

Legislative Assembly of Alberta

Title: **Tuesday, November 18, 2003**

8:00 p.m.

Date: 2003/11/18

[The Deputy Speaker in the chair]

The Deputy Speaker: Please be seated.

head: **Government Bills and Orders**

head: **Second Reading**

Bill 41

Alberta Corporate Tax Amendment Act, 2003

The Deputy Speaker: The hon. Minister of Revenue.

Mr. Melchin: Thank you, Mr. Speaker. It's an honour to be in the House this evening with my colleagues, and we look forward to this excellent debate on Bill 41 – I'm delighted to have the co-operation of my colleagues on this bill and the enthusiasm for it – being the Alberta Corporate Tax Amendment Act, 2003.

This bill was carried over from the spring sitting, so we've had lots of time for people to look at the bill. It's the third phase of corporate income tax reductions as announced in Budget 2003. The amendments cut the general rate to 12 and a half percent, down from 13 percent. They reduce the small business rate to 4 percent, down from 4 and a half percent, and they raise the small business income threshold to \$400,000, from \$350,000.

Since 2000 we've cut the general rate by almost 20 percent in this province.

An Hon. Member: How much?

Mr. Melchin: Twenty percent since 2000, cut the general corporate rates.

I was at a function recently, in fact just this evening, talking to a couple of tax accountants with Deloitte & Touche. These are anecdotal stories, but we see it in the amount of revenue that we collect. Despite reducing the level of our tax rates in the province, both personally and corporately, over time we see that we still collect more in absolute dollars than by having left high rates. From reports of tax accountants and the like, they see substantial inflows of people rearranging their affairs to be resident, either personally or corporately, here in Alberta. People come because we don't make it an impediment or punitive to actually come and invest their capital in Alberta. So we're going to continue in that direction.

In our business plan we hope to introduce further rate reductions next year, as we've talked about in our business plan already, to reduce that rate from 12 and a half to 11 and a half percent.

We recognize that high business taxes do discourage investment. New York fund managers will tell you unequivocally that Canada still has rates that are higher than those in the United States and that they therefore will look to leaving their money in the United States because they get better returns unless we do take steps like we are here in Alberta to make it attractive for their investments. Clearly, we need funds from the largest capital market of the world, the United States, to be attracted to coming here to Alberta. It's for those reasons that this is a major issue and has been supported by our government.

There are a few other technical amendments, deficiencies in the bill, which this is correcting. One is to expand the definition of "permanent establishment" upon which a corporation is required to pay corporate income tax to a certain province. It's to include the place where the corporation has a registered office or the place

designated by the corporation as its office or registered office. This ensures that the tax revenue will flow to Alberta rather than to the federal government. Ontario has already introduced such provisions.

It also has, relating to the calculation of the royalty tax deduction, been rewritten to clarify the requirement for separate calculations for unsuccessful and successored pools.

It proposes the repeal of the general anti-avoidance appeals committee. This committee was introduced in 1996, and in conjunction with Alberta's general anti-avoidance rules this is unreasonably applied. The committee has never been used by taxpayers and is no longer needed. We have other methods to resolve those issues.

It corrects technical deficiencies relating to the calculation of the allocation factor in a tax-deferred disposition of assets, commonly referred to as the Quebec shuffle. That's why tax lawyers relating to the bill need to have clarity, to ensure that we get the appropriate amount of taxes that are due when collected.

It also ensures that federal rules applied in determining insurance corporation year-ends are adopted provincially for the purposes of insurance corporations tax.

In short, this bill is a tremendous benefit to all Albertans, Mr. Speaker, and I would encourage all members of this House to give their full support to Bill 41.

Thank you.

The Deputy Speaker: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Speaker. I'm happy to have an opportunity to speak to this particular bill tonight. One of the members from the other side was admiring my tie, and it is a gift from the Member for Lac La Biche-St. Paul, and he tied the knot, just so you know.

Dr. Taylor: He didn't tie it tight enough.

Ms Carlson: He didn't tie it tight enough. It's a nice red good old Alberta beef tie, and I'm quite happy to be wearing it in support of the industry.

Now, it's nice to hear the minister bring in the next phase of his tax cuts, Mr. Speaker, and in fact those were the exact tax cuts that we proposed in 1994. In fact, I proposed them in 1994, so thank you for finally getting to them. It's about time we gave small business the break that we promised them 10 years ago.

An Hon. Member: If Ottawa doesn't work, come on over.

Ms Carlson: Not a chance. It takes you guys a long time to catch up. You're not fast enough for me; sorry. [interjection] Something you'll never find out, Mr. Minister.

So in terms of this bill we're happy to see that these amendments have come forward at this particular time, but they're still a ways from what this government promised.

In 2001 they agreed to several recommendations of the Business Tax Review Committee, including cutting the general corporate income tax rate from 15.5 percent to 8 percent and the small business rate from 6 percent to 3 percent and doubling the threshold for small business deductions from \$200,000 to \$400,000. It really is about time they did that, Mr. Speaker, because businesses who only make \$200,000 of income in a year in this kind of an economy are really microbusinesses, and small businesses also deserve to have those kinds of tax cuts. So we're quite pleased to see that they have moved forward with this. However, we are expecting them to keep their promise ultimately and actually get to the rates that they promised. They're getting closer, but they're still not there.

We also see this bill making some changes to the royalty tax deduction and also happy to see that. Some of the language changes are helpful as well.

We've always supported affordable tax relief in order to enhance Alberta's attractiveness to business investment, and that goes beyond just simple tax reductions. That means all kinds of tax relief within the system, which includes user fees and the other kinds of hidden fees that we've seen this government love to build on over the years. We definitely know that small business is the engine of the economy, and a healthy economy and higher employment is only good news for this province and the contribution that we make to Canada as a part of the federation. So we are happy to see this come forward.

We have a couple of questions for this bill, and they're really the same questions that we had last year when we saw the second phase of the bill, Bill 25 at that time. Why has the government delayed full implementation of the corporate tax cuts it announced in 2001?

Now, we hear the Minister of Revenue all the time talking about, you know, do you pay down the debt or do you give the tax cuts or do you inflation-proof the heritage trust fund? Well, we say that you have to keep your promises, and one of them was these tax cuts, and we haven't seen them yet. Of course, it's always nice for the government to be able to reannounce the tax cuts year after year after year, but ultimately they actually have to deliver on what they promise. I hear you laughing, but it's true. How many times has this tax cut been announced since 2001? Twice a year since then. Twice a year. [interjection] Well, maybe I'll just have to learn how to do that; won't I?

8:10

We've got a few more questions for the minister on this. We've heard that the Finance minister expects another big surplus at the end of this year, so when can we expect the delivery of these tax cuts? Before the end of this year? Before the end of the first quarter? Will they be in the budget? Can you tell us what you're going to be doing with that?

