 7 percent increase has gone into the Department of Health and Wellness. About half of that money, roughly \$250 million, has gone into the operations of regional health authorities. The health budget has gone up since 1995 approximately 88 percent.

We have some regional health authorities that say: our allocations of 6 or 7 percent increase are insufficient; we need 10 or 15 percent. Mr. Speaker, I don't think anybody would accept that that is a sustainable growth pattern for regional health authorities, and at some point regional health authorities have to assess the services that they provide and ask: are there ways that we can do this better? Are there co-ordinations that we can have with other regional health authorities? Can we share services? Can we contract with one another? Can we be innovative? Can we have provincewide services that we all contribute to and share and accrue the benefits of the shared services? These are exactly the types of ideas that will be posed to the Committee on Collaboration and Innovation, that will be chaired by our colleague the Member for Edmonton-Glenora. I look forward to regional health authorities doing exactly that.

THE SPEAKER: The hon. member.

DR. TAFT: Thank you, Mr. Speaker. If the minister paid attention, he'd know that yesterday's questions were on electricity prices and health premiums.

Will RHAs be allowed to run deficits for the 2002-03 fiscal year?

MR. MAR: Mr. Speaker, the letter that I sent out to regional health authorities asking for their business plans to be completed by the end of this month clearly indicates that they are not to be planning for long-term deficits.

DR. TAFT: Given that legislation and regulations leave open the possibility that RHAs could issue debentures or borrow for capital projects, will the minister rule out this option for RHAs?

MR. MAR: Well that's an interesting idea, Mr. Speaker. I expect it will be something that will be considered by the committee being headed up by Mr. David Tuer. We are looking at different ways of funding capital, of funding operations. We're looking at ways of allowing regional health authorities to have different sources of revenues. That is a constructive suggestion. I expect that it will be considered in due course.

THE SPEAKER: The hon. Member for Edmonton-Strathcona, followed by the hon. Member for Little Bow.

2:20

School Fund-raising

(continued)

DR. PANNU: Thank you, Mr. Speaker. Yesterday the Minister of Learning admitted that he was dead wrong last fall when he claimed that no fund-raising for classroom essentials was taking place. However, instead of fixing the problem of underfunding, the minister is going to pass a regulation banning fund-raising for essentials. I wouldn't be surprised if the minister's next move is going to be to make it illegal for parents to possess chocolate almonds. My questions are to the minister. After punishing teachers with Bill 12 and sending scolding letters to religious leaders and now going after the parents, whom is the minister planning to take to the woodshed next?

DR. TAYLOR: I thought you liked chocolate almonds, Lyle.

DR. OBERG: Yeah, Mr. Speaker, I do like chocolate almonds. I enjoy them quite a bit, actually.

As I answered the previous hon. member who asked me this question, there needs to be clarity around fund-raising. The ASB policy I've already read into the Assembly today. I still continue to receive from the opposition and from a lot of different people reports about fund-raising for textbooks. Mr. Speaker, I'll say it again: textbooks and those core essentials of the curriculum are not something that should be fund-raised for. There is money there. Again I'll use the same numbers that I already used to answer the previous question, and I realize that the hon. member can look at it in *Hansard*. There's \$7,500 spent per student, which works out to around \$150,000 per classroom. We expect, the citizens of Alberta expect, the government of Alberta expects that when we spend \$3.7 billion, the kids will have textbooks.

THE SPEAKER: The hon. leader.

DR. PANNU: Thank you, Mr. Speaker. Now that the chair of

Calgary's board of education has added her voice to those saying that there is not enough money for education, why is the minister reacting in a knee-jerk fashion by punishing parents who raise moneys to pay for classroom essentials?

DR. OBERG: Again, Mr. Speaker, I do believe that the hon. member has stretched the facts considerably. As a matter of fact, I met with the Calgary public school chairman just this morning, and what they said is that they completely agree that parents should not be fund-raising for textbooks. That's what she said.

THE SPEAKER: The hon. leader.

DR. PANNU: Thank you, Mr. Speaker. My final supplementary to the minister: why is the minister so determined to put in place a regulation on parent fund-raising designed only to save the government political embarrassment while doing nothing about chronic underfunding?

DR. OBERG: Unlike the opposition, Mr. Speaker, we actually listen to what our parents have to say, and what our parents have to say is that they feel that they should not be fund-raising for textbooks. Quite frankly, I agree. In the year 2000 the Alberta School Boards Association put out a policy guideline saying that they should not be fund-raising for core curriculum materials. That's something that this side agrees with. We continue to get complaints about this, so there has to be some clarity put around what is fund-raised for. Any regulation or any policy manual that we do will contain that clarity, that is so badly needed on this situation.

THE SPEAKER: The hon. Member for Little Bow, followed by the hon. Member for Edmonton-Glengarry.

Electricity Billing

MR. McFARLAND: Thank you, Mr. Speaker. This past month I've been made aware of hundreds, perhaps as many as 1,400, EPCOR billings that have been sent out in an erroneous fashion that ranged from \$700 to \$3,999 per household. To compound the problem, this last week my office is starting to get phone calls from people who've just got their first billing for the year 2002, followed by a disconnect notice three days later. My questions are to the Minister of Energy. What can you do on behalf of many, many very unhappy customers, Mr. Minister, that would require EPCOR to mail out accurate billings to begin with?

AN HON. MEMBER: Good question.

MR. SMITH: Well, it is a good question, as my colleague has just pointed out, Mr. Speaker, and those customers in the constituency of Little Bow are important constituents. I was quite privileged to be able to attend a meeting with some of those constituents and listen carefully to some of the issues that they brought forward with respect to electricity restructuring. The utilities might be deemed to be even a little slower than governments these days and in fact a little bit more resilient to change than what they should be, and they are going to have to become more customer oriented. That's exactly the focus of electricity restructuring, that the customer will be right, shall be right, and have the information to be right.

If you take the customers in the member's area, they were the customers of three different power companies in a period of less than 12 months. Firstly, TransAlta, who then sold the customer base to, secondly, Utilicorp, and then Utilicorp kept the distribution part and sold the retail supply to EPCOR.

So, Mr. Speaker, the issue is that these private-sector companies

who have welcomed and wanted the challenge of competing in a market industry have got to act like market players, treat their customers like the precious commodity that they are, bill at appropriate times, and use the mechanisms at their disposal to deliver good, prompt, efficient customer service.

THE SPEAKER: The hon. member.

MR. McFARLAND: Thank you, Mr. Speaker. My supplementary to the same minister: do you have the power and the ability, Mr. Minister, to force EPCOR, in this case, to reimburse late-payment charges, to keep the power on, and possibly to reimburse reconnect charges?

MR. SMITH: Well, officials in the Department of Energy and staff in my office have been working with individual customers as they phone us and talk to us of their issues. I can report to you that in the overall scheme of things, Mr. Speaker, there are less complaints than there were in the first three months of restructuring. I can tell you that in discussions with EPCOR, they say that they will do everything they can to keep the power on. If a consumer gets a huge bill that they can't pay in one shot but in fact it's an accurate bill, EPCOR is prepared to work with their customers to make arrangements for the bill to be paid over time. So we're seeing signs, in fact glimmers, of real customer service.

THE SPEAKER: The hon. member.

MR. McFARLAND: Thank you. I do appreciate your co-operation with our ratepayers. However, mad customers in our riding want to know, Mr. Minister: can you point them in a direction as to what market alternatives and consumer choices there are if they continue to be totally unhappy with their present biller?

MR. SMITH: Well, yes, Mr. Speaker. I again want to congratulate the member for carefully-thought-out questions that do provide good information to his constituents, and in fact it's these types of questions that keep these private entities on their toes. For example, EPCOR says that it is also waiving interest charges and other penalties in cases where the delay in billing leads to a bill not being sent out in a timely manner.

Now, the member's constituents who are in the Utilicorp service area have a service that is regulated by the Alberta Energy and Utilities Board. So, one, they can take the issue directly to the utility. That would be either EPCOR as the power provider or Utilicorp as the transmission provider. Secondly, if they don't get appropriate satisfaction from these two entities, it is absolutely their right to take the complaint to the Alberta Energy and Utilities Board, which has a mandate to ensure that the delivery of Alberta's resources that takes place is fair, responsible, and in the public interest.

2:30

head: **Recognitions**

THE SPEAKER: The hon. Member for St. Albert.

Charter of Rights and Freedoms

MRS. O'NEILL: Thank you, Mr. Speaker. Today we mark the 20th anniversary of the Canadian Charter of Rights and Freedoms. The passage of the Canadian Charter of Rights and Freedoms in 1982 is indisputably an important milestone in the evolution of law in Canada. Generally speaking, the fundamental freedoms protected by the Charter – freedom of religion; thought, belief, and opinion;

peaceful assembly; and association – are among the tenets that have made Canada a recognized world leader in democracy and human rights. We are fortunate to have laws in Alberta such as the Human Rights, Citizenship and Multiculturalism Act that speak to the equal dignity and rights of all citizens and our belief in the ability of society to transform itself into a culture that respects and promotes human rights. The John Humphrey Centre for Peace and Human Rights is located in Edmonton and will be hosting a conference on April 25 and 26 in recognition of the 20th anniversary.

THE SPEAKER: The hon. Member for Edmonton-Norwood.

**Thelma Melnichuk
Ed Feihle**

MR. MASYK: Thank you very much, Mr. Speaker. I rise today to acknowledge the volunteer spirit that is alive and well here in Edmonton. This time it has manifested itself through two energetic and hardworking individuals whom I'd like to recognize today: Mrs. Thelma Melnichuk and Mr. Ed Feihle. Thelma and Ed are long-serving members of Edmonton North District Area Council Two. I met them recently at a dinner honouring volunteers of the north district area. Ed has volunteered over 15 years of his time on the executive council for North District Area Council Two, running both bingo and casino. Thelma also has volunteered her time and community spirit as a bingo chairperson for the Edmonton North District Area Council Two.

Both Ed and Thelma set great examples for volunteers in and around Edmonton, and I'm proud to recognize such outstanding individuals for their excellent hard work. Thank you very much, Mr. Speaker.

THE SPEAKER: The hon. Member for Edmonton-Ellerslie.

Des Pardes Times

MS CARLSON: Thank you, Mr. Speaker. As today is the 20th anniversary of the Canadian Charter of Rights and Freedoms, it is particularly timely for the Legislature to recognize the establishment of a new Punjabi language newspaper to serve the needs of Alberta's Indo-Canadian community. The newspaper will be called *Des Pardes Times*, which means news from the old country and the new country. The *Des Pardes Times* will be published biweekly and will provide news and information from Alberta, Canada, and India. It will be based in Edmonton and will be produced in Edmonton. Many people are choosing Alberta and, in particular, Edmonton for their new home. The Indo-Canadian community has seized this opportunity and has become a prominent participant in the business, social, and political institutions of this province. One of the main goals of *Des Pardes Times* will be to further encourage and foster the community's involvement in Edmonton and Alberta's businesses and social life.

We wish Gurbhalinder Sandhu, the editor-in-chief, and his partners every success in their new endeavour.

THE SPEAKER: The hon. Member for Bonnyville-Cold Lake.

Belcourt/Brosseau Metis Awards

MR. DUCHARME: Thank you, Mr. Speaker. I rise today to congratulate Herb and Orval Belcourt, Georges Brosseau, and the Edmonton Community Foundation for their dedication and commitment to ensuring that postsecondary education is accessible and affordable for Metis youth by supporting the creation of the

Belcourt/Brosseau Metis awards. The government supports your initiative. Through your efforts you are providing Metis students with the opportunity to continue their educational journey. By strengthening access for Metis learners, you are helping to make our province stronger for these individuals and all Albertans. It is very important that we help our young people develop the knowledge, skills, and positive attitudes that will enable them to be self-confident and successful.

Again, congratulations on your efforts, and continued success in the future.

