

## Legislative Assembly of Alberta

Title: **Thursday, April 29, 2004**

**1:30 p.m.**

Date: 04/04/29

[The Speaker in the chair]

head: **Prayers**

**The Speaker:** Good afternoon.

Let us pray. From our forests and parkland to our prairies and mountains comes the call of our land. From our farmsteads, towns, and cities comes the call of our people that as legislators of this province we act with responsibility and sensitivity. Grant us the wisdom to meet such challenges. Amen.

Please be seated.

head: **Introduction of Guests**

**The Speaker:** The hon. Minister of Sustainable Resource Development.

**Mr. Cardinal:** Thank you very much, Mr. Speaker. It's my pleasure to introduce to you and through you to the Members of the Legislative Assembly 35 students, two teachers, and one parent from the Grassland school. They are seated in the members' gallery this afternoon. Also, we have one special student, an exchange student from Australia, to whom I would say: we'll give you a special welcome. I would let them rise now and receive the traditional warm welcome of the Assembly.

**Ms Calahasen:** Well, Mr. Speaker, it is indeed an honour to introduce to you and through you to the Members of the Legislative Assembly on behalf of my colleague the Minister of Community Development 11 staff from his department who are involved in the preservation and protection of our provincial parks and protected areas. They are joined today by parks planners who work on protected areas, regulations, and policies, and I'd ask that they stand as I name them. They are Bill Richards, Doug Bowes, Scott Jones, Ken Sloman, Travis Sjovold, Avelyn Nicol, Dawn Carr and also parks visitors services staff Michael McCready, Mary Fitl, and Stephanie Yuill and, of course, a parks biologist, because you can't do without them, Ksenija Vujoovic, who works on the Alberta Natural Heritage Information Centre, which is the province's biodiversity database. They are seated in the members' gallery, and I would ask that they receive the traditional warm welcome of the Legislative Assembly.

**The Speaker:** The hon. Minister of Infrastructure.

**Mr. Lund:** Thank you, Mr. Speaker. I'm very honoured today to have four people from Rocky Mountain House in my constituency and especially to have the new president of the Alberta Society of Engineering Technologists. So I would ask Scott and Yvonne Turner and their children Calum and Brenna to please rise and receive the traditional warm welcome of the Assembly.

**The Speaker:** The hon. Member for Little Bow.

**Mr. McFarland:** Thank you, Mr. Speaker. It is really a good pleasure today to introduce to you and through you the Vauxhall elementary school. There are 34 students, three teachers, five parents. I think it's really remarkable that this is the 13th year in a row that they have managed to bring the kids to see the Legislative Assembly. Mr. Terry Olfert has been with them as long as I can

remember, helping them out. There's Mrs. Trina Mantler-Friesen, a brand new teacher on staff, who grew up in Coaldale. There's Mrs. Lori-Jo Plotzki along with parents Mr. Pete Pepneck, Mr. Bill Sowinski, Mr. Ed Palmer, Mrs. Joanne Enns, Mrs. Jan Tolton. Two of the students are wearing Calgary Flames jerseys, and I think they're going to be more interested in watching a game tonight than, maybe, paying attention to their moms and dads and the teachers. But welcome – it's been a long trip – and have a great day. Would you please rise.

**The Speaker:** The hon. Member for Spruce Grove-Sturgeon-St. Albert.

**Mr. Horner:** Thank you, Mr. Speaker. It is indeed my pleasure to rise and introduce to you and through you to all members of the Assembly 69 visitors from Spruce Grove. These students attend Millgrove elementary school. The residents of Spruce Grove value education, and these kids are a reflection of that. They are a great, enthusiastic, bright, and energetic group of kids. The staff and parents are to be commended on the great job they do at Millgrove.

The students are accompanied by teachers Mr. Randy Williams and Mrs. Deb Schellenberger and parent helpers Mr. Ken Richards, Mr. Gary Wagner, Mrs. Val Coates, Mrs. Karen Whyte. They are seated, I believe, in the members' gallery, and I would ask that they rise and be granted the traditional warm welcome of the Assembly.

**The Speaker:** The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thank you very much, Mr. Speaker. I'd like to introduce to you and through you to all members of the Assembly some special women celebrating a 50-year anniversary of their graduation from the Royal Alex School of Nursing.

My aunt Enid Blake was a member of this 1954 class. They have honoured her in their remembrance of her. She died many years ago now, but her friendships with her classmates live on. I would like to introduce some members of the class, and my colleague from Edmonton-Glengarry will also be introducing members.

This is the class of 1954, the second class, and I'd ask you to rise as I say your name: her special friend Jean Davidson, Maxine Thomson, Grace Penrice, Joyce Primeau, all from Edmonton; Audrey Willmer from Red Deer; Edna Steffens from Sunnyside, Washington; and Barbara Ritchie from Toronto. Please give them a warm welcome to the Assembly.

Thank you.

**The Speaker:** The hon. Member for Edmonton-Glengarry.

**Mr. Bonner:** Thank you, Mr. Speaker. It also gives me a great deal of pleasure to rise this afternoon to introduce to you and through you to all members of the Assembly some other members of the 1954 Royal Alexandra School of Nursing. They are seated in the public gallery, and I would like to introduce them: Margaret Shea, Minot, whose grandfather was A.J. Robertson, the leader of the Conservative Party in the province here in 1905; Kathy Riddell from St. Albert – her father's uncle Frank Walker was a Liberal member in 1905 – Dorothy Engen from Eastend, Saskatchewan; Shirley Caldwell, all the way from Nashville, Tennessee; Ann Champion from Edmonton; and Hugh Algar. Mr. Speaker, with your permission I'd ask them all to rise and receive the traditional warm welcome of the Assembly.

Thank you.

**The Speaker:** The hon. Member for Calgary-West.

**Ms Kryczka:** Thank you, Mr. Speaker. I'm very pleased to introduce to you and through you to this Assembly today two guests who are well known to most of us. First, Doug Graham, who is the Progressive Conservative Party's new president, voted in by party delegates at last weekend's AGM in Banff. Doug is an Albertan who is outstanding in many ways: professionally as a lawyer, as a husband and father, as a community volunteer, and as a dedicated member of the PC Party for 20 years. I have to say that I've been fortunate to have his support on the Calgary-West board for many years. Now party members will benefit from Doug's broad experience and leadership, especially as we move into an election year. I would also like to introduce my second guest, Marilyn Haley, the very capable executive director of PC Alberta. As they are both standing, I would now ask all members of this Assembly to give them the traditional warm welcome.