Where will the retained tax revenue be spent since it's being withheld from businesses at this time? Does it go towards helping the businesses, or does it just go into the general revenue fund? I think I know the answer to that one. It's where all the money goes, just into the general revenue fund, but if we could get that specified, it would be helpful.

We see changes in the language of the royalty tax deduction provision. We would like to ask some questions about royalty tax credits in general. We've seen this province not adopt the federal policy, which comes as no surprise to any of us in here, and that policy states that companies can deduct a resource allowance in an amount equal to 25 percent of their resource profits in calculating taxable income. Instead, if royalties exceed the resource allowance in Alberta, companies may claim an additional deduction equal to the difference between the Crown royalties paid and the resource allowance claimed. This makes royalties fully deductible for Alberta purposes. Any excess not deductible in their year may be carried forward and deducted in a future year. My question is: why does Alberta make extra allowances for oil and gas companies that the federal act does not? There must be a specific reason for that. If we could just have it explained, that would be helpful.

Also, we'd like to know how much money oil and gas companies saved in royalty tax deductions and credits last year, and how is the government ensuring that granting oil and gas companies both royalty tax deductions and royalty tax credits ensures that Albertans receive a fair return on nonrenewable resource developments? So we'd like to know about that, and if there are any other plans for any kinds of royalty deductions or credits in the next year or two, even

if there are any general discussions about them, that would be helpful for us to know about, and some justification for why the royalty tax rates are where they are.

When we take a look at the Auditor General's report for 2002-2003, there was a recommendation that the Department of Energy "document and communicate the objectives of the Alberta Royalty Tax Credit program and develop measures to assess whether the program is meeting its objectives." That was recommendation 11 on page 96. So does the minister have plans to do this? As we see it, if you don't define these objectives and we don't see performance measures, then the government may not be making effective decisions, and then we're not getting the best bang for our buck that we possibly could.

I just want to speak for a moment about the appeal committee being abolished. Why is this happening, and then how will businesses pursue appeals in the future?

So those are my key questions at this time, I think. I have some points that I'll bring up later on during committee on the section-by-section analysis. Hopefully, those questions will be answered between now and then. But, generally speaking, we support this particular move. I wish they would get to the bottom, bottom line sooner rather than later, but certainly I'm sure Alberta businesses are happy for what they are getting at this stage.

Thank you.

The Deputy Speaker: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Speaker. I'm also pleased to rise to speak to Bill 41. However, my view of the provisions of this bill are not in accord with the comments that we've just heard from the hon. Member for Edmonton-Ellerslie. Far from it in fact. Alberta New Democrats have been resolute in their opposition to the massive corporate tax break that this government has promised, approximately a billion dollars across four years, and we take some satisfaction that in the last provincial budget the amount of the reduction was half only what had been anticipated, and we would like to think that we deserve some credit for raising opposition to that.

In fact, I'm somewhat surprised at the hon. Member for Edmonton-Ellerslie taking credit for initiating this particular tax cut and taking credit on behalf of the Liberal opposition for that because it seems to me that they want to have it both ways. Similar to Alberta New Democrats the Liberal opposition has positions which support increased funding for education, increased funding for health care, and, in fact, increased social spending in general. I certainly appreciate their opposition to the government's attack on middle-class Albertans.

However, one wonders how they're going to pay for it because you cannot afford to freeze tuition. You cannot afford to adequately fund education, health care, and any number of other things and not be able to pay for it unless you're prepared, of course, to perhaps run a deficit, but there's no doubt in our view that the attack on middle-income Albertans through a variety of charges, health care user fees for example, dramatic tuition increases in this province, and a host of other nickel-and-dime and loonie-and-toonie financial attacks are in order to pay for this tax cut for corporations. There is in fact no indication that there is any specific benefit that the government has in mind for this program.

The Auditor General has reminded the government on a couple of occasions at least that the objectives of these tax reductions need to be defined, and the government needs to measure exactly what they are trying to accomplish by bringing in these tax reductions. The government has yet to define the objectives that it is trying to

achieve by cutting corporate taxes a billion dollars over four years. I think, then, we're left with the vague notion of a trickle-down economic benefit, which has long since been disproven.

The government likes to take credit for the economic prosperity of this province based on the tax regime. In fact, I have here something from the provincial budget called the Alberta tax advantage which brags that we have the lowest corporate taxes in the country. It says:

Cuts to corporate income taxes started in 2001, and will save Alberta corporations about \$435 million in taxes this year. These savings are on top of the savings from cuts to other corporate taxes, such as the elimination of the financial institutions capital tax and the drop in the railway fuel tax.

It goes on to say that:

By following an affordable plan for corporate tax cuts, the government is making sure that it can continue to provide the public services that Albertans value, while laying the groundwork for the growth that will help pay for these services in the future.

Mr. Speaker, this paragraph is absolute nonsense. The government is in fact ensuring that it cannot pay for those services which Albertans desire, and it is one of the reasons why the government is in a financial straitjacket notwithstanding the fact that they have billions of dollars every year in additional surpluses, supposedly unanticipated surpluses. It is why, in fact, when there was a brief dip in the price of natural gas a couple of years ago, the Provincial Treasurer had to cancel preventative programs for aboriginal children and other children at risk. There's a clear and direct correlation between the government's hell-bent process of cutting corporate taxes and reductions and inability to deliver social services and other necessary programs in this province. It is also directly connected to the provincial government's addiction to gambling revenue, which is now one of the most significant sources of revenue for this province at about a billion dollars a year.

So these corporate tax cuts, Mr. Speaker, far from being beneficial for the average citizens of this province, are a direct threat to the kinds of programs that they have come to expect and which they often need.

8:20

I want to talk a little bit about the royalty reductions program because the Auditor General, again, has been very clear that these programs have no demonstrated value other than reducing the payable tax of corporations, and he has called on the government not once but several times to identify specifically the objectives that are trying to be met through these kinds of programs, and the government has again failed to do this. This is quite simply, Mr. Speaker, a transfer of Albertans' wealth, which is commonly owned through the ownership of our natural resources, into the pockets of large corporations, and, frankly, with no requirement that that additional money should be spent on anything of value in Alberta or even spent in Alberta, period. So, you know, again, the government likes to sound like they're very progressive and they're trying to do something for the economy, but there's no relationship between their policies and economic prosperity of this province. They are just handing over the natural resources to the corporations which in turn support the government at election time.