THE SPEAKER: The hon. Member for Edmonton-Centre.

**Charter of Rights and Freedoms
Anniversary of Women's Enfranchisement**

MS BLAKEMAN: Thank you, Mr. Speaker. I'd like to recognize two anniversaries of special significance to women. Today, April 17, is the 20th anniversary of the Charter of Rights and Freedoms, and Friday, April 19, is the anniversary of women getting the vote in Alberta.

Section 15 of the Charter set out prohibited grounds of discrimination and included gender as one of those grounds. In addition, to ensure that there was no mistaking the intent, Section 28 was also included and spelled out that the rights and freedoms in the Charter are guaranteed equally to male and female persons. Strong words, strong policy, strong protection: these sections were a watershed for women's equality. I can't talk about the Charter without saluting the work of LEAF, the Legal Education and Action Fund.

I also recognize and celebrate the enfranchisement of women in Alberta on April 19, 1916. The following June they were able to exercise that franchise and vote in their first election. I applaud grassroots activity by some women to create handmade dolls and leave them in public places for all to see and be reminded of women's achievements and continued struggle.

Thank you, Mr. Speaker.

THE SPEAKER: The hon. Member for Olds-Didsbury-Three Hills.

Cheyenne Price

MR. MARZ: Thank you, Mr. Speaker. I stand to recognize an outstanding young constituent from Swalwell, Alberta. Cheyenne Price is one of 16 Alberta students named as a 2002 Great Kids award winner out of over 400 applications that were submitted. Great Kids were chosen throughout Alberta from hundreds of their peers for outstanding contributions to their community.

Cheyenne, who is a dedicated student and athlete, was struck with an unknown illness in 1998, and although many treatments have been tried, none have worked. Since her illness Cheyenne is unable to eat food and receives all her nourishment through intravenous. In spite of all the challenges that this illness and various invasive treatments have presented, this 19-year-old young lady has faced them with courage, bravery, and unwavering faith. Although she can no longer play basketball, she still helps to coach on days she is able to feel strong enough to leave the hospital.

Cheyenne, you have been such an inspiration and encouragement to everyone in our community as well as all those that you've come in contact with. I know that this Assembly joins me in congratulating you on receiving your 2002 Great Kids award and assuring you that you are in our hopes and prayers in finding a cure for your illness.

THE SPEAKER: The hon. Member for Grande Prairie-Smoky.

Dan McLean

MR. KNIGHT: Well, thank you, Mr. Speaker. I rise today to recognize an elder of the Sturgeon Lake Cree Nation. On April 9, 2002, Mr. Dan McLean passed away at the age of 89. Dan was born on the Sturgeon Lake reserve, nine miles west of Valleyview, on July 9, 1912. Throughout his life he lived, worked, and trapped in Alberta and northern B.C. Dan worked for many years on behalf of his community in the areas of treaty rights, education, and court services. His significant contribution is recognized in First Nation councils across northern Alberta.

Thank you, Mr. Speaker.

head: Presenting Petitions

THE SPEAKER: The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you, Mr. Speaker. I'm presenting a petition signed by 104 residents of Edmonton petitioning the Legislative Assembly "to urge the government to not delist services, raise health care premiums, introduce user fees or further privatize health care."

head: Tabling Returns and Reports

THE SPEAKER: The hon. Member for Edmonton-Strathcona.

DR. PANNU: Thank you, Mr. Speaker. I rise to make two tablings today. The first tabling is a letter from David Gainer, who currently lives in Seattle but grew up in Alberta and spent lots of time here. This letter is addressed to the Premier regarding Bill 12 and the teachers' labour dispute. Mr. Gainer writes that he had always hoped to return to Alberta to raise his family, but the government's actions in the last few months have made him rethink all this.

The second tabling, Mr. Speaker, is also a letter. In this case it is from a parent from Calgary by the name of Theo van Vugt, addressed to the Minister of Learning advising him that he is stopping all volunteer work, including fund raising activities at the school for his children.

Thank you, Mr. Speaker.

THE SPEAKER: The hon. Member for Edmonton-Highlands.

MR. MASON: Thanks, Mr. Speaker. I have one tabling today. I'm tabling the appropriate number of copies of a letter from Jeff Goth, a teacher. Mr. Goth details hundreds of his volunteer activities and financial contributions to his school. These include paying for science resources and prizes and snacks, subsidizing trips and buying clothes, paying for bulletin board borders and posters and pencils and art supplies, and buying hundreds of books.

THE SPEAKER: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Speaker. I have one tabling this afternoon, and this is a petition organized again by Darby Mahon of the constituency of Edmonton-Gold Bar. Mr. Mahon is organizing this petition from citizens who are supporting public and separate school teachers in the current dispute with the provincial government.

Thank you.

THE SPEAKER: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Speaker. With permission I have two tablings. The first is a letter that I've been asked by Diane

Tilma of Ponoka to table indicating that she feels that the Child Welfare System has let her and her deceased husband and her five step-children down.

The second is the required number of copies of 55 letters from parents at Hillhurst community school in Calgary voicing their formal objections to Bill 12, the Education Services Settlement Act.

Thank you, Mr. Speaker.

2:40

THE SPEAKER: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thank you, Mr. Speaker. I have four tablings today. The first tabling is from Tunde Dawodu from the African Festival and Presentation Society of Calgary noting that the funding from the community lottery board allowed the society to improve its administrative capability and that they couldn't have received this money from other foundations because it's outside of their mandate.

The second tabling I have is directed to the Member for Calgary-Buffalo from Ellen Busby, the general manager of PanCanadian Wordfest, noting that the festival is to promote and support literacy and that the lottery board program offset onetime expenses associated with specific projects, and asking for it to be reinstated.

The next letter is directed toward the Premier. It's from Shauna Kennedy, the production co-ordinator at Em Media, who gives a long list of the Calgary lottery board funded organizations that she's been personally touched by.

The final letter is from Danielle French, who is living in the Highwood constituency, noting that as an arts administrator she has felt the effects of the lottery board cuts immediately.

Thank you very much, Mr. Speaker.

THE SPEAKER: The hon. Member for Spruce Grove-Sturgeon-St. Albert.

MR. HORNER: Thank you, Mr. Speaker. I have one tabling today. It's a letter from a constituent, Mr. Rick Curtis of St. Albert. Mr. Curtis has concerns regarding the funding for community lottery boards.

Privilege Accusations against a Member

THE SPEAKER: Hon. members, yesterday at this time we heard the presentation of a purported point of privilege by the hon. Deputy Premier, and indication was given by the chair that today at this time the chair would invite the hon. Leader of the Official Opposition for comments with respect to this matter.

DR. NICOL: Thank you, Mr. Speaker. I would like to begin by putting on record a sequence of events. After the Finance minister allegedly made comments about Bishop Henry of Calgary on April 11, it was brought to my attention that the Deputy Premier could also be heard making questionable comments during the exchange in the Legislature. We felt it was important to look into that matter, so we carefully reviewed the tape of question period, and indeed the Deputy Premier could be seen and heard making comments.

My question to the Deputy Premier on April 15 regarding those comments is already on the record. We felt it was important to seek clarification of what we believed was actually said. In doing this, I was exercising my rights and my privilege as a member of this Assembly. According to *Beauchesne* 24,

the privileges of Parliament are rights which are "absolutely necessary for the due execution of its powers". They are enjoyed by individual Members, because the House cannot perform its functions without unimpeded use of the services of its Members.

As the Leader of the Official Opposition it is my duty to raise issues and ask questions that I believe are important. It is widely accepted that the purpose of question period is to seek information and to call the government to account. This is in *Beauchesne* 410(5). When I asked my question to the Deputy Premier, I was seeking information to clarify what I believed I heard the Deputy Premier say. My question was not malicious. I did not accuse the Deputy Premier of anything; I simply asked her to confirm what I believed I heard her say. At no time did I make an accusation. I was asking the hon. member a question. I was seeking clarification for what I believed I heard.

Mr. Speaker, I believe that as elected members of the Assembly we must feel free to ask questions and express our views. This is our parliamentary privilege. I am concerned that this issue could set an unhealthy precedent. Members must be free to ask questions. It is unavoidable that some questions will offend or cause discomfort, but the fear of offending another hon. member should not impede us in the House.

In a 1984 ruling by the Speaker of the House of Commons the Speaker noted:

The privilege of a member . . . when speaking in the House or in a Committee is absolute and that it would be very difficult to find that any statement made under the cloak of Parliamentary privilege constituted a violation of that privilege.

Additionally, in 1987 Speaker Fraser of the House of Commons noted that Parliament enjoyed

the protection of absolute privilege because of the overriding need to ensure that the truth can be told, that any question can be asked, and that debate can be free and uninhibited.

Mr. Speaker, I believe it is my duty as an elected member and the Leader of the Official Opposition to ensure that my right to questions remains free and uninhibited. The tradition of this House that will allow for free and uninhibited questioning must be recognized, preserved, and strengthened for members present and for members in the future.

Mr. Speaker, I feel that there is no prima facie case for a breach of privilege. It's unfortunate that I caused the member distress, and I'm sorry that that happened. In reading the statement by the Deputy Premier yesterday, I was disappointed by the comments, indeed attacks that were made regarding my conduct and the conduct of my caucus members inside and outside this House. I feel that these comments were unnecessary, unfounded, and only served to obscure the hon. member's argument for breach of privilege.

In summary, Mr. Speaker, my question was intended to seek clarification. It gave the hon. member an opportunity to clear the air and confirm what indeed had been said. The hon. member yesterday clarified her remarks, and I accept her explanation. I'm sincerely glad that she did not say what I believed I heard her say. Because there was uncertainty about the member's remarks, I had to ask the question. My intention was honourable. It gave the minister an opportunity to create certainty amidst the uncertainty surrounding comments made on April 11. The hon. member asked that I withdraw my accusation. I cannot because I did not make an accusation. I asked a question, which is my right. I will not apologize for exercising my parliamentary privilege.

But, Mr. Speaker, I will apologize. I am truly sorry for any distress or discomfort experienced by the hon. member, her family, or any of her friends. Thank you.

THE SPEAKER: The hon. Government House Leader on this point.

MR. HANCOCK: Yes, Mr. Speaker. I'm rising only because it is with a great deal of disappointment and regret and shock, in fact, that the member opposite did not see fit to apologize and withdraw

his comments and remarks. First of all, a question in this House to a member of Executive Council under our rules is for the purposes of ascertaining government policy, not for the purposes of asking what a person said or did not say in a private conversation or a public conversation when that member was not recognized in the House. So the very premise upon which he makes his remarks is unfounded and improper and should have been withdrawn, in fact should have been ruled out of order at the time.

The concept that the hon. member is using his privilege as a member in raising a question like that in the House is absolutely inappropriate right from the very start. The purpose of question period is to allow members of this House to seek explanations of government position and policy and accountability from members of Executive Council on positions of government policy. So from that perspective there is no question of the member's privileges being violated, in fact quite the opposite. In framing a question rather than making a statement, one is doing what is often done by people asking questions for which there is no appropriate answer and, by doing so, putting the very issue on the table. That, Mr. Speaker, is what breached the hon. Minister of Agriculture, Food and Rural Development's privileges. By putting a question that's unanswerable on the table, it puts the implication out there which cannot be appropriately responded to. It was inappropriate to do it by way of question, and it was inappropriate to make that question.

Now, members have to have the opportunity in this House to raise issues when statements are made. Members are recognized to speak, and when you recognize a member of this House to speak, that is the only person who is on the record in this House and the only person who is entitled to speak. But there are occasions from time to time when inappropriate things are said or done, and people have to have the opportunity to deal with that. There is an appropriate way to deal with that: going through the Speaker to research the question and to find out before putting something on the record and abusing a person's reputation. Before doing that. So the process was inappropriate in terms of using question period as a way to ask that type of a question, and it was inappropriate to make an allegation of that nature on the record without having done the appropriate research ahead of time.