**The Speaker:** The hon. Member for Medicine Hat.

**Mr. Renner:** Thank you very much, Mr. Speaker. It's my pleasure to introduce to you and through you to Members of the Legislative Assembly another important guest that we have seated in the members' gallery, a guest that I have had the pleasure of actually introducing before but in another capacity because, like the senior Progressive Conservative Association, there is another organization that has recently had a change in its presidents. It's my pleasure to introduce to the members someone who previously was the vice-president of the Progressive Conservative Youth and now is serving that great organization as its president. A long-time Alberta resident, an individual who has just completed his master's degree at the University of Alberta, I know he will do an outstanding job in his capacity as president and leader of PC Youth. I would ask Mr. David McColl to rise and receive the usual warm welcome of members of the House.

head: 1:40 **Ministerial Statements**

**The Speaker:** The hon. Minister of Economic Development.

### Calgary Flames

**Mr. Norris:** Thank you very much, Mr. Speaker. As everyone knows, it's springtime in Alberta, and with spring comes playoff hockey. Last year at this time I rose to talk about the beloved Edmonton Oilers. This year I don't have that option, so I rise to talk about the remarkable Calgary Flames.

Mr. Speaker, the Calgary Flames' playoff presence makes a number of important impacts in Alberta. It speaks to a vibrant economy. I'm told by my colleague from Calgary that there are no available Flames jerseys left for sale in Edmonton, if you wanted to buy one. It speaks for great inputs into small business, particularly those in the hospitality sector. It is a true showcase of Alberta. I'm told by my department that some 24 million Americans and Canadians tuned in the other night to see the Calgary Flames defeat the Detroit Red Wings, obviously great advertising for this glorious province and the absolutely beautiful city of Calgary.

Mr. Speaker, I'd like to suggest to Edmonton MLAs and others who have supported the Oilers with a great vengeance that we now recognize that our true hope lies in the Calgary Flames and we refer to them now as Alberta's team. To that end I would like to offer on behalf of all government members both north and south to Ken King, the general manager; Coach Sutter; the ownership group; and his team who have put so much effort into getting Calgary back into the playoffs: we all support you, we all wish you well, and we hope that things go extremely well.

One other comment, Mr. Speaker, that I have to make: Flames in six. Thank you very much.

**The Speaker:** The hon. Member for Edmonton-Gold Bar.

**Mr. MacDonald:** Thank you, Mr. Speaker. As a proud Edmontonian I was rooting for the Oilers all the way, but now only one Alberta team has a shot at the 2004 Stanley Cup, so as a proud Albertan I hear myself chanting: go, Flames, go.

The friendly rivalry between Alberta's major cities has been put aside as many Edmontonians cheer on the Calgary Flames as they do their best to return the cup to western Canada. In a gritty, hard-fought win over the Detroit Red Wings on Tuesday the Flames showed that speed, determination, and teamwork gets the job done. Let's hope that this speed, determination, and teamwork never burn out on Calgary's Flames.

The Flames have been propelled to victory by the support of Albertans watching them with pride, and we would be remiss not to recognize the fans because it is their support that helps spirit the team to victory. Flames fans have made the Saddledome a formidable place for any opposing team this season. Calgary supporters truly feel that they are valued by their team, and the Flames always respond with 60 minutes and sometimes more of spirited effort every game.

The Flames rely on the determination of their players and their fans to stay alive in the playoffs. The small-market team does not have the salary base of rivals like the Detroit Red Wings. Flames players have proven that they are talented, and even the Detroit coach admits that talent is the heart of the Flames team. The Flames have proven that you can't buy a cup with money. It takes team effort to get you there.

The Flames' roster is well oiled. Team captain Jarome Iginla was born in Edmonton. Defenceman Mike Commodore hails from Fort Saskatchewan. Let's hope that tonight they can continue making all Albertans proud with their performance, and let all of Alberta stand behind the team because they are Alberta's Flames for the rest of this year's playoffs. Let's hope the Flames can extinguish the Red Wings. May the red light behind the Detroit goal burn bright red often and not be lost in the sea of red.

Thank you.

**The Speaker:** I suspect, hon. member, that if unanimous request were asked for, it would be provided, so I'm anticipating that. Would that be fine, to recognize . . .

[Unanimous consent granted]

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

**Mr. Mason:** Thank you very much, Mr. Speaker. I almost wish that it had been withheld today, but nevertheless I will do my duty.

Mr. Speaker, the Calgary Flames are ruining some good jokes here in Edmonton. No longer can Edmontonians confidently tell how you spell "dynasty" in Calgary: o-n-e. No longer can we chuckle about the first sign of spring in Calgary: not robins, but the Flames on the golf course. These jokes, enjoyed for years by countless Edmontonians, no longer have meaning. They have been ruined by the outstanding performance of the Calgary Flames Hockey Club in this season. But ample compensation has been forthcoming. The great hockey, the outstanding performance in the series against the Vancouver Canucks, and the chance to cheer on an Alberta team all the way to the Stanley Cup are more than sufficient recompense.

I'm sure I speak for almost all Edmontonians in wishing the best of luck to the Calgary Flames in bringing the Stanley Cup back to Alberta.

head:

### Oral Question Period

#### Municipal Funding

**Dr. Taft:** Mr. Speaker, for the past decade Alberta's municipalities have borne much of the brunt of this government's deficit-cutting policies. They've had to make do with less, increase user fees and property taxes, and curtail services. After all this the Premier belittles their contributions by saying, quote, I didn't hear any municipality offer to take up their share of the deficit, end quote. My questions are to the Premier. How can the Premier say that municipalities have not carried their weight when they had almost \$400 million cut from their budgets between 1992 and 2002?

**Mr. Klein:** Mr. Speaker, my earlier remarks were not meant to imply that municipalities weren't part of the work to pay off the deficit in the 1990s. I know they experienced cutbacks, just as every sector of this province did. It was applied equally. But what unnerved me, I guess, and what bothered me was the mayor of Calgary saying that automatically 20 per cent of any surplus should go to municipalities. Well, it wasn't automatic that 20 per cent of any deficit went to municipalities.

Mr. Speaker, I would remind the hon. member – he wasn't around then, but he was in government at that particular time – that we were going through some very tough times, '93, '94, '95. We had a structural deficit of \$3.4 billion annually that had accumulated into a debt of \$23 billion. We had to take some very strong and sometimes innovative actions to get that deficit off our back and to start paying down the debt.

One of the things that we did and municipalities did not do is that we immediately rolled back all salaries, including those of MLAs, by 5 per cent. We did a number of things to eliminate that deficit. All of them, of course, weren't on the backs of municipalities. We targeted every sector of government, including ourselves.

So when municipalities talk about an automatic 20 per cent of any surplus, I'm saying: will they automatically take 20 per cent of any deficit?