So, Mr. Speaker, I want to be very clear that Alberta New Democrats are opposed to this bill. We are a fiscally responsible party, and we do not seek to have our cake and eat it too. When we put forward proposals for government spending, we cost them, and we look at whether or not these programs can be borne by the Treasury. We do not want to be going to the people on one hand and say, "We will increase your funding for education; we will increase your funding for health care" and so on, and then to the corporations on the other hand and say, "Oh, by the way, you don't have to pay

your share in order to support these programs." That is trying to have your cake and eat it too.

I think that that is just not a viable policy, and it's not being straightforward and honest with the voters of the province. So when we talk about spending money on badly needed social programs, avoiding layoffs of teachers, for example, as we've recently seen up to a thousand positions cut across the province in education, we are willing to stand and face the voters and say how we would pay for it. One of the ways we would pay for it is to not proceed with these kinds of tax cuts which are simply gifts to the corporate sector and have no discernable payoff, at least as I interpret the Auditor General's remarks, to the economy of the province or to any programs that may exist.

So I would urge all members of the Assembly, both from the government side and the Liberal Official Opposition, to stand up for ordinary Albertans and vote against Bill 41. Thank you, Mr. Speaker.

The Deputy Speaker: Any questions or comments, hon. member? Okay.

If there are no questions, then we'll have the hon. Member for Edmonton-Gold Bar on Bill 41.

Mr. MacDonald: Thank you very much, Mr. Speaker. It's with a great deal of interest that I participate in the debate on Bill 41, the Alberta Corporate Tax Amendment Act, 2003, this evening. Certainly, when everyone considers that many, as the hon. Member for Edmonton-Highlands referred to them, ordinary Albertans own small businesses across this province, I think they would be very grateful for a reduction in their tax rate when you consider how the utility costs from energy deregulation have affected these small businesses. They need some relief, and they need it now. Many businesses have expressed a great deal of concern, Mr. Speaker, with the high cost of electricity and the high cost of natural gas, and any relief that they can get other than a rebate at election time I think puts them on a solid financial footing.

Now, we have seen over the years a gradual decrease in the small business tax rate. I think we can safely call this Lenny Kaplan's tax cuts because whenever Mr. Kaplan worked with the Official Opposition, this was one policy that he advocated be implemented. The hon. Member for Edmonton-Ellerslie is absolutely right. This was a policy of the Official Opposition for some time, and I am pleased to see that the government has incorporated it into this legislation. I think it is about time, and in light of the major public policy failures in other departments by the government I commend the Minister of Revenue for bringing this forward because it's much needed by the small business community in light of the bills that I talked about before increasing. I think Mr. Kaplan would certainly agree as well.

When you look at other parts of this legislation – and we can go to the general rate of corporate tax reduction and what has happened historically – I would be curious to know how the insurance industry in the province is going to be affected by this reduction. How much money are they going to save now? The insurance companies, I understand, have an extensive – some people would call it a consultation process; other people would call it a lobby process in place to have their premium taxes of 3 percent reduced or in some cases eliminated.

I was part of a public debate, and I reminded the consumers that the insurance industry had already received in the general rate from the previous reduction some corporate tax relief, and fair enough; we were collecting the premium taxes. I would like to see the premium taxes used for dedicated public campaigns to ensure that people have

their seat belts on, their head rests adjusted properly, a public education program to ensure that we drive as safe as possible. That \$57 million that's collected from the insurance industry on auto insurance premiums I think should have dedicated uses, and one of them would be to reduce our accident rates.

I'm not convinced that the insurance companies, for one, need tax relief at this time. They have received it. Small businesses certainly in my view warrant and merit tax cuts, but the insurance industry? The insurance industry, I'm not so sure. I would like to know just precisely how much money the insurance industry in this province would save with this corporate tax cut because I do not want to turn on the radio or open my newspaper and hear where they've been taxed out of Alberta, because I just do not believe that to be true whenever one considers the insurance industry.

Now, my colleague from Edmonton-Ellerslie talked about the royalty tax deductions. Certainly, the Auditor General in his report had significant things to say about tax royalties to energy companies in this province and exactly how they work. As the debate in this bill continues, Mr. Speaker, I too would like to know: how much money did oil and gas companies save in royalty tax deductions and credits last year? How does the government ensure that granting oil and gas companies both royalty tax deductions and royalty tax credits does not cheat Albertans from receiving a fair return on nonrenewable resource development? It was interesting to note, Mr. Speaker, in Saturday's *Globe and Mail* a story about Exxon corporation, and I believe it was the state of Alabama. Somewhere down in the Sun Belt, in the southern states, there was a court case, and Exxon owes that state I think slightly over \$11 billion in resource revenue that had not been collected. I would just be horrified to think that we're not collecting our fair share in this province. I'm sure we are. I'm sure there are programs in place to ensure that our citizens are getting maximum return on their resources.

8:30

As the hon. member said earlier, we have schools that are overcrowded. We have laid off teachers. We have any number of what the government in the old days used to call pressure points that need funding. It would be just horrifying, again, Mr. Speaker, to find out that our share of our resources was not being collected properly by our government.

We at the same time are entertaining notions in public debates about putting a user fee on the homeless if they're going to get a night's stay at a government shelter. When we put all this in perspective, we just can't provide for one sector, which is the corporate sector, and ignore those who cannot help themselves. There are many people, unfortunately, in this province who through no fault of their own cannot provide themselves with a living. The government has a responsibility and a role, and if we're going to look after the corporate interests, then I think we should care for those who cannot care for themselves as well and do it adequately, allow them to live their lives with decency and respect.

Mr. Speaker, who has the Alberta advantage here? Albertans obviously own the resources, not the energy companies, and I would like to know: when was the last time the government system of royalty tax deductions and royalty tax credits was examined? I'm sure someone other than the Auditor General has had a look at this, but certainly the Auditor General in the recent report that I referred to recommended that "the Department of Energy document and communicate the objectives of the Alberta Royalty Tax Credit program and develop measures to assess whether the program is meeting its objectives."

Now, the risk of not defining program objectives and performance

measures is that the government may not be making effective decisions and may be giving away the Alberta advantage for free.

In conclusion, I would like to bring up small businesses again. The small businesses, those that are owned by the so-called ordinary Albertans – I was one of them – are the engine of Alberta's economy. [interjection] Yes, you bet I'm ordinary, and I'm proud of it. I think we need more people like that in this Legislative Assembly, not less, and that's to the Minister of Justice, Mr. Speaker.

The Official Opposition has always supported tax cuts for small businesses. In light of the public policy follies that have surrounded this government recently with energy deregulation, it's about time, because if we give those small businesses tax relief, they're going to be able to find another place for their money, and that's in their high utility costs.

Thank you very much.

The Deputy Speaker: The hon. Member for Edmonton-Highlands to ask a question or make a comment.