Mr. Speaker, on both counts I would support the hon. minister's question of privilege and ask that you rule that there is a prima facie case. It has not been answered in any way, shape, or form by the hon. member. In fact, he has made it worse.

2:50

THE SPEAKER: Additional comments on this point? We've heard one from the government side. Is there anyone else?

The hon. Member for Edmonton-Highlands.

MR. MASON: Mr. Speaker, I hesitate to get drawn into this.

THE SPEAKER: You were recognized yesterday. You made a comment. Is it something further?

MR. MASON: It is.

THE SPEAKER: We're not having a debate here.

MR. MASON: No. I appreciate that.

I believe that the hon. Government House Leader is correct about one thing, and that is that question period is an opportunity to hold the government accountable for its administration and its policy. I would suggest that there is a point of order that would be valid. I do not believe that a point of privilege should be sustained on this item.

THE SPEAKER: The hon. Deputy Government House Leader.

MR. STEVENS: Yes. I wish to speak to this matter, Mr. Speaker. The hon. Deputy Premier in her comments the other day indicated that the thing that one has that is most valuable is one's reputation, and you spend a lifetime establishing what that reputation is. I don't think that there is anybody in this House who would disagree with that. What the hon. Leader of the Official Opposition did by raising the first question, which was denied, and putting forward the second question, which flew in the face of the answer that he received, was call into question the Deputy Premier's reputation. That is the type of thing that is published outside of this House. That is the kind of thing that swirls around in the media, and there is no basis. All that the hon. Leader of the Opposition has said today is: I had a belief. Well, anybody can stand forward and say, "I had a belief, and I ask the question by saying: I thought I heard you say." But the fact of the matter is that there is no foundation – no foundation – that has been offered by the hon. member opposite for his belief. Nothing. Yet he has put forward the hon. Deputy Premier's reputation, called it into question.

The purpose of this process, Mr. Speaker, in my opinion is to establish whether there is a prima facie case. If there is, that will give the hon. Leader of the Official Opposition an opportunity to lay the foundation for his belief. If he can, then that is one thing. He didn't choose to do that today. If there is no foundation, however, no possibility of a reasonable belief, then there is the issue of mala fides, and that is what we're talking about here. If you have no basis for standing up here and asking a question, then you ought to be called to account, and that is what this is about.

THE SPEAKER: The chair is prepared to rule on the purported question of privilege that was raised by the Deputy Premier yesterday afternoon. The chair confirms that proper notice was given by the Deputy Premier Monday afternoon shortly after the incident in question transpired, and therefore the requirements in Standing Order 15(5) have been met. The Leader of the Official Opposition has had an opportunity over the last 24 hours to review the Deputy Premier's comments from yesterday where she clarifies the nature of her statements that were the focus of the leader's questions on Monday afternoon.

The chair would like to say at the outset how it is regrettable that this matter has not already been resolved. The events giving rise to this purported question of privilege stem from the Leader of the Official Opposition's third set of questions during Oral Question Period on Monday. During his preamble the leader stated, "We believe" certain statements were made by the Minister of Finance and the Deputy Premier during question period on April 11, 2002. The Deputy Premier unequivocally denied making the statements alleged by the Leader of the Official Opposition, as reported in the April 15 *Hansard* at page 667. This reply to the first question should have ended the matter. However, the Leader of the Official Opposition ignored the Deputy Premier's response when he asked the question, "How do statements like that reflect policy decisions made by the government?"

Typically, in this Assembly one accepts the word of an hon. member. To quote from *Beauchesne*, sixth edition, at paragraph 494, "It has been formally ruled by Speakers that statements by Members respecting themselves and particularly within their own knowledge must be accepted." I emphasize the word "must."

The chair is reluctant to report the exact words that the leader attributed to the Deputy Premier. Had the Deputy Premier or any member stated these words on the record, the chair would have intervened as they most definitely impugn the reputations of

individuals outside the House and would be out of order. The Leader of the Official Opposition used the device of asking the Deputy Premier: did she use the phrase? It is a well-established parliamentary principle that members cannot do something indirectly that cannot be done directly. This is well stated in *Erskine May*, 22nd edition, at page 387: "A Member is not allowed to use unparliamentary words by the device of putting them in somebody else's mouth."

There was no doubt in the chair's mind that the Leader of the Official Opposition's first supplementary question was a breach of the rules of this Assembly. This is a clear violation of Standing Order 23(h).

Now, whether this amounts to a prima facie question of privilege is another matter. The question is whether the words constituted an improper obstruction to the member in performing her parliamentary work. The chair listened very attentively yesterday to the Deputy Premier's comments that the leader's allegations have affected the dignity of the House and have called her reputation into question. These appeared to be heartfelt comments, and the chair takes this matter very seriously. However, the chair faces some difficulty in concluding that this constitutes a prima facie question of privilege. First, the alleged comments that were the subject of the Leader of the Official Opposition's question were not recorded in the official records of the Assembly, nor did the chair hear the remarks. As noted in paragraph 486 of *Beauchesne* and at page 526 of *House of Commons Procedure and Practice*, private conversations not heard by the chair do not invite the intervention of the chair. This may address the point made by the Member for Edmonton-Highlands yesterday.

Secondly, the weight of parliamentary authority indicates that allegations against a member are very rarely held to be a breach of privilege. In previous rulings that have involved allegations against members, one on November 17, 1998, and the second one on May 28, 2001, the chair has cited the following passage from Joseph Maingot's work *Parliamentary Privilege in Canada*, second edition, at page 254:

Language spoken during a parliamentary proceeding that impugns the integrity of Members would be unparliamentary and a breach of order contrary to the Standing Orders, but not a breach of privilege.

The chair would also take note of the ruling from the House of Commons by former Speaker Fraser from May 5, 1987, where he held that an allegation of a purported conflict of interest against the Minister of Fitness and Amateur Sport, the Hon. Otto Jelinek, did not amount to a prima facie question of privilege as the member's ability to perform his functions had not been impaired.

Finally, given that the Deputy Premier has had the opportunity to clarify her comments in the official records of this Assembly, it is very clear what in fact transpired last Thursday. As this is now part of the official records of this Assembly, it is difficult to see that this situation now falls into the group of rare examples where an allegation has impeded a member's parliamentary duty.

Although the chair has not found a prima facie case of privilege, the chair is very concerned about the statements in this Assembly that have given rise to the points of order and privilege over the last few days. As all hon. members know, points of privilege should arise very rarely in our Assembly. However, recent events in this House would suggest otherwise, as this is the third privilege ruling in three days. What transpires in this Assembly receives wide attention, and unsubstantiated accusations or allegations not only impugn the integrity of the particular member but tend to diminish the respect and dignity that is given to the institution of parliament.

3:00

The chair realizes that this is a serious place where serious words

are used. The stakes are high, but at the end of the day members have to work together to do the work that the people of Alberta have elected them to do. Unsubstantiated allegations and accusations only serve to poison the environment we must all work in and bring no credit to the member raising the unsubstantiated allegations and accusations.

The bottom line is that this is very clearly a violation of Standing Order 23(h), and failure by the Leader of the Official Opposition to withdraw his comments or apologize will result in the chair calling the member to order. The chair would now call on the Leader of the Official Opposition, who may wish to resolve this matter now or wait until this time Thursday, to respond.

DR. NICOL: Mr. Speaker, I can't emphasize in this House the sorrow that I feel in the anguish I've caused the Deputy Premier. I acted on what I believed was a proper process. The end result is not in any way or form what I thought it would be or what I intended it to be. I was seeking clarification. I withdraw that part, all of that comment. I apologize to the Deputy Premier, her family, and her friends, as I said.

I think the deputy House leader on the other side made reference to a whirlwind. Well, when we put words out into the wind, we never know how they're going to be heard, we never know how they're going to be perceived, and we never know the connotation in which they are interpreted. I can tell this House with all of my integrity that it was not intended in any way to reduce the esteem and the honour in which I hold the Deputy Premier. Under I think it was section 23 you said, I do withdraw that part of my question. It was a follow-up to the first part that was done in the context again of the preamble, not necessarily the response to the question, but if that is the point of contention, I withdraw it, Mr. Speaker, and I really apologize to this House and will be much more diligent in the future.

THE SPEAKER: I want to bring this matter to a close. Hon. Deputy Premier, from the records of our Assembly and particularly from the records of Thursday, September 23, 1993, a similar type of event occurred, and I read from the official records of the day.

If a member intends to apologize for and withdraw any remark, whether as a result of a point of order or a question of privilege, the apology should be sincere and the withdrawal unequivocal.

The statement of the day further says, "The *Oxford Dictionary* defines apology as a: 'regretful acknowledgment of [an offence] or failure; [an] assurance that no offence was intended,'" and apology further by the offending member will invariably close the matter. Close the matter. Does the hon. Deputy Premier feel that this matter has now been closed?

MRS. McCLELLAN: Mr. Speaker, in my comments yesterday I said:

It is my sincere hope that the Leader of the Opposition does the honourable thing and unconditionally apologizes, withdraws the accusation, and admits that what he said and did was wrong.

I believe I heard some regret of the comments. I believe I heard an apology, and I believe I heard a withdrawal of some words.

This, as I indicated yesterday, has probably been one of the most hurtful things that has occurred in my almost 15 years in the Legislature, probably most hurtful because it came from a person that I felt was an honourable colleague and indeed a friend. I will accept the comments that have been made, whether they fully meet – my personal thoughts on this, Mr. Speaker, may take me some time to determine, but in the best interests of the operation of this House and in the hope that the dignity of this institution is considered more carefully by all of us, I would consider the matter closed.

head: **Orders of the Day**

head: **Government Bills and Orders**

MR. HANCOCK: Mr. Speaker, as has become the norm, I seek unanimous consent of the Assembly to waive Standing Order 58(4) to allow this afternoon's consideration of the estimates of the Department of Energy to go beyond two hours with the vote on these estimates to take place no later than 5:15 this afternoon as per Standing Order 58(5) or sooner if no one further wishes to speak.

[Unanimous consent granted]

head: **Committee of Supply**

[Mr. Shariff in the chair]

THE DEPUTY CHAIR: We will call the committee to order.

head: **Main Estimates 2002-03**

Energy

THE DEPUTY CHAIR: As per our Standing Orders the first hour is allocated between the minister and members of the opposition, following which any other member is able to raise questions. I now invite the Minister of Energy for his comments.

MR. SMITH: Well, thank you very much, Mr. Chairman. Let me talk about, with pleasure, the estimates for the fiscal year 2002-2003. I think that since Premier John Brownlee passed the Natural Resources Transfer Act of October of 1930, it's been very clear that oil and gas have been of primary importance to not only this Legislature, not only the elected members but also to all Albertans. In fact, when some 66,000 people gain their daily bread from oil and gas and it affects as much as 35 percent of our gross domestic product, you can see that the attitude of exploring for oil, exploring for gas has indeed permeated all Albertans. In fact, an old geologist once said that oil is not found in the ground, but it's found in the minds of men.

Having talked about the importance of oil and gas in this province and how its revenues this year are focused at just under \$4 billion and the fact that we depend on it greatly for our economic well-being, we are going to listen very hard to the comments from members opposite, we are going to listen very hard to the comments from our own members, and we're going to work very hard at providing good, straightforward answers as quickly as we can provide them so that there is good information in the hands of all our elected members here. I think this is an industry so critical to Alberta's future – and it's a very complex business, Mr. Chairman – that we have to continue to know more and more about it every day, and I think that part of this exercise might help us put that knowledge out towards members who haven't worked in the industry.