**Dr. Taft:** Can the Premier tell us how many millions of dollars the province saved and put towards the deficit by downloading provincial responsibilities onto municipalities?

**Mr. Klein:** Mr. Speaker, I guess the fundamental question is: are the Liberals now ashamed and are they now criticizing this government for doing what no other Canadian government had done at that particular time, and that is to eliminate the deficit? Are they now criticizing this government for doing what the people told us they wanted us to do?

You know, had the Liberals been the government – and they came closer than ever in 1993 – I'm sure that we would still be swimming in a sea of red ink. These Liberals over here are saying that deficits are the Canadian way: we love deficits; have a deficit. That's the way they operate, and that's the way they want us to operate. Well, we aren't going to do that.

1:50

**The Speaker:** The hon. leader.

**Dr. Taft:** Thank you, Mr. Speaker. When will this government contribute its fair share of the \$3 billion surplus to all those municipi-

palities who did in fact contribute their fair share to eliminating the deficit and reducing the debt?

**Mr. Klein:** Mr. Speaker, it was in conjunction with municipalities that we worked out a different funding formula for transportation. They get a percentage now of the gas tax. The hon. Minister of Municipal Affairs has struck, I think, a very worthwhile, fruitful relationship with the AUMA, AAMD and C. We negotiate with municipalities relative to funding and funding formulas. We try to discuss these things in a rational manner. I was only responding to things that I heard in the media and through the media, and normally that's not the way that municipalities negotiate, and normally that's not the way the government negotiates with municipalities.

I know that that's the way the Liberals negotiate because the news media is their only negotiating power. They're quite content to simply fall into the trap – well, not fall into the trap, because they love it – and follow the fundamental premises of journalism, which are the five Cs of controversy, confusion, chaos, conflict, and confrontation. That's the way they operate, and that's the way they will continue to operate.

#### Government Aircraft

**Dr. Taft:** Mr. Speaker, yesterday the Minister of Infrastructure revealed that on some flights using the government's air fleet, costs "are charged back to the department that the minister is responsible for." It appears that these costs are in addition to the over \$4 million it costs Executive Council per year to operate, maintain, and fly the government's air fleet. To the Premier: how much higher than \$4 million is the actual cost per year of the government's air fleet?

**Mr. Klein:** Mr. Speaker, I don't have that answer. Perhaps I'll defer to the Provincial Treasurer.

I'm wondering, you know, and I was contemplating yesterday: where are they coming from? What do they want us to do? The media are going to be asking the hon. Leader of the Official Opposition: what is their end point? What do they want? Perhaps the hon. leader can stand up and tell me. Do they want us to park all the planes? Do they want us to sell them all off? Do they want us to use them only to go to Small Town, Alberta? I have no idea.

Mr. Speaker, I would remind the hon. member that opposition members are entitled to use those aircraft, and there is complete disclosure. The manifests are available. Obviously, they're getting the information through FOIP and simply asking for the manifests. I have a manifest here dated 11-19-98, and it shows the hon. Minister of Health and Wellness, the hon. Minister of Energy, the hon. Member for Calgary-Mountain View, Gary Severtson, a former member of this Legislature, Gary Dickson, a former Liberal member of this Legislature representing Calgary-Buffalo, all going to the Grey Cup. I mean, that was public. It's wide open.

So I'm just asking the hon. member: to what end is he asking these questions? What does he want? Maybe I can provide him with an answer. What he is doing is creating an environment of suspicion and, as I said, feeding into the fundamental principles of journalism, those five Cs of controversy, confusion, chaos, conflict, confrontation, and so on. But he has never stood up and said: here's the agenda; here's what we want to do. Maybe he'll be honest for a change, stand up, and say precisely what he wants.

**The Speaker:** The hon. leader.

**Dr. Taft:** Thank you. How much of this government's travel and communications budget, which has skyrocketed by 47 per cent to

\$131 million in just the past five years, is spent on keeping the government's air fleet in the air?

**Mr. Klein:** Well, again, I go: what is the end? What does he want? Does he want me to stop using the aircraft? Does he want the hon. Minister of Infrastructure, the Minister of Seniors? Does he want opposition members to stop using aircraft?

Mr. Speaker, relative to the figures, they're all available for examination by the opposition members, and ministers are available to answer questions relative to expenditures for communications and for air travel and for expense. There's the Public Accounts procedure where they can ask more questions. But what is the end? What is he leading up to? I'm curious.

**The Speaker:** The hon. leader.

**Dr. Taft:** Thank you. Well, the information isn't as available as the Premier says. Why won't this government be accountable – be accountable – to Alberta taxpayers and permit anyone to make copies of flight information as well as releasing the Premier's past travel itineraries? What are they hiding?

**Mr. Klein:** Mr. Speaker, if you ask for it, you will receive. I'd be glad to table this. This is a manifest from 1998. These are made available all the time.

But to what end? You know, whether I'm flying alone or flying with my wife or whether there are eight people on the King Air or six people on the 200, whether we're going to Oyen or to Toronto, I mean, to what end is he asking these questions? I'm perplexed, especially since the airplanes have been around since the 1970s.

Now, we did scale down; we sold our helicopters. Considering our fleet, outside of British Columbia, it's far smaller than most fleets in most provinces. What is the problem? Especially since we aren't flitting around like their federal cousins in Challenger jets and A320s fitted out like a living room. We don't use military people to act as stewards and stewardesses, flight attendants, and we aren't spending millions and millions and millions and millions of dollars on airplanes like the federal government.

**Dr. Taft:** Well, we don't know.

**Mr. Klein:** Well, they do know. They've alluded to what the feds post on their web site. Well, Mr. Speaker, you can get this information. All the hon. member needs to do is ask for it.

**The Speaker:** Third Official Opposition main question. The hon. Leader of the Official Opposition.

#### Premier's Travel

**Dr. Taft:** Thank you, Mr. Speaker. Well, yesterday in response to questions about taking a government aircraft to an exclusive golf course in Nova Scotia the Premier said, "Big deal." Well, Mr. Premier, it is a big deal to Albertans when they see the government abusing their tax dollars. To the Premier: can the Premier make it clear? Was the Fox Harb'r trip government business, or was it PC Party business?

**Mr. Klein:** Well, that's an interesting question. You know, he didn't need a researcher to dig up the question because the same question was asked yesterday by a member of the media.

Mr. Speaker, I considered it to be government business, but if the party paid for it, that's fine too. So what? And that's what I say again.