Mr. Mason: It's a brief comment, Mr. Speaker. I just want to bring to the hon. Member for Edmonton-Gold Bar's attention the fact that the New Democrat opposition has always supported the tax reduction for small business, but the lion's share of the reduction in government revenue – that is, a billion dollars over four years – comes from the corporate tax rate reduction, which we firmly oppose.

Thank you.

The Deputy Speaker: The hon. Minister of Revenue to close debate.

Mr. Melchin: Thank you, Mr. Speaker. I will be happy to supply some answers in committee to a number of the questions. For some of them I don't have the specifics with me at the present time. I would say this, though, in general terms. When we take a look at tax structures, it is important that you look at the right climate for business. Sometimes "corporation" or "business" sounds like it's impersonal, but that corporation or business is made up of individuals. It's made up of Albertans. It's made up of people. It's made up of people that create jobs, that provide opportunity for jobs and employment for all Albertans. It's not looking after an invisible shell of an organization. It's looking at having opportunities to invest, to create jobs, and so forth, and it is also part of the structure.

I appreciate that the NDs would like to see the tax-and-spend philosophy as the approach, but I think the approach is: you create a bigger pie, and you create opportunities to create a bigger pie so your rates don't have to be so high. That is what will attract the capital that we need of the world to develop and create the infrastructure that we need in this province, and it is doing it. It's not just because prices in oil and gas are high, but the investment climate, the opportunity, the people that are moving here are a natural flow of allowing capital to come where it's not penalized so highly, and it benefits everybody. It benefits all the low-income people. It benefits the provision for social services and the like.

Anyway, with respect to a couple of things about the Auditor General's comments, the Auditor General did not say anything or put into context that there was anything wrong or implied that there is a problem with the Alberta royalty tax credit. He's only making comment with respect to a number of programs that provide credits, deductions, preferential treatment to quantify so that you would compare benefits and costs, and I think those are appropriate statements. We certainly are looking at the Alberta royalty tax credit in that perspective and will report in due course.

One thing was mentioned: why we allow for the higher of resource allowance or royalty deductions. The federal government introduced years ago in the whole taxation – they disallowed the deduction of royalties, and because of their disallowance of the royalties paid to Alberta from a federal claim, they allowed a resource allowance. The Alberta government's response, though, was to still allow the deductibility of the royalties paid in calculation of tax. Given that the federal government introduced its own legislation on resource allowance, we allowed them to take the higher of, not to be penalized by different laws.

Now, one thing that has changed: the federal government starts in this year actually a gradual phaseout of the resource allowance. Starting in January of this year, over about four years it's going to phase out the complete resource allowance so that royalty deductions will be the only thing that you can deduct both for provincial and federal purposes. So even in a transition it is being resolved by the federal government's own acknowledgment that it needs to change its rules.

I'll be happy to answer in committee the balance of the questions that were asked. Thank you.

[Motion carried; Bill 41 read a second time]

**8:40head: Government Bills and Orders
head: Committee of the Whole**

[Mr. Tannas in the chair]

The Chair: I'd call the Committee of the Whole to order. Because we have not met for some days and weeks, a reminder that while there is some leeway for quiet conversation, we have only one member standing at a time and talking. With that we'll begin.

Bill 37

Climate Change and Emissions Management Act

The Chair: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I had the opportunity to speak to this particular bill in second reading this afternoon and then hear what the minister had to say. I was looking for something substantive from him, but instead what we got was the usual rant when they bring in these kinds of bills, which really should be dealing with substantive issues and instead really are positioning themselves to take advantage of what turns out to be mostly a lack of knowledge on the average Albertan's part, so they buy into the information that the government shares with them, which is not always accurate.

I didn't hear anything new this afternoon, and I didn't hear any new figures or new plans of what this government is planning to do, so I still have my initial outstanding issues with this bill, which I will summarize at this particular time.

The first and perhaps the most important of those – or perhaps all of them are equally important – is that this bill does not achieve any meaningful progress on reducing the level of greenhouse gases emitted in Alberta. In fact, what we see here is quite the opposite, Mr. Chairman, and that's a real shame because there is an opportunity to move forward on this particular issue. The rest of the world will be. Why shouldn't we? You would think that just once the Alberta government would want to lead on these particular issues.

What we're going to end up seeing is that industry will lead on this particular issue. They will drive it, and government will be

playing catch-up. We see that happening in several other industries that I'm the critic for right now, not the least of which is Environment and Sustainable Resource Development, where industry is seeing what global markets are doing, they're seeing what the management issues are, and they're aggressively trying to be a part of the competitive advantage. But that does not seem to be this particular government's stance. That's letting all Albertans down, and that's too bad.

Secondly, this bill really is a poor legal framework for action. There are virtually no specifics in the bill that allow it to be evaluated for how efficient it will be in addressing Alberta's role in lowering greenhouse gas emissions. It delegates so much authority to the regulations that it really gives carte blanche to cabinet and the respective minister to operate in any way they choose. This gives us a couple of scenarios that could happen. We could have a best case scenario for some improvements or a worst case scenario of no substantial actions being taken at all, and that's very concerning.

Equally concerning is the fact, Mr. Chairman, that key components of this legislation will be decided behind closed doors by cabinet and minister. On this particular issue I have seen no leadership by cabinet or by the minister. Where I have seen the leadership is in the actual department, at the bureaucratic level. So hopefully they will have some influence on what happens here because if we leave this up to this cabinet, we're in trouble with this particular kind of legislation.

I talked this afternoon about there being no need for this separate piece of legislation. Everything here could be done more effectively by incorporating its provisions into a changed framework within the Environmental Protection and Enhancement Act. That would be much better. This bill doesn't allow the public the opportunity to be involved and participate in the establishment of regulatory systems.

Now, it used to be the practice of the government in the Loughheed days that they would bring the regulations forward for review prior to bills being passed, and in fact that's still what happens at the federal level. The regulations are publicly posted before the bill gets to the floor of Parliament, and that could be the same case here. What we would have then is much more openness and much more transparency, and that would be very helpful. Then corporations and people who felt that they were directly affected could have some input.

That doesn't mean that the government has to change the regulations by any stretch of the imagination, but it does give some ability for taxpayers and directly affected people to have some impact prior to the bill becoming legislation. What the federal government has found as a result of that is greatly enhanced and strengthened legislation. So that should be the goal of all of us in this Assembly. This would be a key bill to try that kind of approach on, but this government doesn't want to show that kind of leadership.

Lastly, my concern is that this bill is exceedingly weak on enforcement issues. Once again, we see a government that just wants to let the market correct itself and puts in regulations but doesn't actually put in the kind of backup system that can be enforced. Here in this legislation we've got no specific provisions for how it would be enforced, what penalties would be applied for infractions, and whether or not, in fact, there would actually be the personnel to do the enforcement and monitoring and carrying out. We know from all departments in this government that there is no support for enforcement, and that's a real shame because the best performers will always outperform what the government wants them to do, and the poor performers will sadly perform well below standards and often in a fashion that could not be considered legal by any jurisdiction.