3:10

Now, as I look at the Assembly, I know that the Member for Grande Prairie-Smoky has had a lifetime of experience in the oil and gas industry and understands its economic value to his constituency. I know that the Member for Edmonton-Gold Bar has worked hard in the industry and has a good understanding of the industry. When I see the Minister of Sustainable Resource Development, I know that he has had experience with the oil and gas industry and knows what it means to northern communities and communities that sit upon absolute lakes of bitumen. In fact, if you take a look at the heavy oil deposits around this province, Mr. Chairman, you'll find that they'll

take up 20 percent of the size of France. There are some 140 square kilometres of oil sands.

If you take a look at the Member for Airdrie-Rocky View, that member was brought up in the oil and gas industry and in fact probably had her first glimpses of all Alberta through the windshield of a pickup truck while rigs were on the move. If I look at those others here, Mr. Chairman, I can see that there is a really broad array of oil patch expertise. I even think of the Member for Calgary-Bow and know that her experience in computer software brought her into close contact with the oil and gas industry.

This is an industry that leads Alberta, that Albertans breathe every day. They take risks. They win from it; they lose from it. There used to be an old story about an Alberta oilman who went to the dentist, Mr. Chairman. The dentist looked at him and said, "You have absolutely perfect teeth," to which the oilman replied: "Well, drill anyway. I feel lucky."

Part of the oil and gas industry, Mr. Chairman, is not only the fact that it generates substantial and fair royalties to its owners, Albertans, but it generates investments, and investment creates the jobs. It's the jobs that have created the fabulous growth of this province and allowed us to move forward. I think that when we see the linkages of this industry and the linkages with northern gas, Alaska gas, you can see we have a province that has a strong and secure future.

We also have a secret weapon, Mr. Chairman, that I know everybody is counting on. We've got to be the only jurisdiction I know of on the globe that has conventional oil deposits that are declining yet has oil production that is rising. That's because of the oil sands, the manufacturing and mining of bitumen or the oil sands. Some 311 billion barrels of recoverable reserves sitting on a lake of some 1.3 trillion barrels of oil will keep Alberta in the pink or in the black for a long, long time. We are fortunate, and it's because of a good partnership between government and industry with responsible regulation from one of two top regulatory boards housed in Alberta: the Alberta Energy and Utilities Board.

So, Mr. Chairman, I know that members opposite, those remaining, are absolutely eager and keen to get involved with this. I just want to take this moment to reflect on the able assistance that a minister receives in his pursuit of his duty with the presence of Mr. Mike Ekelund, acting assistant deputy minister for gas; Mr. Bob Taylor, assistant deputy minister for oil and heavy oil; Ms Charlotte Moran, director of communications for the department; Mr. Don Keech, assistant deputy minister of minerals; Mr. Joe Miller, erstwhile appointee to the department; Mr. Ken Smith, deputy minister; and in fact just to make sure that we're giving right information, accurate information, and information that the industry can use, I also notice that Ms Nola Bietz, no stranger to this building, is here in her position as government relations vice-president for the Canadian Association of Petroleum Producers. Welcome to all.

Of course, because of the arm's-length relationship that we have with the Energy and Utilities Board, I didn't want to include the head of the board with the rest of the department, Mr. Chairman, but Mr. Neil McCrank, the head of the Alberta Energy and Utilities Board, is also with us today, and we appreciate all their time spent on this topic in the House today.

Having said that, Mr. Chairman, I look forward to comments.

THE DEPUTY CHAIR: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Chairman. It's a pleasure to participate this afternoon in the estimates regarding the Department of Energy, and certainly the hon. minister is going to be

a very, very busy minister. There is significant interest in not only the oil and gas industry in this province but certainly in our experiment with electricity deregulation.

Now, there are probably many important regulatory bodies in this province, but the minister at the conclusion of his opening remarks touched on the role that the EUB has, not only with the department but also in the role it plays in Alberta's energy development, whether that's synthetic crude – and the minister certainly noted the dramatic increase in the production of synthetic crude. Mr. Chairman, it has been 30 years since we went on a steady decline of conventional crude oil production in this province, and the efforts made to increase synthetic crude production certainly do not go unnoticed on this side of the Assembly.

The EUB's priority areas are organizing electricity generation, public safety, and sour gas reports and recommendations – certainly with a lot of rural landowners and a lot of residents of rural Alberta sour gas is an outstanding issue – and, as I said before, oil sands development and the timely fashion in which oil sands development is proceeding.

All hon. members of this Assembly cannot underestimate or ignore the strategic role that the EUB plays. I think there are between 38 and 40 different statutes that they fall under or seek guidance from. To the Minister of Energy: in the future how will the annual budget of the EUB be determined? Will there still be this balance between industry and government, or will it eventually become a hundred percent funded by industry, or will there be more of a balance where it's 50 percent funded by government and 50 percent funded by industry?

3:20

Now, I have corresponded with the respective minister regarding my concern about this EUB advisory committee, and I received a rather gracious letter back seeking names for this advisory committee. My concern – and I still have this concern – is the ratio, Mr. Chairman, between industry representatives and public members, and this, I believe, flies in the face of the mission statement or the values that are discussed by the board. I would like to see more than one public member. You know, this doesn't have to happen overnight, but I certainly think that there should be more than one public member on the EUB advisory board. I think it would go a long way to settling a lot of these outstanding issues that have cropped up here lately regarding drilling rights and access for oil and gas production on property.

There's certainly no doubt that the activity levels of this organization – I believe it is remarkable that they have been able to carry on. Certainly in the past, in the last five years, I think they may have lost a lot of good people. There was a performance measure somewhere – I don't know if it's still here – about regrettable staff turnover. I hope that we have learned our lesson. If we're contemplating government layoffs, we only have to look at the EUB to know that perhaps it was not the right thing to do. These people were skilled, and they were recruited, I think, quickly by private industry. We, as a result, were left with long turnaround times on regulatory approvals, as I understand it.

Now, I talked earlier about the decline in conventional oil production, but there has been a dramatic increase in that same time period. When we started on the downhill slope with conventional oil production, there were about 70 companies, as I understand, active in the province, and today there are more than 1,200. That's a 1,700 percent increase. Certainly there has been a reflection in wells drilled in that same time period. There's been a 740 percent increase.

Again, this gets back to my previous point. I certainly hope the

Minister of Energy is not contemplating what was done in the past. In 1970-72, at the same time conventional oil was declining, the EUB had a staff across the province of roughly, I understand, 300. Now, 30 years later, there are 700 on staff, a little better than 700. That's roughly a 235 percent increase. You can see the activity that has gone on, and you see the staff, so I think these folks, as some people would like to call them, are certainly earning their compensation packages.

Utility hearings. There has been such a large increase in utility hearings. I want the minister to tell this Assembly that these hearings which are due to regulatory requirements associated with electricity deregulation – and there was an \$8 million adjustment to the deferral accounts, this time in favour of the customers, that was announced yesterday by two utilities. The decision, I believe, is close to 290 pages, so these things take time. I want to be assured that we're going to have enough staff to conduct the affairs of this body in a timely fashion, not only for future electricity projects but also for the restructuring of the natural gas industry. Now, I'm certainly not a fan of selling our resources too quickly. I don't think we should be in such a hurry to be selling off our natural gas resources and particularly the liquids, but we'll get at that a little later on this afternoon.

There are performance measures to deal with in the EUB, and a colleague is certainly keen to discuss the performance measures, but we have to look at – and hopefully we're going to get the time to discuss this in detail this afternoon – the priorities for future electricity generation in this province. Current electric supply capability in megawatts is roughly fluctuating around 10,000. Now, it depends on what year you look at, what fiscal plan you look at. It's noteworthy, because there appear to be to this member some discrepancies there. If we had a 2 to 3 percent growth in demand annually and we do not want to rely on the imports of electricity particularly after the cap comes off the Pacific northwest, we could be in trouble again.

There's certainly a nervous line of questioning from government members to the minister during question period regarding rural electrification areas, whether it's about billing or whether it's about the cost of the power.

Now, certainly there are new power projects on-line. In the Peace district there are two, I believe. There are a couple in Calgary with location-based credits. I was told repeatedly that we're out of the business of being in business, and this notion of having location-based credits – yes, we have transmission difficulties, and this is one of the problems that the minister is going to have to deal with. We have a lot of talk of reaching capacity with the main north/south line. There's talk of having a line built from Fort McMurray south, and there is talk of the export line.

We had a committee struck, this electricity supply task force. That was formed, I believe, as a result of a brownout, and I consider us lucky – it's good luck – that we have not had another significant shortage of electricity since that unfortunate Sunday afternoon in Calgary. There was a committee struck, and there was a report completed in February of last year. I believe there were 14 recommendations made. To the hon. minister: how many of these recommendations have been implemented, and when are the other recommendations from that task force going to be implemented? I don't believe they've all been implemented.

Now, sour gas is discussed as perhaps the EUB's biggest future challenge, and it's the number one fear, as I understand it, for rural Albertans, for the lives of their families, for the health impact on their families, on livestock. Certainly it's reflected in property values, because if you have a high pressure sour gas well within a kilometre of your home, perhaps it's going to be harder to sell.

There has been public consultation across Alberta. There were many, many recommendations made. When are these recommendations to be implemented and how many?

I said this last year in, I believe, the same department, and I guess, Mr. Chairman, if you repeat it often enough, perhaps it will become reality. I would like to see the Peace River district made a priority for future oil sands development. If it cannot be made a priority, if I could have the answer as to why not, I would be very, very grateful. I know that Shell did some work up there. I thought the results of that work were positive, but perhaps I've been misinformed. Now, certainly for in situ development – perhaps not the conventional drag the overburden off and let's make a mine – perhaps it's time that we spread this development a little further to the west. I've said this earlier. I know we seem to be having budget shortfalls, but I see a highway going straight west of Fort McMurray right across to the Peace region someday, a two-lane highway, paved. Hopefully I will live to see that day.

3:30

Now, we certainly have a lot of international experience in the energy industry in this province, and I would like to know what priority the department is putting on increasing trade and expertise with the Chinese government. My research indicates to me that one of the largest increases in consumption of petroleum or petroleum products for the next 10 years is going to come from the Chinese, and I see that as a market opportunity. I would like to know what we're doing to export and make a dollar on, as well, some of our Alberta technology. Certainly a lot of other areas on the globe are cutting back through conservation their use of petroleum and petroleum products, but it doesn't seem to be the case in China. I wonder what the hon. minister has to say regarding that.

Also, the use of fuel cells. I would also like to live long enough, Mr. Chairman, to see the widespread use of fuel cells not only in automobiles but in large installations that would, say, supply electricity for a fairly large complex, much larger than this Legislative Assembly and the surrounding buildings. What studies is the Department of Energy doing to encourage the development of fuel cells and fuel cell technology in this province? It's the future. I am concerned about the decline in conventional crude oil. As that declines, it gets more expensive to find, but fuel cells are maybe one of the alternatives we could look at.

I would also at this time like to know what the department is considering as far as royalties – I'm going to get to royalties a little later – on coal-bed methane perhaps as that develops. Now, I'm told that 7 percent of the natural gas in America that's produced comes from coal-bed methane. There are a lot of deep coal seams, particularly in central Alberta, you know, lying east, to the west, to the foothills from almost highway 2. What studies are being done regarding the exploitation of this resource, and what sort of royalty structure would be set up for that?

Now, I'm not satisfied with any of the answers I've received in this next related issue, and that's electricity exports and imports to this province. We were sort of an isolated grid before this experiment, this costly experiment on electricity deregulation that has gone on. We were sort of isolated. Certainly there were requirements every now and then for imports, but we have gone from some of the cheapest electricity in North America to some of the most expensive. Not only is it expensive; it is not reliable. It is noteworthy that as many officials gathered to celebrate the naming of Edmonton as one of the best places in the world to do business at the Shaw Conference Centre, there was a reception going on. It was about a month ago. It was a noteworthy achievement, but it was clouded by the fact that at that time the Power Pool price between 6 and 7 o'clock on that

day was, as I recall, 23 cents a kilowatt-hour. If that price was to be sustained, it would literally kill our economic advantage. I can look at some of the prices that have occurred, Mr. Chairman. We'll talk about this later on. I'll cede the floor.