Mr. Speaker, I stopped there at the invitation of Ron Joyce, a well-known businessperson in Canada, the former CEO of Tim Hortons, a former co-owner of the Calgary Flames, a member of the Order of Canada, who brought together about 40 business leaders from throughout North America. He invited me down to do a little golfing and to do a little networking with some of these people and said: this is a good opportunity for you to tell some of the biggest players in America about the Alberta advantage.

As it turned out, the party picked up the tab for Fox Harb'r, but I would have considered it a government expense. If the party picked it up, all that much better. I don't know what he's complaining about other than that their party, being as bankrupt as it is, could never afford it.

2:00

**The Speaker:** The hon. leader.

**Dr. Taft:** Well, thank you, Mr. Speaker. This is puzzling. Is it government policy to allow the PC Party to pay for government business?

**Mr. Klein:** Mr. Speaker, I don't care. He can pay for my trips, if he wants, out of his own pocket. If it saves the taxpayers' dollars, who cares?

Mr. Speaker, I'm not getting a lot of cards and letters, notwithstanding the fact that he's trying to make this an issue. I'm getting no phone calls, no mail on this particular issue because people, good-thinking Albertans, understand, you know, the need to travel, the need to meet people, the need to influence especially those people who can . . .

**Mr. Bonner:** Lower your handicap?

**Mr. Klein:** Fine. That, too, if a golf game goes along with it. Are you telling me that no members over there, none of them, golf or participate on the golf course? If none of them golf, then stand up and say so. If you have never ever been on the golf course and have never discussed business on the golf course, stand up and say so, because I'll challenge you. You'll be telling a big fib if you stand up and say that you've never done that. It's all right for them to do it, but it's not all right for me to do it. I mean, do I see a double standard here?

**The Speaker:** The hon. member.

**Dr. Taft:** Thank you. Can the Premier, in the spirit of openness that he's suggesting here, tell Albertans how many times he has used their tax dollars or perhaps their tax deductible political contributions to help fund other golfing trips or other vacations?

**Mr. Klein:** Mr. Speaker, that is absolutely none of his business. Absolutely none of his business. How I use party money, how I use my own money is none of his business whatsoever. He should be ashamed for asking that question. Will this hon. member stand up and tell me how much of his own money he spends on anything? I don't question him about, you know, his government pension with the university and the salary he gets, but they seem to take the liberty of questioning us on everything when they're as guilty as sin on most things. The hon. Member for Edmonton-Gold Bar, for instance, spent \$10,000 last year to travel around a constituency that you could spit across.

**The Speaker:** The hon. leader of the third party.

### Health Care Reform

**Dr. Pannu:** Thank you, Mr. Speaker. Albertans have every right to be cynical about this government's latest phony fight with Ottawa over health care. It's pretty clear that the federal Liberals, despite yesterday's backtracking, are onside with the Tory government in wanting to expand private, for-profit delivery in the public health care system. This position of the Martin Liberals nicely dovetails with that of the federal Conservatives under Stephen Harper, leaving only the New Democrats opposed to the agenda of creeping privatization and two-tiered health care. To the Premier: why has the government delayed the release of its two-tiered health care proposals until after the likely date of the next federal election if not to protect the political hides of their federal Conservative cousins?

**Mr. Klein:** To protect the hides of the federal Conservative cousins? Well, the federal Conservatives, like the provincial Liberals, do not develop policy. It's the federal Liberals that develop policy. So we're not doing anything to protect anyone's hide.

We're doing health reform and undertaking health reform initiatives to protect the health system so that it will be there for our children and our grandchildren and our great-grandchildren in future years. That's why we're doing it, Mr. Speaker. We aren't paying any attention nor do we quite frankly care what the feds do or what the federal Conservatives do or don't do. We will participate with them on matters that will achieve efficiencies in the health system nationally, but relative to our responsibilities we will proceed with our health reforms with or without a federal election.

**The Speaker:** The hon. member.

**Dr. Pannu:** Thank you, Mr. Speaker. Given that this government is hiding its two-tiered health care plan to avoid creating political troubles for the federal Conservatives during the federal election, can the Premier please confirm that one of the proposals in this government's health care package is to delist some services and force Albertans to buy supplementary private insurance to cover them?

**Mr. Klein:** Well, again, Mr. Speaker, he's trying to draw us into that 15-second sound bite that is so appealing to the provincial Liberals and the provincial NDs. I'm not going to be drawn into that.

Mr. Speaker, all of our health reforms will be brought together in a package. We hope to have that package tabled by the end of June, at which time it will be discussed by caucus. Then it will go out for public consultation. I can see then, for the first time in a long time, both the Liberals and the NDs hitting the road at great taxpayer expense, racking up mileage, to lambaste the report and try to influence the way the public, the ordinary Albertan, reacts to that report. Just watch them.

**The Speaker:** The hon. member.

**Dr. Pannu:** Thank you, Mr. Speaker. Albertans are wondering what it is about the province's two-tiered health care plan that this Tory government wants to keep hidden from Albertans and Canadians until after the upcoming federal election is safely out of the way.

**Mr. Klein:** Mr. Speaker, I'm interested to know what the hon. member means by two-tiered. You know, there are some across Canada, including NDs, who say: well, the system is now two tiered. It's two tiered to the extent that people with money can go to the United States, but I'm not going to get into that.

Mr. Speaker, we're interested in reform to achieve sustainability,

and this will include a multitude of things, hopefully. I've said that perhaps there may be some interpretations of what we do that might or maybe might not be in contravention of the principles of the Canada Health Act. That remains to be seen.

Mr. Speaker, I would advise the hon. member to wait and see, and when the report in its entirety comes out, when that report along with the Mazankowski report and the plan comes out in its entirety, then he can get all excited about it and all itchy and all tingly and say, "Oh, boy, is this ever good stuff," and then start to travel the province to tell the people, as I suspect he will do, how bad we are. And you know what? I hope that he does, because they will finally get to see the great Raj Pannu for what he actually is: a nothing.

**The Speaker:** Well, we do have a rule about names. I will suggest to the Premier that he should recant that and not mention names.

The hon. Member for Edmonton-Glenora, followed by the hon. Member for Edmonton-Gold Bar.

### 2:10 Assured Income for the Severely Handicapped

**Mr. Hutton:** Thank you very much, Mr. Speaker. Every day my constituency office and those of some of my colleagues receive calls from people who are struggling to make ends meet on \$850 a month that they receive through the assured income for the severely handicapped, which is better known as AISH. They have to cover rising costs in utilities, housing, and groceries on an income that has been fixed since 1999. The average rent for a two-bedroom apartment in Alberta is \$665 a month. My question is to the hon. Minister of Human Resources and Employment. How can you justify giving most AISH recipients what amounts to less than minimum wage?