So I continue to say that I have grave concerns about this particu-

lar bill. I will not be supporting it, Mr. Chairman. I was certainly hoping that this government would withdraw this bill after it had had some public exposure over the summer, but once again they chose not to listen to the vast majority of Albertans.

The Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. I'm pleased to address the Climate Change and Emissions Management Act, Bill 37. This is carried over from the spring session, and it addresses the specified gas emissions responsible for the greenhouse effect as part of the Alberta action plan on climate change. It provides for sectoral agreements, emissions trading programs, reporting, and funding of technological approaches to address climate change.

Mr. Chairman, this bill was first introduced in last year's fall sitting. It died on the Order Paper and then was reintroduced in the spring. The politics which are behind this bill are clear. It was originally part of the Conservative campaign against the ratification of the Kyoto protocol by the federal government. When this strategy then failed, it's now seen, I think, by the government as some sort of defensive mechanism asserting Alberta's jurisdiction over climate change initiatives by setting up provincial mechanisms instead of participating in the federal mechanisms.

Now, many environmental groups have justifiably been harshly critical of the approach set out in Bill 37 for a couple of reasons, Mr. Chairman. It extends the time frame for meeting climate change targets to 2020 instead of 2012, and it calls for reducing emissions intensity as expressed in GDP rather than absolute reductions. This is, I guess, the real difficulty with this bill because it's based on the approach taken by the Bush administration in the United States. Of course, we know that the Bush administration was supported as the spokesperson for the oil industry internationally and particularly in the United States as well as the arms industry. Those were the biggest backers of the Republican campaign for President that managed to not elect George W. Bush but to have him appointed by the Supreme Court, notwithstanding the fact that his vote was less than that of Mr. Gore's.

8:50

The approach favoured by the big oil companies in Texas is the same approach that's favoured by this government, and that is to turn its back on the real issue facing the whole globe, which is a dramatic and accelerating climate change which is produced by emissions of greenhouse gases, in favour of a cooked-up formula that allows the overall, absolute amount of emissions to continue to rise. Now, of course, if you look at it from a scientific point of view, Mr. Chairman, just because the economy grows and therefore the allowable CO₂ emissions continue to grow makes no difference to the Earth, because the only thing that matters as far as climate change is the absolute amount of CO₂ production that is taking place. So you can go through all of the elaborate rationalizations you want to, but as long as we continue to pump out CO₂ into the Earth's atmosphere at an increasing rate, then climate change is only going to accelerate.

Now, most of us in this Chamber are old enough to remember what winters used to be like 20, 30 years ago, and we know that they're quite different today. Younger people probably don't realize this. I explained it to my son, and you know he wasn't there. He can't remember long, cold winters. But those of us of a certain age, Mr. Chairman, can recall this. Only the hon. Member for Edmonton-Gold Bar is probably too young to remember really, really cold winters, but I think most of the rest of us are.

So the approach is that if your GDP grows, if the economy expands, you can increase the absolute amount of CO₂ emissions as

long as as a percentage of the GDP you're declining. So if you get slightly more efficient relative to your economic output, then it's okay to increase your absolute emissions of CO₂ and other greenhouse gases. Of course, Mr. Chairman, this is completely unsustainable. This approach is, in my view, fundamentally dishonest and tries to pretend that it's doing something about greenhouse gas emissions when, in fact, it is permitting them to continue to rise.

So what, then, is the result? Well, Mr. Chairman, we are trading off economic advantages for ourselves at the expense of the well-being of our children, our grandchildren, and unless something changes, then two or three or four generations down the line the consequences for those that come after us are going to be very severe indeed. In fact, scientists who are most familiar with this phenomena have indicated that there will be mass reductions in the Earth's human population somewhere out to 50 years if things continue as they do.

The impacts of global climate change are severe, and it's not just that the Earth is going to heat up a few degrees and stop. What's going to happen is, in fact, that the rate of change is going to accelerate, and it will have a profound effect on the world's food supply as well as causing severe weather and so on. We've already begun to see that with the huge fires in the last couple of years around the world, not just here, not just in California, not just in B.C. but tremendous, tremendous increases in the number of hectares of forest lost in places like Siberia, in Europe, and so on. You just extrapolate that 10 years or 20 years, and you will see that catastrophe awaits. But this government doesn't really take that seriously for some reason and seems to believe that it's okay to continue to go down the path that we have chosen for ourselves or, rather, that those who have control of the levers of the economy have chosen for us.

Mr. Chairman, I had hoped that Bill 37 would be withdrawn or allowed to die once its usefulness as an exercise in fed-bashing was gone, but the government seems intent on pursuing it, and there are elements as well of infringement on the jurisdiction of the federal government. The provincial government is, of course, always ready to cry wolf whenever the federal government attempts to infringe on its jurisdiction, but whether it's marriage or environment or wheat, this government is prepared to try and step on the toes of the federal government. So to put it very politely, it's an inconsistency on the part of this provincial government.

Just in conclusion, Mr. Chairman, I think that the Climate Change and Emissions Management Act is an irresponsible piece of legislation. I don't think it does anything to enhance Alberta's position, and what it will do is allow the government and certain irresponsible members of the corporate sector to continue to ignore this very serious problem and this treaty obligation on behalf of the country. As such, I don't see how members of this Assembly can support Bill 37, and I would urge them to vote against it.

Thank you very much, Mr. Chairman.

The Chair: The hon. Member for Edmonton-Riverview.

Dr. Taft: Thank you, Mr. Chairman. It's always a pleasure to rise in this Assembly. I think Bill 37 could be one of the more important bills that we discuss during this session. I have a range of concerns with it that begin right from the fundamental approach of the bill and the underlying assumptions. I know, speaking for my constituency, that climate change is an issue of great, great concern. Last year about this time I held a town hall meeting in my constituency, and about 500 people came out to talk about and learn about the Kyoto accord and climate change, to hear some top-notch scientific presentations, and to discuss the issue. So it was pretty clear to me

that jamming a good-sized church in a town hall meeting on climate change was a sign that the public is really concerned about this issue.

In the months that have passed since then, my impressions have continued to be reinforced that this is an issue of real concern to all Albertans across the entire province. Two weeks ago I had two separate phone calls from people in eastern Alberta, people I had no contact with before. I'm not sure why they called me, but both of them raised serious, serious concerns about climate change and the depletion of water resources in eastern Alberta, one near Oyen and the other, I believe, near Provost. They phoned me as farmers, as ranchers saying: "Hey, our climate is changing. Our land is drying out. We need to act."