THE DEPUTY CHAIR: Before I recognize the hon. minister, may we briefly revert to Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**

(reversion)

THE DEPUTY CHAIR: The hon. Member for Calgary-West.

MS KRYCZKA: Thank you, Mr. Chairman. I wish to introduce to you and through you to members of this Assembly two guests who were here earlier and had to leave: Peter Kinnear, who is the director of government and regulatory affairs of the TrueNorth Energy foothills oil sands project, and D'Arcy Levesque, vice-president of public and government affairs, also of the TrueNorth Energy foothills oil sands project. I just want to share that Peter was at one time the executive assistant to hon. LeRoy Fjordbotten. He is also a constituent of mine and, I know, a great supporter of mine in Calgary-West both on my PC Association board and also in the community. These two guests in their absentia can't rise, but I would just like us to welcome them in the appropriate manner as if they were here.

Thank you.

head: **Main Estimates 2002-03**

Energy (continued)

THE DEPUTY CHAIR: The hon. Minister of Energy.

MR. SMITH: Thank you. I guess hiding behind those two guests, Mr. Chairman, was Mr. Doug Borland from the department, who I did not see in my first pass of the members' gallery.

I really, really want to respond to the questions from the Member for Edmonton-Gold Bar, the Official Opposition critic. I want to respond to all the questions, and I might even respond to the one or two that are directed at the estimates.

Mr. Chairman, there's lots of interesting content, and I'll try to take them from top to bottom rather than trying to sort them. It sounds like the member is equally as proud of the accomplishments of the Alberta Energy and Utilities Board as I am. I believe that prior to his arrival as a private member my second bill that I took through as a government member was the amalgamation of the Alberta Energy and Utilities Board, the old Energy Resources Conservation Board, and the public utilities commission. So that's legislation that has my name on it, and I am extremely proud of the work that those people have done under difficult circumstances.

In fact, the Member for Edmonton-Gold Bar points out that they continued to meet their performance measure even under difficult times of a high turnover due to some difficult wage gaps between that of the regulator and that of the private sector. As the member goes through the business plan, which I know he's keen to do, he will see that in fact the actions of the last year have reduced the turnover of staff of regrettable man-years from some 400 to well below that of 125 years. So in fact progress has been made, and he's been very good to point that out, Mr. Chairman. Of course, while he was reading that, he didn't mention it specifically, but I know it was in the back of his mind that the Energy and Utilities Board continued

to meet their standards 99.9 percent of the time. So in fact even in periods of high turnover they were able to perform diligently.

3:40

Of course, the member I think is complimenting the diligent work of this government, of over 100 people who actively spend every waking moment on the royalty regime. He talks about the expansion of oil companies and gas companies in Alberta from some I think his numbers were 70 to over 1,200, a 1,710 percent increase. We welcome that growth, and we welcome that compliment from the Official Opposition critic.

Yes, he is absolutely right, Mr. Chairman, that conventional reserves peaked, I believe, in 1973 at some 1.35 million barrels per day of production and subsequently declined now to about 600,000 barrels per day. One of the things that you can do with a royalty regime is you can help enhance the oil recovery, which allows you to take more and more oil from those reservoirs that were once thought depleted. In fact, that's also spelled out in our business plan. We think that there still remains a good recoverability of further amounts of oil from those resources through enhanced oil recovery, whether it be nitrogen, which is also being used now in Weyburn, Saskatchewan, or carbon dioxide, which is used as an injectable. They're looking at ways of getting more out of those oil reserves.

I noticed through the member's comments, Mr. Chairman, that there was a theme of how he'd like more control over the private sector. I'll address that in the end, although it is contrary to the free market access and entrepreneurial basis that the government today is espousing. Reading back in past Liberal history, I would think that past Liberal control of the oil and gas industry would best resonate through the document of October 28, 1980, known as the National Energy Program. In fact, that particular program cost this province – these individuals, these companies, Liberals and Conservatives alike – some \$60 billion. Although the member continues to espouse a Liberal dogma of continued control in the marketplace, we'll continue to fight that with every breath that we take to provide free enterprise a chance to succeed in this land.

Mr. Chairman, let me go on and respond. The member has indicated that he would like to appoint oil companies into the Peace River oil sands area. He's quite right in that Shell has spent a great amount of dollars there. In fact, as you go north and a little bit east of Peace River, you'll also find a significant conventional oil discovery in the Peace River arch. You see that the private sector has spent a great amount of dollars, has used technology as it has evolved over the last few years, and it's they who will make the decisions about where to drill, where to develop, and where to invest their money. In fact, what they have done is decided to put over \$51 billion worth of investment into oil and gas development, and that happens to be focused, at this point, on the Fort McMurray through Bonnyville area.

Now, I know that CAPP is here. They're probably taking notes about where the member would like to see them go, and perhaps he can go and make an individual presentation to the members of the Canadian Association of Petroleum Producers and explain why he believes that the Peace River area is an important area and what policies of a Liberal – shudder the thought – administration might direct private-sector activity to that area.

I do want to also speak briefly, Mr. Chairman, on the royalty comments. I know that he has more to discuss. We do believe that we have a fair royalty program. It's one that has been worked on diligently. It is one that has performed with admirable results. Its performance measures are outlined in the business plan. Again, it's

one that we always welcome any comments on from anybody that may wish to add to the discussion.

Also, the member commented about the advisory committee at the EUB. We would welcome very much a Liberal submission to the EUB on what that particular party would deem appropriate funding for the organization. We do know that the EUB wrings value out of every dollar that they are granted from the budget of the Department of Energy and from every dollar that they use from the private sector. They are busy, as the member points out, on the electricity side. They have delivered the goods consistently inside the performance standards that they have published. They've done it with decisions in the Wabamun-Sundance area and with decisions in the Calgary area.

I do have to comment, just to clarify for the record, Mr. Chairman, on reliability. During the period of the new electricity market restructuring, there is no record of one cubic foot of gas not being delivered, of one kilowatt-hour of electricity not being delivered, of one dark moment in a bright Alberta, either future or past, that can be attributed to the deregulated model. Again, if the member has specific or directed evidence, we would be more than pleased to discuss that with him. I will say, though, as the member talks about control over where companies should be, control over how our expertise in marketing should be marketed, control over fuel sale royalties, that there's a marketplace out there. There's a marketplace that works. The deregulation or competitive market model of electricity has in fact created conservation through increased pricing signals. We do know that when the price goes up, people do use less. That's been proven over the past 12 months. We've seen almost a 6 percent conservation effect. Compare that to the experience in California, where those signals were blurred and in fact conservation did not occur.

[Mr. Tannas in the chair]

With respect to international service, international training, our expertise, we have supported the China-Alberta Petroleum Centre. They are a jurisdiction that's going to have a very, very difficult challenge. Their Daqing field, some 40 years old, now produces half of their petroleum requirements. They are doing a little work offshore. They're working with the private sector as well, but we have provided them with some avenues, as we have in other jurisdictions, for individual companies working in those state jurisdictions.

I do not believe that it is the job of this government to tell the private sector where they can make money. I think the private sector does a better job, a more effective job, and a more profitable job for Albertans to find their markets, develop their markets, and deploy their expertise. I believe it is our job to support their efforts, to provide them with entry points to markets where we can, but clearly the decisions lie in the hands of the private sector. I know that the Minister of Economic Development works very hard with the Alberta Economic Development Authority, and those discussions take place at that market, although I know that the Liberal way would be to provide a little bit more control on that.

So I think that covers the first pass of questions, Mr. Chairman, and I look forward to more from the members of the opposition. Thank you.

3:50

THE CHAIR: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Chairman. It's a pleasure to get this opportunity to rise again. That was an interesting

discourse by the Minister of Energy. So that my comments are not being misrepresented, there certainly is a role for regulatory bodies, and the EUB is a regulatory body. I will say no more on this matter other than to encourage all hon. members of this Assembly and members of the general public in the galleries to purchase Andrew Nikiforuk's book *Saboteurs* and read it and then discuss with your neighbours and with your friends why there's a role for a regulatory body that everyone can have confidence in in this province.

Now, I'm getting sick and tired of comments made about the NEP and that it was a one-way street. Well, Mr. Chairman, one only has to review *Hansard* from this Assembly when this Progressive Conservative government was in its infancy and how they were so valiantly fighting for increased control and use of natural gas and natural gas resources for the petrochemical industry in this province that they advocated a national energy program. I would encourage the hon. minister to perhaps, if he has any spare time, go back to *Hansard* during the first Progressive Conservative term, this same government in their first term, and how they fought . . .

MS BLAKEMAN: The Premier signed it; didn't he?

MR. MacDONALD: Not only the Premier. The Premier of the day would discuss in this Assembly the need to have a national energy policy, and he signed the agreement. He signed the agreement without any threat of force, as far as I know that period of history.

Before we blame Liberals for too much else – and I'm going to have to review what exactly the curriculum at the Notre Dame school in Saskatchewan is. Perhaps the students are playing a little bit too much hockey and not studying enough history, because in 1925 a Liberal government in Ottawa – a Liberal government in Ottawa – started the negotiations so that this province could have a considerable inheritance, which turns out to be our oil and gas royalties. Now, it did take time, but it was a Liberal government under Mackenzie King, and this was one of the first transfers in the British Commonwealth. We have to recognize that. Not only . . . [interjections]

Chair's Ruling Decorum

THE CHAIR: Hon. member, can you yield for a moment.

There are several quarters who seem to be anxious to enter into the debate, and that's wonderful. The hon. minister is going to get his chance in a few minutes, and if other members of the opposition or on the government side wish to, we'll take them in their turn. But the government members aren't on until some time from now according to the agreements that have been made by members of this Assembly. So right now we only have one member speaking and asking questions, and that's the hon. Member for Edmonton-Gold Bar.

Edmonton-Gold Bar.

MR. MacDONALD: Thank you.

THE CHAIR: Do you have a point of order?

MR. NORRIS: I just have a point of clarification, Mr. Chairman.

THE CHAIR: No. There's no such thing.

MR. NORRIS: I'd like to make a point of order then. If that's the ruling that's coming today, I'd be happy to abide by it, but I would remind hon. members that throughout this process that's the way it's been going.

THE CHAIR: Thank you. If you heard me correctly, hon. minister, I did mention that both sides, both government and opposition, will have to take their turns.

MR. NORRIS: I'll listen better next time.

THE CHAIR: Okay.

I did hear noise coming from those who would support the hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Chairman. I really appreciate that. Thank you.

Debate Continued

MR. MacDONALD: Now, this event of the federal Liberal government of the day assisting over a period of time the transfer of wealth is a very important event in the history of this province, as is the Royalite No. 4 well in Turner Valley, which in my view changed the entire history of oil exploration in the western Canadian sedimentary basin. Those two events cannot be overlooked. They are very, very important. So in the future I would like to encourage the minister, when discussion on the national energy program comes up, to also talk about the historic role that the Progressive Conservative Party in this province had in its development and its implementation and also the role that the federal Liberals had in the succession of oil and gas rights for the government so that the Minister of Finance here can have a budget and enjoy revenue that other areas of the country, other ministers of finance can only dream about.

Now, with that, Mr. Chairman, it's time to talk about one of the problems that we're dealing with this afternoon in the business plan, and that is: what exactly is the Department of Energy going to do with the issue of electricity exports? What is the policy of this government for exporting electricity? Members may ask: well, why would this matter? Let's look at February of this year. There was roughly \$850,000 worth of electricity exported, and the price was about 2.8 cents a kilowatt. In the last 12 months that price averaged 6.3 cents a kilowatt. If we're looking at building electricity generation and people are looking at the potential of exports to pay their costs, are they going to be able to do that at these prices? We're not exporting much electricity, and in this same time period we have imported. Now, I'm sure the minister is going to say: see; we're importing all this electricity, so we better build some more generation. But we're importing this electricity, about \$4.5 million worth, and we're paying roughly 3 cents a kilowatt, so how is all this going to be ironed out?