**The Speaker:** The hon. minister.

**Mr. Dunford:** Well, Mr. Speaker, thank you very much. The AISH income that we provide of \$850 a month is meant, really, to cover basic needs. I'll grant the hon. member that it's not a lot but still one of the most generous programs of its kind that is available in Canada.

Even though, as he indicates, there has been no increase in the AISH income support levels since 1999, we've actually increased the AISH budget by more than \$120 million over that particular period. Now, most of that, of course, is due to growth, but also we are experiencing what anyone else is that has to pay for medical costs, and this has been a dramatic increase. In 1999 the number that we were spending on medical costs for AISH recipients was \$63 million. This past year that had risen to \$118 million. It's an increase of 87 per cent.

Now, obviously, we just cannot stand here and do nothing about this, so we've provided for an AISH review to come up this fall, and these are some of the issues that we're going to have to deal with.

**The Speaker:** The hon. member.

**Mr. Hutton:** Thank you, Mr. Speaker. My first supplemental is to the same minister. How can families afford to live on such little income?

**Mr. Dunford:** The first thing, I think, to understand is that of the 32,000 Albertans that we have covered by the AISH program, about 90 per cent are single without any dependants. So we need to bring in the context here that, of course, they are just supporting themselves.

The other thing that we have to remember – and of course it

applies to other support programs as well but particularly to AISH – is that they get a health benefits card that provides them comprehensive health coverage. So we're looking at premium-free Alberta health care. We're looking at prescription drugs, dental and optical services, emergency ambulance, and, if they happen to be diabetic, then essential diabetic supplies. The value of this, of course, will vary by unique individual, but really what we're looking at, Mr. Speaker, is an average of \$300 a month.

So we have the income, we have the medical support, and as a matter of fact many AISH clients actually have additional income as well.

**The Speaker:** The hon. member.

**Mr. Hutton:** Thank you, Mr. Speaker. My final supplemental is to the same minister. If they are only earning \$850, what do you suggest I say to my AISH constituents?

**Mr. Dunford:** Well, I get the calls as well as any other member here in the House. You know, we have started to keep track again of how people do make ends meet. We're told that some folks have started to move into shared accommodation, and we try to accommodate that. Certainly, my hon. colleague in Seniors has been working very, very hard on affordable housing throughout the province. Of course, some of them, because they want to contribute, have gone into part-time jobs. Others, of course, perhaps like many of us here, have quit smoking, all of these kinds of choices. There are resources in the community that are available. It's not just the provincial government that tries to help out low-income Albertans. AISH clients would certainly fall into this area.

Again, if the person is capable of taking on work, they can earn up to \$1,332 through employment before they would lose their AISH benefits.

**The Speaker:** The hon. Member for Edmonton-Gold Bar, followed by the hon. Member for Edmonton-Calder.

### Electricity Pricing

**Mr. MacDonald:** Thank you, Mr. Speaker. Instead of leading the charge on consumer protection, this government is falling far, far behind other jurisdictions. Recently the Montana Public Service Commission began investigating whether the state's consumers lost millions in the electricity market manipulations that plagued the west in 2000 and 2001. Of the 14 companies under investigation seven are able to operate in Alberta. My first question is to the Premier. Will the Premier park his plane in the hangar long enough to commit to conducting an independent public investigation into the possible manipulation of Alberta's electricity market in 2000 and 2001?

**Mr. Klein:** Mr. Speaker, you know, the preamble and the reference to the plane is completely uncalled for. The plane is parked right now. I think it is, but it should be flying because the worst thing you can do for an airplane – as I understand, it's like a boat – is to park it. The best thing you can do is to park a Liberal. Airplanes are built to fly, not to be parked.

Mr. Speaker, relative to the situation in Montana and what they are doing there, that is entirely up to that state. The Alberta system is working. I can say this before I have the hon. minister respond: clear rules are in place and are continually being examined to ensure a fair and efficient market.

With respect to the Montana situation I'll have the hon. Minister of Energy respond.

**The Speaker:** Well, the Montana situation has no jurisdiction in this House.

Proceed.

**Mr. MacDonald:** Thank you, Mr. Speaker. Again to the Premier: without an independent public investigation, how can Albertans be sure they weren't ripped off in this electricity deregulation boondoggle that your government caused?

**Mr. Klein:** Mr. Speaker, I would like to remind the hon. member – he either has a very short memory, or he prefers not to remember or prefers for political reasons not to mention the investigation into similar allegations that was undertaken in the year 2000 relative to market manipulation. That issue was investigated. I don't know by whom. I think it was consumer affairs. If it wasn't, it was by the Alberta Energy and Utilities Board, or the EUB. The ruling was that there was no clear evidence that Alberta consumers ever bore any costs arising from market manipulation.

So, Mr. Speaker, for this hon. member to stand up and imply that there has never been an investigation is, to say the least, misleading. Like so many other statements that come from the Liberals that are misleading, I would ask him once again to stand up and apologize to Albertans for trying to mislead them.

**Mr. MacDonald:** Again, Mr. Speaker, to the Premier: when will this government finally stand up for consumers and initiate an investigation into electricity price manipulation in this province in the years 2000 and 2001? What are you afraid of?

**Mr. Klein:** Mr. Speaker, I already said that in late 2000 allegations were investigated and that there was no clear evidence that Alberta consumers have borne any costs arising from market manipulation. I would add that the market surveillance administrator has always had the authority to take action against unfair market practices.

2:20

Now, I would suggest that if this hon. member has any evidence of market manipulation other than innuendo – and they're so good at innuendo. They're so good at standing up and implying something is wrong without stating it, but through innuendo they imply it. Will this hon. member commit to the media that there is something wrong? Will he commit to the media that, yes, there is something wrong and that he is going to demand that the market surveillance administrator investigate? He has not, Mr. Speaker. He has not.

I have not received a copy of a letter. The public certainly haven't been informed of any official request by this member or any other member to have an investigation launched, but if he has evidence of market manipulation, then take that evidence to the market surveillance administrator and let him investigate it. I suspect that he doesn't have any evidence at all, and he is simply using vicious innuendo to create suspicion.

**The Speaker:** The hon. Member for Edmonton-Calder, followed by the hon. Member for Edmonton-Centre.

### Home-schooling Regulations

**Mr. Rathgeber:** Thank you very much, Mr. Speaker. Home-schooling is becoming a popular and effective means to educate Alberta's children. In fact, nearly 10,000 students in Alberta are educated using this method. However, proposed home-schooling regulations appear to threaten the flexibility and the individual model on which home-schooling is based. My questions are for the

Minister of Learning. Is the minister contemplating standardized testing for home-schoolers?