9:00

Then the other day I had family in town for the rodeo. Believe it or not, there are genuine cowboys in my family, rodeo cowboys. They were chatting to me about the state of their ranchlands. One of them, who has ranch country west of Didsbury, was talking about how year-round he used to see white snow on the peaks of the mountains and now a good part of the year the mountains are bare, and how when he rides into the Ya-Ha-Tinda and the backcountry in the eastern slopes, he sees the land drying out and the damage to the land and how deeply he's concerned about that.

Other family members in central Alberta, both north and south of Red Deer, are worried about the health of the Red Deer River and the sustainability when we are pumping water out of that river through water treatment plants in the Innisfail area and then distributing it from there south of Red Deer, and at the same time we're starting to suck water out of the Red Deer River and pump it north all the way up to Hobbema. How much can the Red Deer River sustain, especially when the snowpack in the mountains is smaller and smaller every year?

Again, closer to home for me this summer, I had a STEP student do a history of the constituency. She went around and interviewed some of the original residents of Riverview. When she compiled all the interviews and I read through them, one of the striking things was how wet that constituency was on both sides of the river when it was settled 40 or 50 years ago, how there were lakes, McKernan Lake and Lendrum Lake, and a whole string of lakes on the south side, and how on the west end there were swamps and bogs and people actually could boat down what is now 149th Street. Living people have those memories. Now you go around Riverview and you can see trees dying by the hundreds because of a lack of moisture.

So there's no question this is a profound issue. The evidence of change is all around the province. I feel no great confidence that the leadership of this government accepts that evidence, and if they do accept it, it's been reluctant indeed.

Turning to the bill, Bill 37, and looking at the very first sentence of the preamble, it reads:

Whereas the Government of Alberta has a deep and well established commitment to protect Alberta's environment for future generations through proactive and responsible stewardship of the environment.

It goes on and on from there through the entire bill. These are noble words, Mr. Chairman, but to me they ring hollow.

Mr. Mason: So much CO₂.

Dr. Taft: As the Member for Edmonton-Highlands says, they feel like just so much CO₂.

Where is this deep and well-established commitment for the environment that this government claims to have? I don't see it very often. I certainly don't see it in this bill. This bill, in fact, sets up a

mechanism that will allow greater and greater greenhouse gas emissions in the province. What we're seeing now played out is in some ways a tragedy, a tragedy that could have been prevented if the government had listened to its own advisers in 1988, who put forward a pretty comprehensive greenhouse gas emissions plan, one that's actually quite detailed.

Frankly, when I look at Bill 37 and I read that first preamble, I wish that the rest of the bill followed in suit because we could be looking at this issue not as a threat but as an opportunity. These are opportunities faced by Alberta that are being confronted by countries around the world, people around the world, and people around the world are going to be looking for leadership. How do we address climate change? How do we address water shortages? How do we address drought and disease and plague that come with that? How do we address massive forest fires? Alberta is positioned to become a global leader in constructively addressing climate change in sector after sector after sector, and instead of a bill that would provide that kind of leadership, we get a bill that puts in place a mechanism to allow, frankly, an increase in greenhouse gas emissions.

I would love to see amendments to this bill that take a more aggressive and constructive stewardship of our land and of our planet, and some ideas that I would like to see in this bill, some clauses that are not here, I don't believe – for example, addressing questions of demand side management. Rather than worrying about how we supply more and more and more energy and more and more and more water and so on and so forth, why don't we focus on reducing the demand, and why don't we have legislation that addresses climate change and emissions by concentrating on reducing demand? There are lots of ways this could be done.

I was listening to an interview just the other day with an energy expert who talked about the effect that regulations have had on improving the efficiency of something as simple as the household refrigerator. The household refrigerator is one of the largest energy consumers in a house, and up until about 10 years ago they were absolute energy hogs. Because regulations were brought in and steps were taken to improve their efficiency, you cannot now buy energy hog refrigerators. Every new refrigerator is substantially more efficient than it was before, than the older models were. That kind of example could be repeated over and over and over, from light bulbs to automobiles to water heaters, plumbing, toilets, showerheads, all of it. We don't see any attempt at addressing those kinds of issues in this bill that begins with noble words about "a deep and well established commitment to protect Alberta's environment." Unfortunately, none of that is here.

So this bill falls short, I think, falls badly short in what it purports to do. I expect the bill to be passed by the government, and it certainly addresses the concerns of the heavy oil industry, but I think it is much too narrow a bill when it's talking about climate change and emissions management and, frankly, fails to live up to the vision that's sketched out in the preamble.

Mr. Chairman, with those words I place some of my concerns on the record and look forward to some other discussion and debate. Thank you.

[The clauses of Bill 37 agreed to]

[Title and preamble agreed to]

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

Hon. Members: Agreed.

The Chair: Opposed? Carried.

Bill 36
Environmental Protection and Enhancement
Amendment Act, 2003

The Chair: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Minister of Environment.

Dr. Taylor: Yes. I have a number of amendments I'd like to offer. You have them. I'd like to have you pass them around please, Mr. Chairman. I won't comment much on them other than to say that we consulted with industry and so on, and these amendments are the result of the ongoing consultations over the summer. I would hope that the opposition would support the amendments as well.

Thank you.

9:10

The Chair: The hon. Member for Edmonton-Ellerslie on amendment A1.

Ms Carlson: Mr. Chairman, just for a point of clarification, the whole package is going to be considered as one amendment; is that the case?

The Chair: The Minister of Environment.

Dr. Taylor: Yes, Mr. Chairman. We will do it as a package.

The Chair: Is that in agreement?

Ms Carlson: Mr. Chairman, I was hoping that the minister was going to take a little bit of time to go through them and at least explain them to people, because as we have seen this afternoon, we rushed through second reading of this bill and now we have the amendments before us in committee and are expected to just approve them with what appears to be very little fanfare. At least those amendments should be read into the record, in my opinion, and have the opportunity for some debate.

First of all, I would like to say, though, that in terms of these amendments the minister did try to arrange a meeting with me and my researcher to talk about them and explain them in some detail. Our meeting was scheduled for tomorrow, but because this bill has gone through the Legislature so quickly, we haven't had a chance to actually talk about them. However, he certainly did get them to me as soon as possible, which was today, and we've had a chance to review them to some extent and make some comments on them, and generally speaking, Mr. Chairman, we do approve of them. What we see is that there are quite a few amendments here. Most of it is cleaning up of the bill and responding to concerns that we have also heard from government, but they are somewhat substantive in nature and so should really be talked about a little bit.

The first amendment, the A part, adds some more definitions to section 2. It talks about potable water, and then it talks about a wastewater system and goes on to define that. That's good. We needed more definitions, for sure, when it comes to those particular systems as defined in the Environmental Protection and Enhancement Amendment Act.