If we look at last year, of course, when there were dollar signs in everyone's eyes, there was a significantly greater price for electricity whenever you were importing it. Some people paid as high as 47 cents. Some people paid as little as 15 cents. Some people paid 7 cents. That's quite a change. Naturally our exports of electricity took a sudden change when the Americans put a cap last June on their electricity prices in the Pacific northwest.

Now, can the minister please tell this hon. member and the House: what role – and certainly in the documents that are presented in the budget there is a role, and there's a regulatory role in this as well – is the Department of Energy playing in discussions with the Federal Energy Regulatory Commission in America in regard to setting up the Regional Transmission Organization West? Is this going to be a partnership? What role is B.C. Hydro or Powerex going to play in this? Are there plans for the construction of a transmission line through southern Alberta directly south to Las Vegas? Who's going to pay for this line? These questions are not only for this hon. member but certainly for investors and consumers, whether they're

industrial, residential, or commercial. They have every right to know, and they need to know now.

4:00

We're talking about the EUB. How are we going to pay for the location-based credits? Is that money coming out of the Power Pool? Where did all the rest of the money go from the power purchase arrangements? When will the next auction sale occur? I was led to believe that it was to occur last November, because some of those original contracts were for one year. If this auction was delayed or whatever sort of process was going to happen, when will all this come about?

Now, another question I have regarding electricity at this time is: how are we going to get rid of the bottlenecks in the transmission system? What plans does the minister have to get rid of all these bottlenecks? Certainly there are areas of the province where the electricity transmission system is running at capacity and others where it is not.

With all these new rules that we've had for electricity, we need to clarify for consumers, and yesterday I asked the question about billing practices. In Wabamun, west of the city, there is an individual who gave me his power bill, and there were 13 different line items that I could detect that comprised the total price, and the price is sky high in comparison to what it used to be under the regulated system. This gentleman gave me this bill, and I was astonished to look at it because it was so different from my bill at our house, which has eight line items to comprise the price, and yesterday I asked if perhaps we should have standardized billing across the province so consumers know precisely what they're paying for. Now, Mr. Chairman, I would note that both of these bills were from different areas. One was from the city and one was from Wabamun. However, they're from the same electricity provider. I've heard so many times the hon. minister talk about competition. Well, there doesn't seem to be much competition developing with the providers.

Transmission bottlenecks. There's also the issue, Mr. Chairman, of transmission access. Could the hon. minister please tell me: does the federal Energy Regulatory Commission have direct control over access to Alberta's transmission system? Before we proceed any further with exports, what exactly do they have control of? With the payments in lieu of taxes that the municipally owned electricity generators and in some cases marketers or providers, whatever category you want to put them in – where does that money go?

Before I conclude this portion of my comments, where did the remaining money from the sale of the PPAs, the power purchaser arrangements, go? What account is that in? That's a very important question I think, and I may have overlooked it. With that, at this time I think I will conclude my comments on electricity and certainly move on to natural gas.

Now, the minister has explained to the standing policy committee, Mr. Chairman, very smoothly that we have no problem with ethane in this province, and by ethane I mean to be used as a feedstock for the petrochemical industry. We've got lots. There's no end to our ethane. This gets back to my sort of admiration for a previous Conservative government when they fought like badgers to establish a petrochemical industry in this province, and the current government to my amazement developed policies that led to the export of the natural gas liquids in the Alliance line.

I know that the minister and I have a different view of this, but in the Auditor General's report – and it's been brought up for a number of years now – there is some concern about how we collect our royalties. I'm not talking about the amount of royalty for new gas or old gas or what type of well it is, how deep, or whether it's a horizontal well. I'm talking about the actual mechanical mecha-

nisms that are there to make sure, as the Premier is fond of saying, that we get our pound of flesh. How up to date is that system, and has there been any success in reducing the amount of amendments that are made whenever the royalties are collected? Now, how is all this working? Can this hon. member have confidence that we are getting every last nickel of royalty revenue that we deserve from that resource?

There certainly has been this VIPIR project initiated by the EUB, and again it's, as I understand, in partnership with industry or stakeholders. If the minister could report any progress on this to the House.

Also, the Alberta royalty tax credit. The minister was talking about how industry likes to be left alone and make their own money. Well, you know, depending upon the price of the resource, there's a significant amount of money, Mr. Chairman. In some cases it's \$180 million annually. Some years it's as little as \$140 million. This is the Alberta royalty tax credit. When the cash flows are robust, to say the least, for the resource industry, why are we continuing that program? It may have been a good idea when it was started, because it certainly kick-started the industry, so to speak. Who exactly is the beneficiary of this Alberta royalty tax credit? Is it just the junior companies, or is it everyone, all the players, so to speak?

With those questions, Mr. Chairman, I will take my seat, and I will anxiously await the answers from the hon. minister. Thank you.

4:10

MR. SMITH: Well, Mr. Chairman, let's not have him wait very long. I know the spirit of the House during the last week has been a little bit contentious. They talk up about some of the discussions about the good Catholic faith, and then I'm a little surprised to hear a little bit of a shot to my old alma mater, which is Notre Dame College, and a wonderful monsignor by the name of Athol Murray. Like the individual across, a member brought up on the ways of the east, he did not know that in fact the west was the promised land until he arrived here in 1927, as this member knows when he arrived here from the island about – I guess it would be 15, 20 years ago now. [interjection] Twenty seven years ago. We've done a good job, too, with him. I think he's made progress.

I would like to talk to the House for some time about the exploits of Monsignor Athol Murray, who is probably the reason why I'm in politics today. In fact, he was an individual, Mr. Chairman, who would go out and rail at invitations to speak, and he would rail at the government of the day in Saskatchewan. Now, that Premier of the day happened to be Tommy Douglas, and Athol Murray was one of those monsignors that was firmly committed to free enterprise. He believed that government's role was to be an umpire and that a Canadian's great strength was their will to succeed as a small businessman in the marketplace of today. So the good monsignor would go out and talk about the benefits of capitalism and the disadvantages of socialism, and in fact he referred to it as Marxism.

At the end of those speeches – and oftentimes those speeches were fueled by some of Johnny Walker's finest product, Mr. Chairman, which, I know, you have more than a passing knowledge of yourself. Nonetheless, he would come back some 30 miles outside of Regina to a college that had about 300 students in my time living in granaries, living in buildings that were already condemned, and he would await what would happen the next day. The next day there would be a phone call from the bishop in Regina responsible for all of Saskatchewan, and the phone call – although I was never present, Mr. Chairman – would go something like this. "Athol," and Athol would respond, "Yes, your grace." "I hear you've been out speaking again." "Yes, I have." "Well, I am enclosing the telephone number

of the Premier's office in Regina, and he is waiting expectantly for an apology from you." So on more than one occasion Monsignor Athol Murray not only challenged the political system of the day but also had to apologize for it too.

He was skilled in some four to five languages. He wrote and read Latin and spoke Latin fluently. Raised by the Oblates, educated by the Jesuits. When the member says that they had a tendency to play more hockey than study history, he's seen the performances of a Rod Brindamour, a Curtis Joseph, a number of individuals who have had a great amount of talent and showed up in the professional leagues. In fact, that college sends more individuals on full athletic scholastic scholarships to Ivy League schools in the United States than any other school in Canada, Mr. Chairman. It's often said that that college has populated the oil patch in western Canada. One could only look to the former president of Consumers' Gas, Mr. Bill Mooney, an architect in the development of Syncrude, a great Albertan; an individual who brought TransCanada PipeLines to Alberta and put that head office in Calgary, Mr. Gerry Maier. This college teaches a lot of history, and it teaches a lot more than just history.

So although the member invites a point of order on 23(h), (i), and (j) about imputing motives, I'm not going to do that, Mr. Chairman. As you know, I'm wide open myself to open and candid debate in this House and will continue. I'm glad throughout the discussion that the member did mention estimates and business plan and costs at least once, because it allows us to return to that.

Mr. Chairman, he also made a reference that I can't leave untouched. He talked about former Premier Lougheed willingly signing the national energy program. I would direct the member to his history, and he would note that when Premier Lougheed was elected, it was shortly thereafter that he was responsible for raising the royalty charges to the oil companies in Alberta and in fact brought a fairer return back to Albertans. I think a hallmark of Progressive Conservative government in Alberta is one that looks after Albertans first and then its resources second.

Mr. Chairman, we also know that Mr. Lougheed fought very hard to avoid the encroachment by the powerful federal Liberal government, and we are continuing that fight whether it be a direct attack in something like a carbon tax or something so oblique as a smoke screen of Kyoto, that is simply nothing more than a wealth transfer from this province to not only other parts of Canada but to in fact other parts of the world. People in my industry, in the oil and gas industry, have said: why should we pay a royalty to Russia for the purposes of producing oil and gas here? But, again, those Kyoto-type initiatives, those carbon taxes, those control mechanisms are all left to be best explained by a member of the Liberal Party, who is here with us today in the presence of the Member for Edmonton-Gold Bar. I'm sure he can explain the whys and wherefores of that.

Mr. Chairman, he did talk about electricity being imported in Alberta. That was the last year of regulation, 2000, and in fact some \$300 million of electricity was exported in the year 2001. I think he asked the Premier if electricity was a good or if it was a service, and I think he received the absolutely correct reply, that it was in fact a good service. I think that that continues.

He also asked the Premier last week about electricity exports, and I thought the Premier gave him a clear and honest answer when he said that there are electricity exports occurring in Alberta. They will continue to occur. In the case where a generator develops electricity and wants to export it as far away as Las Vegas, which has an ample abundance of power – I don't know why they'd want to export it to Las Vegas at this juncture, although it is a neighbouring state to California. In fact, there are merchant power lines, Mr. Chairman, that are available for contract today. There are some under consider-

ation that I know of. The Premier said that generators, if they're exporting power, would be responsible for its payment.

4:20

In terms of the Alberta grid, more than asking a government how this should work, we prefer a clear and transparent process to a very complex question. That's why the transmission administrator has published a paper and the Energy and Utilities Board has commenced deliberations on how best to alleviate anticipated congestion in an Alberta grid and how best those costs should be shared. I have met on two occasions with Pat Wood, the chairman of FERC, or the Federal Energy Regulatory Commission. Mr. Chairman, he has no jurisdiction over what happens in lines in Alberta, but he has a great interest in seeing Alberta's ceasing to be an island of electricity and starting to be an area where electricity can move freely back and forth from many jurisdictions.

Who pays? I think that that question will be answered by the EUB. That question is also very open and transparent in a competitively structured electricity model. I think it's a much better model than a regulated model where a bunch of government appointed toadies have determined what an appropriate rate of return for power is. In fact, what an unregulated electricity model does is bring out, Mr. Chairman, transparency. It brings out appropriate costs, and it puts the focus of risk on an investor and not on a consumer.

Lastly, I do want to finish with the good questions the Liberal Member for Edmonton-Gold Bar talked about: ethane and the royalty position. He does know that there have been royalty discussions and a paper put forward and a royalty change of schedule to take place in 2002 with respect to the constituency of natural gas as it leaves the province of Alberta. We believe we're getting most of the royalty money, hon. member. If we believed we were getting it all, we could save money by not employing those auditors, but we're not ready to do that yet.

I believe that the VIPIR program, which is the volumetric and infrastructure petroleum information registry, will be an effective way of creating a petroleum data warehouse. It's got a budget line item of some \$25 million. It's scheduled for implementation this October and reports as of lunchtime today that tests are beginning, and we look forward to a successful although concerned October launch for the data processing model.