**Dr. Oberg:** Thank you very much for that excellent question. We have gone through our regulations, and as the hon. member knows and you know, Mr. Speaker, every one of our regulations is sunsetted. After the sunset has passed, it is time to review the regulations, and consequently what we are doing now is reviewing our home-schooling regulations as per the sunset clause.

When it comes directly to testing, Mr. Speaker, there is testing that is available for the home students. About 20 per cent of the home students right now take our provincial achievement tests. About 80 per cent take another form of learning evaluation. What has been put out in the discussion paper about home schooling is to have more and more students take the provincial achievement tests.

Mr. Speaker, I can only speak as a parent, but if I were a parent who was home-schooling my children, I would want to know how they stack up against other students around the province. Are they actually learning? What is occurring? Are they learning the objectives of our education system?

Mr. Speaker, we will be looking at all of the regulations. Is there going to be anything that absolutely forces these home-schoolers to take achievement testing? There is nothing like that. There will be recommendations, though, that will allow them to take it. We'll talk to them about how they possibly could get a higher percentage of their people taking it so that, quite frankly, we can find out exactly what is happening with the curriculum of the home-schoolers that are out there right now.

**The Speaker:** The hon. member.

**Mr. Rathgeber:** Thank you, Mr. Speaker. To the same minister: is the minister contemplating making home-schoolers follow some sort of modified standard curriculum?

**Dr. Oberg:** Well, Mr. Speaker, in a perfect world I would certainly like the home-schoolers to follow a standardized curriculum so that we know exactly what is being taught out there, but a lot of the home-schoolers do an extremely good job in what are called, again, learning objectives. So there is no contemplation of forcing home-schoolers to follow the standardized curriculum.

We are working together with the home-schoolers to ensure the goals of this ministry and my personal goals, which are to ensure that every student receives an excellent education in Alberta, whether it's in the home-schooling system, whether it's in the private system, whether it's in public system.

I think we need to take a very serious look at all of these issues. But are we going to mess around, so to speak, with the home-schooling system? No, we're not. We have a good system in place. However, again, as I stated with regard to the regulation, because of the sunset clause we are obliged to look at it. Quite frankly, Mr. Speaker, if we can improve it to help home-schoolers, we certainly will.

**The Speaker:** The hon. member.

**Mr. Rathgeber:** Thank you. Finally, what input will home-schoolers have before these regulations become finalized?

**Dr. Oberg:** Mr. Speaker, there have been consultations that have been out there with the home-schoolers. There have been the home-school groups talked to. In talking to my MLA colleagues around the Assembly, there have been a number of home-schoolers that have

contacted their MLAs about specific issues, and I would certainly encourage the home-schoolers to do that.

Finally, Mr. Speaker, I met with one group of home-schoolers two days ago, and I suggested that I sit down with all the home-schoolers and actually have a very frank conversation about how we in Alberta Learning can help the home-schoolers to ensure that they get the best education possible. I think that that's in all of our interests, and we will be doing that. Presently we're aiming for around the first or second week in September to do that, purely from a logistical point of view. I strongly feel that it's important.

Mr. Speaker, just to finish, what I would say is that all the recommendations on the regulations will come back to me, and the hon. member will subsequently see them before any changes are done. But, again, I really, really must emphasize that the reason for this is a sunset clause, and it's to help home-schoolers to make things better if at all possible.

### Calgary Courthouse

**Ms Blakeman:** Mr. Speaker, this week the Premier tried to lay the blame for cost overruns on the proposed P3 Calgary courthouse on excessive demands from the judges. However, the judges have denied any such demands, and now even a spokesperson for the Premier's office admits that the Premier got it wrong. My question is to the Minister of Justice and Attorney General. Can the minister please explain why there's such poor communication between the judiciary and the government on the issue of the Calgary courthouse?

**Mr. Hancock:** Well, Mr. Speaker, I don't believe that there is poor communication between the judiciary and the government on the issue of the courthouse. We've had communications going back 25 years with respect to the Calgary courthouse strategy. In the last five years, since I've been minister, we've had numerous meetings on the Calgary courthouse strategy.

Now, I will indicate this. The Court of Queen's Bench and the Court of Appeal about last February or March decided that they didn't wish to participate in the focus groups and the consultations for reasons of their own, and I wouldn't want to paraphrase their reasons for the House. Essentially, they withdrew from the process, but they were always welcome to come in.

However, the Provincial Court participated all the way through the process, right through to now, and they're still participating, and about two months ago the Court of Queen's Bench and the Court of Appeal withdrew just before we dealt with the request for a proposal, which was, quite frankly, untimely. Nonetheless, the process proceeded and proceeded well and proceeded with good input from the other courts. Justice had the requirements that each of the courts had put together. We amassed those, put them together, and created the requirements that we then provided to Infrastructure in terms of what we thought was defensible in terms of public spending, was appropriate in terms of housing the courts, and appropriate in terms of access to justice for Calgarians and people in southern Alberta.

So I don't believe that we had any problem with respect to the communication. I don't believe we had any lack of understanding with respect to what the courts' desires were, nor did they have any lack of understanding of what we thought was appropriate. There were certainly disagreements, and there always will be disagreements between what they think is appropriate and what we think is inappropriate. But it's an interactive process, a consultative process, and they've been involved all along the way. So I don't think there's any lack of communication other than the fact that for a period of time they chose to withdraw from the process.

**The Speaker:** The hon. member.

**Ms Blakeman:** Thank you. Again to the same minister: is it the minister's understanding that that is why the Premier was confused between a consultant's recommendation that the building be built airplane-proof versus the judges' request for a safe working space?

**Mr. Hancock:** You know, it's only the Liberals who would expect that the Premier would know every detail of a process that's been going on for 25 years. In fact, there are a number of issues that were raised that suggested that there were additional costs to the process and to the building, and some of the examples that were used in various meetings, appropriately or inappropriately, as to what might have caused extra costs to be in the process were some of the security features in terms of overbuilding the building for collapse status in case of a threat by bomb or airplane or whatever, bullet-proof glass in appropriate places. Those were mentioned as items which added additional costs to the building over and above what you might expect for a normal building built to normal standards in downtown Calgary.

If the Premier chose to use those as examples of what caused the cost of the building to be higher than a normal building, that's entirely understandable. The question of where those came from can be misconstrued or misunderstood by anybody. But only the member opposite would expect that the Premier would know every detail of where every item in a building came from.

**The Speaker:** The hon. member.

2:30

**Ms Blakeman:** Thank you. My next question is to the Minister of Infrastructure. How much money will the Alberta government have to pay to the private developer in order to abandon the current P3 model for the Calgary courthouse? How much money will we owe?