The waterworks system then goes on to be defined to talk about potable water to cities or towns or municipalities or villages or hamlets or settlement areas and those kinds of water supply systems, like the lines, the on-stream, off-stream storage facilities, pump-houses, treatment plants, and so on. So more definition is better than less definition. In this case, we're happy with that.

A big section is then added after section 4. It talks there about

director's discretion, and this is where we had most of our questions, because it always concerns me a little bit when this government hands more discretion to directors. On consultation with the minister's staff and reviewing this, it seems like in this particular instance this may not be a bad thing. I may rue the day that I agreed to this particular amendment, depending on how they end up applying it, but so far it looks like it's good to have some discretion for these applications in the cases where decisions need to be made and people may or may not be readily available. So we're going to conditionally support this particular one at this time, and we'll be watching closely to see how it is applied throughout the province and will see how it goes from there.

Then we go on to 4.4, where section 67 is amended by repealing some subsections and adding more. Here it talks about what the section does not apply to, and mostly that's repairs and maintenance and temporary changes to equipment and so on. As I review section 67, I don't have any issue with that.

Section 4.5 was slightly amended, and it talks about how notice is given and applications for registrations are done. It's a little bit more definition, and that's okay, I think. In C "section 9 is struck out," and the addition is added there that not just the director can address this particular section but "or an inspector." Once again, we'll see how that plays out, but it doesn't look like it's too bad to me. So then cleaning that up and tying it in in other sections, and the same thing happens for section 17 and section 18.

I agree that section 19 that's being struck out here is applicable in this particular case.

Then we get to H, section 21, where "section 142 is repealed and the following is substituted." We get the "environmental protection order after reclamation certificate" where it states:

If, after a reclamation certificate has been issued, an inspector is of the opinion that further work is necessary to conserve and reclaim the specified land and the work relates to matters that were not apparent at the time the reclamation certificate was issued, the inspector may . . .

and then it lists a number of things that the inspector can do, and this is the part of the amendments that I completely support.

This is a really good addition that strengthens this act because we have had circumstances in the past where it looks like the reclamation has been done well and then something comes to light afterwards where more work is necessary. It was a little fuzzy prior to this in this particular act about how the government could move forward on these issues and actually have the people or company to whom the reclamation certificate was issued clean up their act. So we like that.

Then of course in I it talks about section 22 being amended by striking out the dates as applied.

So, generally, it looks like some good things, really good things, in this amendment package, some that I'm slightly reserving judgment on and will support, and we'll see what follows. We may be coming back sometime in the future to complain about them if it turns out that they're not going to be applied in the manner in which we expected them to be. Otherwise, generally speaking, these changes to the Environmental Protection and Enhancement Amendment Act, 2003, look to me like they strengthen the act. It looks like they're addressing a number of the concerns that I have heard on our side not so much from industry but from the environmental community.

So we will be supporting this particular amendment package at this time, Mr. Chairman.

The Chair: The hon. Member for Edmonton-Gold Bar on amendment A1.

Mr. MacDonald: Thank you very much, Mr. Chairman. I rise to participate in the debate on this list of rather extensive amendments, in my view. It is with a great deal of reluctance that I speak because certainly I think this is a comprehensive list, and to receive them and then to have to make one's mind up in regard to whether they should be accepted or rejected is not, in my view, a legislative process that I would agree with.

Now, I have some specific concerns about this. Certainly the hon. Member for Edmonton-Ellerslie also has expressed concerns. But in specific relation to this amendment in section 142, when we have what it states here – and I'm going to read this into the record, Mr. Chairman, because my colleague did also – I have some questions in regard to the potential costs that we could be stuck with here. Did you have a look at the bottom of that? The costs are the responsibility of the government. This is horrendous.

Now, section 142(1), Mr. Chairman, reads:

If, after a reclamation certificate has been issued, an inspector is of the opinion that further work is necessary to conserve and reclaim the specified land and the work relates to matters that were not apparent at the time the reclamation certificate was issued, the inspector may.

Now, it lists in (a) what the inspector may do, and then when you get to (b), the inspector may "carry out any work that the inspector considers necessary to conserve and reclaim the specified land."

9:20

Now, 142(2) states:

No environmental protection order regarding conservation and reclamation may be issued under this section

- (a) in any case where the reclamation certificate in respect of the specified land was issued under the Land Surface Conservation and Reclamation Act . . .
- (b) in any other case, after the date prescribed or determined in accordance with the regulations for the purposes of this section with respect to different classes of specified land set out in the regulation.

Now, 142(3) states that "the costs of carrying out the work under subsection (1)(b) are the responsibility of the Government." When you carry out that work, how much is that going to cost, what exactly is this, and what exactly are we doing with this amendment at this time, putting it before the House in this manner? How many millions of dollars are at stake here?

I think this is wrong, Mr. Chairman. We could have any amount of land. We need further explanation from the hon. minister on this. There could be any amount of well sites, whether they're oil or gas. There are numerous ones. We have changed the rules as to how the reclamation process is to be done. How many abandoned well sites could be stuck into this section (1)(b) that are the responsibility of the government?

My belief is that the government then recovers the money from the reclamation certificate holders. Now, is that true in this case? If not, how much money is the government potentially risking? How many tax dollars are we potentially risking if we support this amendment? At this time until I get the answers, I for one cannot accept this amendment. I think it certainly requires clarification from the hon. minister because we need to make sure that the taxpayers aren't going to be on the hook for millions and millions of dollars in cleanup costs for oil and gas leases.

Thank you.

The Chair: The hon. Minister of Environment.

Dr. Taylor: Yes. I'm more than prepared to answer his question on the cleanup costs. In the present legislation the oil and gas compa-

nies are only responsible for five years. Any cleanup costs after that revert back to the Crown. After five years their time is over. What we're doing with this amendment is we're making them responsible for 25 years. Now, is 25 years enough? I mean, I don't know. But that's the agreement we could get through hard negotiations with the oil industry, that they will be responsible.

So if their reclamation certificate gets yanked, which it can anytime in that 25 years if something shows up, and the landowner phones Alberta Environment 10 years down the road and says, "Hey, look at this; my crops aren't growing here," or "The grass has died here," Alberta Environment will then do an investigation. If it is shown that there is some kind of pollution or damage to the land, then we yank the reclamation certificate that the oil company or pipeline company or chemical company or whoever – I don't want to just pick on oil companies – has had for 10 years, and they have to go back in and reclaim. At that stage if that happens, then they're on the hook for another 25 years after because they no longer have a reclamation certificate. What would happen then would be that they'd ultimately clean it up, they'd get a new certificate, and then you're onto another 25-year period, so it's a long extension.