I believe you asked a question about the proceeds from the auctions from electricity. They, as you know, were all returned in the \$40 bill. That was consumers' money. They got it all back. It's gone.

Now, the balancing pool released, I believe on April 11, a press release stating that they have structured derivatives for the balance of power that they control, and they will be delivering that into the marketplace shortly in an auction form. They are seeking client and customer feedback at this stage, and the purpose is to have all the power in the hands of the marketplace and none of the power in the hands of the balancing pool. So that's proceeding.

There was one other one: the offset credits. I think that's a good question for which we will give you a detailed written reply. I think that's an important question as well.

So with those brief and minor comments, Mr. Chairman, I will take my seat.

THE CHAIR: The hon. Member for Grande Prairie-Smoky.

MR. KNIGHT: Thank you, Mr. Chairman. It's a pleasure to join the debate this afternoon. I would have a few comments and a couple of questions for the minister with respect to this issue.

Firstly, Mr. Chairman, the Alberta government's expanded

mandate of AOSTRA I think is a very important point that should be brought out this afternoon through the Alberta Oil Sands Technology and Research Authority. I actually was fortunate enough to be involved with the pilot project that AOSTRA ran, which the minister alluded to, in partnership with Shell at Three Creeks, just east of Peace River. I believe that certainly the results of that technical exercise have generated for the province of Alberta simply billions of dollars in return.

AOSTRA of course is going to continue under AERI's role, and the role has expanded and includes other types of energy-related research in areas including oil and gas, heavy oil and the oil sands, coal, electricity, and renewable and alternative energy. So it's really good to see that the department is supporting this ongoing work.

Also, I'd like to point out that investment in the energy sector is continuing to be led by activity in the oil sands, certainly alluded to again, and we look forward to these capital investments that private enterprise is making and continues to make in the province of Alberta. The projection is something in the neighbourhood of \$40 billion over the next few years. This will on an ongoing basis lead us into a situation where our conventional production will begin to be secondary to synthetic crude production and exports for the province of Alberta.

Mr. Chairman, again on the research side of things the Petroleum Recovery Institute, a business unit of the Alberta Research Council: ongoing work in the energy industry "to assess, source, develop and commercialize technologies that deliver a competitive advantage." These programs are designed "to bridge the gap between basic research and commercialization" of products and technologies that these groups develop. This program is run by the Alberta Research Council, and its objectives are "to increase the recovery factor for conventional oil fields, and to reduce the operating and environmental costs associated with production in these fields."

I'd like to point out that I'm sure that as we move ahead in the recovery areas of conventional oil in the province of Alberta, there will be some very exciting possibilities with respect to sequestering carbon dioxide. Some of the secondary and tertiary recovery systems that we have had experience with and continue to work on in the province are certainly world class, and we believe that this technology again will allow us to not only improve our production and reduce our emission of CO₂ but at the same time, Mr. Chairman, will provide in the future a very important export product for the province of Alberta. The knowledge-based community that will spin off from these technologies is certainly important for the province of Alberta.

4:30

Another area that we're working with and again very important, I believe, is the enhanced water flood programs. We've done of course in the province of Alberta a number of secondary recovery systems involving the use of water, and again there is certainly some contention with respect to the amount of water that is injected into these programs. One of the points that I would appreciate the minister perhaps commenting on is, you know, the ability of these projects to recycle water, and perhaps a little clarification with respect to potable water being used in these facilities and that type of thing.

Gas floods and miscible flooding are another area where again the technology that we have here is certainly on a par with almost any production field certainly in North America and, I would suggest, probably globally. What we do, of course, in miscible flooding is inject methane and ethane mixtures on a cycling basis with water and wash the zones in that manner and increase our recovery rate. There is some newer technology that unfortunately I haven't been

involved with foam floods and some chemical surfactant flooding. Again these programs are all very well supported in the minister's department, and I believe that they will enhance Alberta's recovery and certainly recovery in conventional fields. Again I would like to point out that I believe that the knowledge is an export product.

Mr. Chairman, there was a touch made with respect to the Alberta hub. Certainly the Alberta hub is, I believe, reasonably well understood by us and certainly understood by our neighbours in Alaska, but I'm concerned that the Alberta hub is not broadly understood and perhaps not broadly understood by some of our major customers. The minister and I have had some discussions with respect to that issue, and I would appreciate if we could perhaps indicate how we're going to move ahead and do a better job of selling ourselves, because I think that it is very key that we be sure that our clients and our customers know who we are and what our capabilities are.

Again, when we look at the energy bill that's being brought forward and being discussed in the U.S. now and their certain concern with energy security in North America, I think it's incumbent on us as Albertans and as producers, major players in that market, to understand where our competition is, what their capabilities are, and how we can I guess match our capabilities with theirs. Perhaps when we have a better understanding or have a better research capability with respect to some of the gas, particularly in South America, maybe we would have a better opportunity to apply ourselves to our market and to our clients to be sure that we're getting all of the possible sources of market for our products.

Interestingly, I think, recently some of the indications and some publications and certainly some briefs and reports given from South America with respect to their gas reserves are important to us. I was of course, as the minister indicated, involved in the gas business in northwestern Alberta for all of my working career.

MR. GRAYDON: Three weeks.

MR. KNIGHT: I worked, yes. I did. I don't want to really let anybody here know that, but I did.

In the 30 years that I spent in that business, Mr. Chairman, I really didn't understand the capabilities of our friends in South America. Bolivia started exporting natural gas to Argentina in the 1970s, and I wasn't aware of that. You know, when we start looking at that, it's going on 30 years that Bolivia has been a producer.

In 1999, Mr. Chairman, there was an 1,800 kilometre pipeline built from Santa Cruz province to São Paulo, Brazil, Brazil's industrial capital. The demand for gas in Brazil in 1996 was really unclear, and Bolivia's reserves were insufficient even to fill its new 20-year contract with Brazil. Now Brazil's demand for gas has grown, and it wants to double volumes going through the pipeline by 2004, and Bolivia's reserves have expanded tenfold since 1996. Tenfold. As a result, Bolivia is seeking customers further afield, and of course where would they look but certainly northward into the Mexican market and further northward into the California market?

Spain, Britain, and Pan American Energy, a BP subsidiary, are pushing a plan to pipe gas from the Margarita field in Bolivia to the Pacific coast. My understanding is – and this is the question that I have for the minister – that some of the reports that we have been acquiring would indicate that Bolivia's idea is that they can reach the Baja California and certainly Mexico City areas with Bolivian gas at around the \$3 to \$3.50 range. I think, Mr. Chairman, that if we look forward and if in fact the LNG receiving stations that are on the books for the U.S. and Mexico move ahead – and when you look at the possibility of LNG, once it's in a tanker and floating, it's not

much different than delivering crude oil – it would perhaps open up a huge new competitor for us.

There's a certain amount of solution gas still remaining globally – that is basically gas that's produced for nothing – so they don't have this kind of 50 cent lifting cost or equivalent cost that we would perhaps face in Alberta with respect to supplying these same markets. So I'm wondering if the minister has any comments with respect to the possibility of this whole idea of LNG, maybe putting a ceiling or a cap on the price of Alberta gas, and if in fact that happens, have we any idea where that cap might settle? What might be the price of natural gas as we move ahead with respect to competition of that sort?

4:40

I'll move away from the gas business, Mr. Chairman, if I may for a few moments. I just want to ask the minister one more question, and it is with respect to the deregulation of electricity. Certainly I think that on most fronts and if you looked at it on a volume basis of the electricity consumption in the province, deregulation has been very successful. I would suggest extremely successful. We do have an area that is of concern, and I think that might be the area where we still have 20 percent of Alberta's power that's under a regulated price agreement. That is all stuff that's not industrial. So about 80 percent of the electricity is now being traded freely in the province of Alberta. My question for the minister would be: what do we see between now and 2004-05 with respect to the retail competition and the retail end of that 20 percent that's kind of a hangover from the deregulation process?

I think those comments will probably be enough. I'll conclude and thank you very much for your kind attention.

THE CHAIR: The hon. leader of the third party.

DR. PANNU: Thank you, Mr. Chairman. I am pleased to have this opportunity to ask a few questions of the minister with respect to his budget for the Department of Energy. I just want to note the presence of the chairman of the EUB and members of the CAPP here. I want to say welcome to them for being here.

My questions are fairly specific. I won't preface them with lengthy talk. My first question generally has to do with the forecasts in the budget with respect to revenues from nonrenewable resources and the revenue picture for the department as a whole. Looking at the numbers in the budget, the department is forecasting almost a 50 percent decline in the budgeted revenues from last year. It's exactly half. Those projections or forecasts were obviously based on certain assumptions which had to do first with the shock that the American economy and, derivatively, Canadian economy received from the September 11 or post September 11 developments, economic slowdown. Then there was the question of certain assumption made about oil prices and gas prices. On all those three issues the picture seems to have changed and changed for the better quite a bit. In fact, the forecasts of concerns about the shock to the economy in hindsight now appear to have been somewhat overestimated. Are the budget estimates here, the numbers, still reliable given that the very assumptions on which these numbers are based have changed and have changed quite substantially? That's the first question. The assumptions that I draw attention to are stated, I guess, in this fiscal plan booklet on page 10, which is accompanied, obviously, by a bar graph, if the minister wants to look at that, although I don't think he does need to. He has all this information at his fingertips.

My second question then has to do with an observation that the minister made earlier in responding to a question, I guess from the member sitting next to me. It was a reference made to the huge

investment that has been made in the oil and gas energy sector by the private sector. I think you mentioned \$51 billion. I hope I was paying attention, but I didn't get the number of years over which this may have happened, so if you'd clarify that.

Another question related to that. Clearly this investment is good news for Alberta, for the economy. In spite of the fact that you see me as someone who would probably not say that, I acknowledge that. We have seen that some of the revenues the industry may have put into this capital investment may have come from the forgone public revenues in the form of royalty tax reduction and royalty tax credit policies that have been in place for some considerable time. The question that really occurred to me was: would the minister have an estimate of what percentage, in terms of the number of billions of dollars, of this \$51 billion might have been drawn from these forgone public revenues as a result of those policies? That's quite a specific question. I hope the minister will care to respond to that.

My third question has to do with a goal in the business plan document. It's goal 1 under performance measures, "Sharing the Profits from Resource Development." There's a range given there of 20 percent to 25 percent. I think that's what you want to capture, the net profits; right? I looked at the table on page 119 following those statements, and there's a pattern there in that table. For the years '96, '97 – the year I got elected to this Assembly first time around – and '98 there was a stable number of 23 percent of the net profits that were captured and came into the public treasury. According to this table, starting in 1999, 2000, and 2001 that percentage has in fact slid down to 21 percent, so there has been a two percentage point decline in the share enjoyed by Albertans of the net profits of the industry.

Now, it seems to me that in light of that, the minister might want to explain to me whether or not the target of an upper limit of 25 percent is still valid as a performance measure, because it appears to me that a pattern has been established. It may in part have been the result of specific policies in terms of changes in certain oil royalty rates or tax credits or what have you. It has come down to 21 percent. Is it still accurate or, alternatively, is it still okay to take seriously the performance measure of 25 percent as the upper limit when in fact it seems to me that the upper limit has been brought down to 21 percent? This being noted, that the share has come down by two percentage points, would the minister have a rough estimate of the loss in revenues to the public treasury because of the systematic lowering or decline in the percentage of the net profit that comes into the public treasury? That's the third question.

4:50

My next question has to do with core business 3, which is on page 121 of the business plan: "Awareness and Understanding – Increase Albertans' awareness of energy and mineral resource development and related policies." This goal is an important one, in my view. I applaud the minister's and the department's commitment to increasing this understanding, but what I find missing here – and I hope, Mr. Chairman, the minister will take this question seriously and respond to it, but whatever he does, I want to start with him answering this question. Why as part of this goal is no mention made of the fact that Albertans need to have the benefit of some transparent public debate so that they can understand the royalty rate issue? It's a complex one, I know, and you could simply say, "Well, look; it's far too complex to ask Albertans in general to engage in this debate," but it's a vital issue.