**Mr. Lund:** Mr. Speaker, in the process that we are currently going through, we are using the same builder, the same people as far as the operations are concerned; we're using the same architects. So the work that has already been done on the project will in the main part still be used. Yes, there will have to be some additional work done as far as the things that we have taken out that we believe will not adversely affect the function of the new courthouse, but certainly the majority of the work that has already been done will be used in the new courthouse.

### Teachers' Pension Payout

**Mr. Lord:** Mr. Speaker, when discussing public-sector wage settlements, a lot of attention is always paid to the percentage increase in annual salaries, but I'm curious about the impact of wage increases on total pension payouts. My questions are for the Minister of Learning. Could the minister tell us what would be the approximate total value expected of an average teacher's pension plan in Alberta given current life expectancies? In other words, how much do we expect the average teacher to earn in retirement, total payout?

**The Speaker:** The minister has this information?

**Dr. Oberg:** I'll try, Mr. Speaker. I will try my best.

Mr. Speaker, the teachers' pension plan is based on 1.4 per cent per year for the first \$38,000 of a teacher's salary, which is I believe something to do with the federal taxation system. It then is 2 per cent per year of the next amount of their particular salary. A teachers' average salary right now after nine years' experience is

roughly \$70,000. If we use the average retirement age of 55, which would be 30 years plus 55 equals 85, which is the magic number when it comes to the pension plan, the amount of dollars that a teacher would receive assuming that they live for 25 years is roughly \$875,000.

**The Speaker:** The hon. member.

**Mr. Lord:** Thank you. My second question, again for the same minister: what would be the approximate financial impact of last year's wage settlement on the total value of an average teacher's pension payout if any?

**Dr. Oberg:** Again, Mr. Speaker, I certainly will give the hon. member all of the actual figures, and I'm just speaking from the top of my head as I say this.

First of all, the teachers' pension plan is based on the best five years of a teacher's work experience. So if we saw a 14 per cent increase, which is what the wage settlement was two years ago, what you're going to see in rough increase value amount is about an extra \$150,000 over a 25-year life expectancy, keeping in mind, Mr. Speaker, as I say this that there are a lot of variables in there. The length of life, when they retire: all of these things are also involved in that calculation.

**Mr. Lord:** My final question for the same minister: given that a 15 per cent pay increase is a very different amount of money for someone earning, say, \$100,000 a year than it is for someone earning \$40,000 a year, for example, and that it may be viewed as inequitable on that basis, has there been any thought given to reverting to an equal dollar amount of raise versus an equal percentage amount of raise when negotiating wage settlements?

**Dr. Oberg:** Well, Mr. Speaker, the largest factor in this question, quite simply, is that we don't negotiate. It is up to the teachers and the School Boards Association as to what negotiation takes place. I will say, though, in direct response to that question that in the arbitration settlement there were actually two years taken off the payment grid, which would in effect do exactly what the hon. member has said.

I really feel that for sake of brevity the best answer to this question is purely that the school boards and the teachers have the ability to negotiate and have the ability to do what they see is fit.

### Highway 3

**Mr. Bonner:** Mr. Speaker, today wildlife and environment experts are meeting in the Crowsnest Pass to discuss the highway 3 functional planning study. However, residents only heard of this meeting through word of mouth, and numerous requests by residents to attend have been denied despite the fact that a preliminary decision is anticipated to be reached as early as June of this year. To the Minister of Transportation: why are residents not allowed to attend the meeting even as observers?

**Mr. Stelmach:** Mr. Speaker, part of the process is that we hire consultants to carry out the functional plan for the highway. The reason we're back at this whole thing is at the request of the elected council of Crowsnest, and as a result we're going through this whole process of public consultation again. If there is some meeting that somebody somehow feels that they haven't been given proper access to or notice of, we'll certainly look into it. I just can't keep track of all of these hearings that occur in the province of Alberta on a daily basis.

**Mr. Bonner:** To the same minister, Mr. Speaker: given that the consultants for the socioeconomic studies haven't been chosen yet and the environmental studies won't be completed until September, how can a preliminary decision be made as early as June 1?

**Mr. Stelmach:** Purely speculative on behalf of the member. Really there are so many different groups that will be delivering evidence and information. Perhaps part of the first step will be June, but I'm not aware of any closure date in terms of June 30.

**Mr. Bonner:** To the same minister, Mr. Speaker: are these studies simply a smokescreen to ensure that the northern route is chosen, which would facilitate future coal bed methane development that is anticipated to take place in the Crowsnest Pass?

**Mr. Stelmach:** Mr. Speaker, it's the first time I've heard this speculation on behalf of the member. We're there, as I said before, because there was a genuine request by the mayor to review again the first study that was done in terms of where the location of highway 3 should be, and that's why we're going through this process again.

**The Speaker:** Hon. members, in a few seconds from now I'll call upon the first of four members for Members' Statements, but in the interim might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**  
(*reversion*)

**The Speaker:** The hon. Member for Spruce Grove-Sturgeon-St. Albert.

**Mr. Horner:** Thank you, Mr. Speaker. It's my pleasure to rise today and introduce to you and through you eight visitors from the Good Samaritan Society facility in Spruce Grove. They are a great group of seniors and also very positive advocates for other residents in Spruce Grove. They are seated in the public gallery, and I would ask that they either wave or rise as they can and receive the traditional warm welcome of the Legislature.

**The Speaker:** The hon. Member for Calgary-Bow.

**Ms DeLong:** Thank you very much, Mr. Speaker. It's my great pleasure to introduce to you and through you to the members of the House a few guests that I have here. Two of them are my children, Samantha Beck, who is working on genetics research at UBC, and my son James Beck, who is in fourth-year physics, though he talks about running off and joining a motorcycle gang, and their two friends, Kelly Davidson and Kenan Jallad. If they would rise and accept the warm welcome of the Legislature.

**The Speaker:** The hon. Minister of Children's Services.

**Ms Evans:** Thank you, Mr. Speaker. It's a distinct pleasure today to introduce four very special guests that are seated in the members' gallery: Angelina, who is in grade 9 and who attends St. Rose junior high school; her sisters Sarah and Christina in grade 6 and grade 3 respectively at St. Paul elementary; their beautiful mother, Marissa, who is a gourmet cook and just happens to be the wife of our assistant deputy minister in Children's Services, Bill Meade. I'd ask the Assembly to honour their presence here today as the girls learn about the Legislature.