As I say, there were extensive negotiations with all the industries involved to be able to come to this. Is it long enough? Too long? I think it's a good first step to try and take a look at it, and if we feel at some stage we need to extend it a longer time, then one would have to get back into negotiations again.

The Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you, Mr. Chairman, and thank you to the hon. minister. Now, does the department have any estimation of how much liability there would be for the taxpayers in this matter? Is there any estimate of the potential cost to the taxpayers at this time?

Dr. Taylor: I'm not exactly sure of the question. Do you mean after 25 years, the cleanup costs? No. We don't have that kind of estimation because we assume that after 25 years any damage . . . All the science would say, if one believes the science – and we all know that sometimes science doesn't actually work – is that within 25 years you will see any kind of situations or any kind of ongoing damage that would arise.

I'll tell you, though, that in terms of the existing laws – and the federal government has noted this as well recently – there are thousands of sites across Canada that need to be cleaned up for which there is now no longer an original owner, and the time lapse, which in most provinces is five to seven years and they aren't changing, has expired. So the federal government said recently that they don't know how many billions of dollars it will cost to clean up all those sites. In Alberta we will have – we're not sure the exact number – quite a number of sites for which you cannot find an original owner or the owner has gone broke or the owner has died, and those sites, because the old act was a five-year kind of time frame, will need to be cleaned up. We haven't even started to try and estimate what that would be yet.

The Chair: The hon. Member for Edmonton-Highlands on amendment A1.

Mr. Mason: Mr. Chairman, I'd like to speak to the amendments to Bill 36 and, in fact, to Bill 36 in a more general sense. I want to indicate that the general approach of the bill is difficult. While we certainly appreciate the extension of periods of liability for abandoned sites from five to 25 years – we think that's a positive thing –

I guess I want to say that we have some serious difficulties with the bill.

Before I get on to that, Mr. Chairman, I'd like to deal with the amendment packages. I just find it a little bit amiss that we would have a significant package of amendments brought before us without consultation in advance and without any explanation, or any substantive explanation, from the minister. So it makes our job very difficult to see how these particular sections fit with the existing act. That's probably a couple of hours' study to be able to do that analysis and integrate the amendments with the bill that has been provided up to this point. So I want to register my concern with the approach, and I hope that the minister will just take a moment and go through the different sections and explain why the government feels that these things are necessary.

Now, with respect to Bill 36 more generally, I believe that the minister has indicated in the past that there are 40,000 uninspected sites and they only have the capacity to do 1,700 per year. So the approach, then, is not to increase the resources that are available to the department but basically go from government inspection of abandoned oil and gas well sites to one of industry self-regulation. I may be forgiven if I'm skeptical about the industry's potential conflict with respect to this. Now, it's true that the oil and gas company would have to hire a reclamation specialist and that this specialist would have to submit all the paperwork to the government and so on. It's also true that codes of practice for acceptable reclamation would be developed, but you know the government inspectors in the future will only do land audits of reclaimed well sites, access roads, and abandoned right-of-ways.

9:30

Mr. Chairman, I'm hard-pressed to see how this will actually improve the situation over the status quo. You know, we have a situation where it's been reported that there just aren't enough resources on behalf of the department to actually do their job, and instead of addressing that question, we've gone off in this direction of self-regulation. I think there's a lot of history now of self-regulation, and it's not all one-sided, but generally it has had very, very mixed results, and there is no guarantee in our view that this approach is going to be effective or even more effective than the limited amount that the department is doing now.

So those are my concerns. I don't know if the minister is able to respond to any of them, but I'll take my seat and wait with bated breath, Mr. Chairman.

Dr. Taylor: Just to respond to a couple of them and give a little information before I respond. The member is quite correct. We have over 40,000 sites that need to be reclaimed. When you look at the history of reclamation in this province, since 1963 40,000 sites have been reclaimed. In 40 years 40,000 have been done. Quite frankly, I don't see this dragging on until my grandchildren's grandchildren have children before you get all the backlog of the existing 40,000 done. Then on top of the existing 40,000 we have 155,000 active well sites today. That's not pipelines or batteries or any of the other things that go around the oil industry. Just well sites, 155,000 active well sites. Some of their life span is relatively short because they're nearing the end of their life span. So when you look at those kinds of numbers and the fact that the government or the department has reclaimed 40,000 over 40 years, you can see that you have to do business differently.

So, one, let me state very clearly that it is not self-regulation. We establish the regulations. When I say "we," I mean Alberta Environment. We, Alberta Environment, write the reclamation certificates. We at Alberta Environment can pull that reclamation certificate at

any time for cost. We at Alberta Environment will continue to inspect sites. We will audit sites, and I can assure you that within Alberta Environment the inspectors know who the good reclamation companies are and who the not-so-good reclamation companies are.

In previous legislation only a director could pull a rec certificate. This new amendment allows for inspectors to pull a reclamation certificate, so that's quite an advancement in the sense that an inspector on a site can pull a reclamation certificate. I want to be very clear. This is not self-regulation. The company, whether it's an oil company, a gas company, a pipeline company, a chemical company, whoever is doing the reclamation has to hire an outside expert.

If I could use the equivalent comparison of blueprints on a house, when I get my blueprints done for a building project, the engineer puts his stamp on the blueprint. If there's a problem with that stamp and the engineer hasn't done his job, there are all kinds of consequences on that engineer. He's got a professional association that can yank his right to do these things. There are the consequences of him getting sued because he didn't do it properly, and there are the consequences of me the builder never using him again, so he will not have any business.

It's the same thing in this area. If the reclamation professional doesn't do his job properly and signs off on something that is not reclaimed properly, then all of the same consequences can befall him. His professional association can yank his certificate. Both the government and the company may want to sue him, because the company is going to be annoyed because they're going to get their rec certificate yanked.

So there are very clearly consequences, and Alberta Environment stays very clearly in control. I hope that answers the member's questions.

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I have a question for the minister. What is the current contingent liability for reclaiming those abandoned sites?

Dr. Taylor: Well, I'm not sure what the question means, but I will get you the answer. We'll have a record of it in *Hansard*, and we'll get you the answer. I'm not sure what the question was. It's getting a little technical for me.

[Motion on amendment A1 carried]

[The clauses of Bill 36 agreed to]

[Title and preamble agreed to]

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

Hon. Members: Agreed.

The Chair: Opposed? Carried.

The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. I would move that the committee rise and report bills 37 and 36.

[Motion carried]

[The Deputy Speaker in the chair]

Mr. Johnson: Mr. Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports Bill 37. The committee reports Bill 36 with some amendments. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

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

Hon. Members: Agreed.

The Deputy Speaker: Opposed? So ordered.
The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. I move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; at 9:40 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]