There have been recent statements made in the media. Assertions have been made that royalty taxes in Alberta are too low. I heard you say that we are getting a good return. The point is to allow a public debate to happen, and the department needs to take a lead in

it so that it can provide supporting evidence for the view that it holds. I'm not at the moment challenging the view, but I think there are studies, there are statements, and there's information that does raise serious questions about it, and I think there's a need for that. Why is it not the case that a commitment is made here to engage Albertans in that kind of enhanced understanding based on public debate which speaks substantively to the issues of both the complexity of the royalty regimes and why it is okay for us to receive what we do when in fact we do know or some people do claim that the royalty regime we have now is much lower than was the case in this province during the Lougheed years and is in fact even lower yet than the royalty tax rates or regimes that we had during the Getty years? So given that that's a serious question, I hope the minister will answer it in that vein.

Two other minor points. The minister was very animated when he was talking about capitalism and the virtue of markets, and I did hear him say that the more unregulated the markets are and capitalism is, the better it is. But it did concern me a bit that he didn't qualify his statements in light of the Enron fiasco, and he's aware of this because he's a very big player on the energy side both as a minister and also as someone who's worked in the industry. Does it send some sort of a message to us that regulation is indeed important? While markets are necessary, unregulated markets and unregulated capitalism can lead to the kind of fiasco that Enron symbolizes.

The last point, Mr. Chairman, has to do with an experience that I had recently. I was visiting a seniors' residence outside of town, and I went into the suite of a senior, a lady who is I guess in her early 80s. She mentioned and complained about two things to me. One was of course the news at that time of the increase in health care premiums or taxes. For the second one she showed me her electricity bill, and she said: "Before January of this year it used to be \$32 a month, and now my bill has grown to \$68 a month. My consumption hasn't changed; my living space hasn't changed; my cooking habits haven't changed. I only attribute it to the changes in the manner in which electricity now is produced and marketed, this deregulation of electricity."

That's my last question, Mr. Chairman, and I look forward to the minister's response. Thank you.

THE CHAIR: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I appreciate the opportunity to ask a few questions about the Energy estimates and business plan this afternoon. I'm going to confine my remarks I think, given the time, to the business plan, specifically the questions raised about the business plan by the Auditor General and specifically the performance measures.

In the conclusion to his report the Auditor General makes the comment that the measures are not valued as a tool by the senior management. I guess my question to the minister would be: what has been done in response to that criticism by the Auditor General?

The Auditor General goes on to indicate: "It is not clear who is, or who should be, accountable for the process. At the Board, the Audit and Finance Committee would naturally be the group to take responsibility." My question is: is that the case today? Does the department really consider the performance measures something that is not a valuable tool in the operation of the department and in managing the department? If they do, I can sympathize with them. I have some questions about the wholesale adoption of performance measures that has been undertaken by the government as their major management tool. Nevertheless, they have adopted it, and if it's going to be used, then I suspect that it should be used in the way it was intended. That's one of the questions I have.

The second. The Auditor General indicates that the business of the department has been stable over a number of years. There have been a number of measures in the plans, and they have changed from year to year. The Auditor General includes a table in his report indicating that in 1996 to '97 there were 11 performance measures in the annual report. Over the years that changed from 11 to 10 to 17 to 15 and then to 19, and he says that those numbers he gives have the same basis; that is, they take into account the businesses that have been moved out of the ministry, the change over the years.

5:00

The comment that the Auditor General makes is that if things are stable, why are the performance measures not stable? He points out the difficulty that a constantly changing set of performance measures presents in terms of people trying to assess the department and trying to track performances on a multiyear basis. He presents some rather interesting figures in terms of the measures themselves. He indicated that the life span of the departmental measures summarized is 1.7 years, so they're not even in place for two years before they are changed again, and that of the 40 measures that had been used since 1996-97, only three of the measures have lasted more than three years. I looked at the business plan again for this year – I just counted quickly - and I think there are 22 measures that are put forward by the department, not the 25 that the Auditor General anticipated would be there. So the whole question of the number of measures, how long they're used, how difficult it is for anyone that's trying to make comparisons from budget to budget, business plan to business plan, and it really defeats the purpose of having performance measures as a management tool to be used by the government and by people who are trying to understand the operation of the department.

One of the other comments that the Auditor General makes is that the measures often highlight something that's currently in the news or of temporary interest; that is, they seize on current happenings and they end up appearing as performance measures in the business plan. That, Mr. Chairman, may be one reason why they don't last, because they are directed at current happenings and don't reflect the long-term work of the department. The Auditor General makes the plea that the department should settle on the key measures that they are going to use and stick with them. My question to the minister is: why are there problems here? There's been criticism in the past of the use of performance measures by the department, and the problem, at least at the writing of the last report of the Auditor General, hadn't been addressed.

I would like to comment on at least one of the sets of measures, and that's the measures at the top of page 123, the indicators that talk about the deregulation plan and the policy framework being in place, where the department gets a hundred percent, and talk about consumer education, where "to benefit from open market competition and customer choice, consumers need information and education." I wonder if I could have some more information on that specific measure. It's one that we have constituents contacting our office about. The whole business of trying to understand for instance energy deregulation was really, really very difficult for constituents. I'm not quite sure what the 50 percent means, what exactly is being measured. I have difficulty and I guess I would like to know a little bit more about the measure in the same set that says "percentage of customers . . . that have actually switched energy suppliers." It seems to me that 50 percent is very, very high, Mr. Chairman, and I would appreciate further information on that particular measure and any background that the minister may have.

I'll confine my comments to the performance measures. Thank you, Mr. Chairman.

THE CHAIR: The hon. Minister of Energy.

MR. SMITH: Well, Mr. Chairman, it's with real anticipation that I rise to respond to some of the good and some of the interesting and some of the sublime comments from members. If I can, I'll just turn directly to the comments from the leader of the third party from Edmonton-Strathcona. I would direct him to page 84 of the budget, which tracks the forecasts of oil prices and tracks the forecasts of natural gas prices. In fact, if you looked on budget day and you look at the government of Alberta forecast, we hit the money within 3 percent on an accurate forecast of the price of oil. In fact, we have a record of meeting targets, and we have a record of balancing budgets. I can tell the member that if there is any concern over our budgets, it's the fact that on the budgeted price of oil and natural gas we may err on the side of caution. Those budget lines may be considered prudent, they may be considered cautious, but overall they are going to be considered as conservative.

THE CHAIR: Hon. minister, it was getting difficult to hear you, and that's quite an accomplishment on behalf of the rest of them, but now that they've decided to listen to your words, I'll be able to hear them as well.

MR. SMITH: Well, I'm sure you're referring to the skills of your audiologist, Mr. Chairman, and not the tenor of my voice.

I would add, to the Member for Edmonton-Strathcona, with respect to these comments about forecasting, that we certainly are conservative, although we're conservative with a progressive bent. You might even say that we're Progressive Conservative.

Mr. Chairman, the question of forgone royalties on the oil sands is an interesting one. Let's tip the question upside down and look at what royalties would we in fact not ever receive had we not created a royalty regime that would attract investment. One of the great bonuses of oil sands investment is – I would classify it as captured investment as opposed to traditional exploration and production investment, which is far more migratory. In fact, boardrooms throughout the world still look at Canada when they allocate capital, and they look at it from the perspective that the federal government has not ultimately solved the issue of Quebec separation, they have a high tax load, they have high regulatory infringement, and they also have no focused debt management plan. So that alone, without the spectre of Kyoto, can immediately affect exploration and production investment in conventional oil markets. In fact, with a 1 percent gross revenue royalty on oil sands and then moving to a 25 percent investment on net revenue after payout, we've found that that's fair, and it's also been one that's attracted excellent investment in the oil sands.

5:10

In fact, I was speaking in Houston yesterday at a Ziff Energy gas conference, and I also mentioned the tremendous reserves that sit here with our heavy oil and our bitumen deposits. I met a renowned Houston forecaster. He's been in the business for some 30 years, and he says, "You guys don't do enough about selling Alberta and the benefits of Alberta's heavy oil, the benefits of Alberta's conventional oil deposit, the benefits of Alberta's natural gas": the fact that we light up one out of every seven and a half households in the United States, the fact that we'd supply 250 million megawatts of electricity if you converted all our natural gas into electricity, the fact that we supply 25 percent of all the natural gas used in North America. He says: "You guys have got to get out there and sell yourselves. You've got to get the Minister of Economic Development, the Premier, the Deputy Premier, the opposition members. You've got to get these people out and talk about what this province can do for continental energy use."

I know that we have got a reasonable royalty operating regime, Mr. Chairman, because if you look in the performance measures, the audit adjustment does continue to move us up to target on page 120. We continue to stay strong in our royalty attraction as a percentage of overall operating income.

I do want to comment briefly on the Member for Grande Prairie-Smoky's wise and sage experience and comments. I would think that the spectre of liquified natural gas transportation is more of a threat today to the state of Alaska and the population that is looking to build a pipeline out of there as opposed to Alberta. I think that when we first started pipeline discussions on northern gas, LNG, liquefied natural gas, was in the money at around \$3.50 to \$4 U.S. Now that number has shrunk to \$3 to \$3.50 and in fact was part of a discussion yesterday in Houston. In fact, there are some projects going ahead in Mexico about building liquefied natural gas facilities and terminals in Mexico and then tying into the gas pipeline infrastructure in the United States. The other thing we have to remember is that Mexico, although a large oil exporter, is a net importer of natural gas and actually will continue to be a net importer as their economic demand outstrips their supply.

So there are concerns, which we monitor carefully. We have people again working just as diligently on forecasting. They also work diligently on a continental supply and demand balance. We do think that the three-year forecast is one tempered by cautious recovery, yet there's still a need to increase our supply and still six to seven years out on northern gas linkages. The Alberta gas hub, though, will be one of those key commercial elements to provide northern gas both to an increased demand in Alberta, to its oil sands, and also to the United States in the lower 48.

From time to time the discussion about appropriate royalty collection comes up, as the Member for Edmonton-Strathcona discussed. There are always the usual misunderstandings about royalty. For example, why don't we charge what Alaska charges? Well, in fact, if we did charge what Alaska charged, Mr. Chairman, we would be dropping our royalty structure. Alaska's royalties are 12 and a half percent for the gas, and generally the gas is now drilled and reinjected back into reservoirs. In fact, our royalty regime for natural gas begins at 15 percent. If you talk to the federal bureau of the interior, as I did yesterday, their royalty for offshore is much lower than Alberta's.

All in all, I would say that the Department of Energy is doing a good job on its business plan, a good job on its estimates, and thanks to the wise and cautious vigilance of members from standing policy committee, cabinet, and caucus, as well as the odd interjection from the opposition and debate in the House, we continue to be on our toes, Mr. Chairman.

THE CHAIR: The question is called. Pursuant to the agreement reached earlier this afternoon, I must now put the following questions. First, after considering the business plan and proposed estimates for the Department of Energy, are you ready for the vote?

HON. MEMBERS: Agreed.

Agreed to:

Operating Expense and Capital Investment	\$101,993,000
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THE CHAIR: Shall the vote be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIR: Opposed? Carried.

The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Chairman. I'd move that the Committee of Supply rise and report the Department of Energy estimates and beg leave to sit again.

[Motion carried]

[The Deputy Speaker in the chair]

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

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ended March 31, 2003, for the following departments.

Energy: operating expense and capital investment, \$101,993,000.

THE DEPUTY SPEAKER: Does the Assembly concur in this report?

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? Carried.

The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Speaker. I'd move that we adjourn until 8 p.m., at which time we'll reconvene in Committee of Supply.

[Motion carried; the Assembly adjourned at 5:18 p.m.]