**The Speaker:** The hon. Minister of Aboriginal Affairs and Northern Development.

**Ms Calahasen:** Thank you very much, Mr. Speaker. I have the honour of introducing to you and through you to the Members of the Legislative Assembly the chief and council of Sucker Creek. They're here to discuss the flooding of Sucker Creek First Nation. They're seated in the members' gallery. I'd ask that they all stand and receive the warm welcome of the Assembly.

head: 2:40

## Members' Statements

### Beef Industry

**Mr. MacDonald:** Mr. Speaker, on March 26 of this year the U.S. Department of Agriculture provided the results of its bovine spongiform encephalopathy investigation. The report made some recommendations to help prevent BSE in the future but also commented on the current state of the North American cattle industry.

The report made it quite clear that the "first case of BSE in the United States cannot be considered in isolation from the whole cattle production system in North America." This is a recognition of what we have been saying all along. We are a truly integrated cattle market and industry on this continent. The beef industry is perhaps one of the most integrated industries in the entire North American economy.

The report also recommended that a "BSE task force, which includes governmental and non governmental stakeholders" be established to ensure that policies are developed and implemented in a consistent and scientifically valid manner. It is a relief to know that the USDA was reading the weekly report of the hon. Member for Lethbridge-East, as he proposed such a task force last year when the single case of BSE was found in Alberta.

The report also recommends that mechanical tissue processing methods should be banned from use thereby decreasing the risk even further of contamination by BSE-infected animals. Of interest to many, no doubt, is the recommendation that all specified risk material be excluded from all animal feed, including pet food.

The report spells out quite clearly that the "feed ban that is currently in place is insufficient to prevent exposure of cattle to the BSE agent." The report is available on the USDA web site for all to view. We should seriously consider these recommendations in Canada.

There is another matter that we in North America should be examining as well, and that is a North American integrated cattle identification system. Serious concerns were expressed about the United States' ability to effectively trace all animals that had come in contact with the index cow from last December. We should continue to urge the federal government to start talks on developing such a system with the U.S. and the Mexicans immediately.

Let us make some real changes to protect our food supply and enhance confidence in our beef industry.

Thank you.

### Municipal Funding

**Mr. Bonner:** Mr. Speaker, Alberta is among the leading provinces in economic growth with its economy expected to grow by 4.1 per cent in 2004. With this growth comes increasing responsibility for municipalities, who are charged with providing many essential services to Albertans. The quality of these services is crucial to Albertans as they act as indicators of our quality of life here in the province.

With service and infrastructure needs increasing and costs going up, municipal revenue simply isn't enough to close the gap even with major cost-cutting measures in place and limited tax increases. Combined with other factors such as the mad cow scare and the rising cost of natural gas, it is abundantly clear that municipal budgets are not financially equipped to deal with the rising cost of operations.

Municipalities require provincial support now more than ever if they are to adequately fulfill the responsibilities that have been handed down to them. Provincial support must come not only in the form of councils and consultations with municipalities on roles and responsibilities but, more importantly, in the form of stable and reliable funding in the form of general purpose grants and grants for specific projects. Municipalities have long dealt with the issue of instability of provincial grants. Grants that are announced and then retracted deny municipalities the stability they need to survive and to plan.

With the provincial government's recent reported surplus in the neighbourhood of \$3 billion municipalities feel stronger than ever that the province should be contributing more to municipal budgets. The Alberta Liberal caucus believes that municipalities need stable, equitable, and predictable funding. We also believe that provincial funding for municipalities must be based on a clear statement of principles, roles, and responsibilities. The provincial government must take a stronger leadership role in addressing the problems that municipalities in Alberta are currently facing. It must provide the necessary funding to ensure that all Albertans, no matter where they live in the province, are ensured of a high quality of life. Most importantly, it must realize that its strong municipalities are the key to sustainable growth in this province and that by choking off funding to them, we are stunting our own long-term growth.

Thank you.

**The Speaker:** The hon. Member for Red Deer-North.

### Armenian Genocide

**Mrs. Jablonski:** Thank you, Mr. Speaker. This year on April 18 we remembered the slaughter of over 6 million Jews, Poles, and others. On April 24 of every year we remember another slaughter: the massacre of over 1 and a half million Armenian men, women, and children. World recognition of the Armenian genocide is a monumental step towards eliminating future genocide. As long as nations in the world continue to accept alterations to the facts of history that moderate the suffering and the horror that actually happened, we will face future systematic annihilations of entire cultures. Just as the human monster Adolf Hitler said, "Who remembers the Armenian genocide?" and then counted on denial and apathy to alter history and proceeded to terminate the lives of over 6 million people, so will others.

On May 13, 2002, the Canadian Senate, by an overwhelming vote of 39 to 1, adopted a motion to recognize the Armenian genocide. Motion 44 was sponsored by Senator Shirley Maheu and seconded by Senator Raymond C. Setlakwe. On April 21, 2004, the Canadian House of Commons voted 153 to 68 to support the motion declaring the events of 90 years ago as genocide despite a request from the Canadian Minister of Foreign Affairs not to aggravate our NATO ally Turkey.

It is with great appreciation that I personally thank our federal government for having the courage to do what is right. I extend special thanks to our two Senators and especially to Sarkis Assadourian, MP, Brampton Centre, Ontario, for having the courage and tenacity to carry this motion through the Senate and the House

of Commons despite many challenges. An entire generation of Canadians with Armenian heritage, including my family, can now overcome the wounds of the past and the agony of denial. However, it will be a long time before this world of ours accepts the humanity, the dignity, and the rights of all people.

On April 21, 2004, the government of Canada took one giant step towards preventing future genocides, and should anyone ask who remembers the Armenian genocide, Canadians can now stand up and say: we remember.

### Canadian Citizenship Rights

**Mr. Lord:** Mr. Speaker, as Canadian and Alberta citizens we are blessed with and maybe even take for granted sometimes citizenship rights that are the envy of many nations worldwide and even have some that have been almost unknown in world history. Unfortunately, recent events in Ottawa and elsewhere seem to be undermining some of our national pride and confidence and support for these rights. Many feel that these rights are being abused by some and maybe even being used against us by those who would actively work to undermine our nation and our very way of life but still demand to benefit from our national generosity in the meantime.

Every citizen has equal rights, whether they have done anything to earn them or not or whether they are doing anything to protect them or not, because, after all, isn't that the definition of a right? This controversy has caused some to question the value of these rights, whether or not they should be tempered with less idealism and more pragmatism and whether they should just be granted so freely and permanently to almost anyone based on simple trust alone. It seems unfortunate that our trust is sometimes misplaced.

The question I and many others are therefore asking is: what can and should be done about it when it occurs? Under what circumstances could someone ever lose some rights, such as the right to vote if in prison, for example, or even lose a Canadian citizenship once gained? Should that ever be considered? It seems that as a society we've grumbled but never really done anything definitive to answer such a question. I am therefore concerned that public support for hard-fought rights may be further eroded if we don't seek those answers.

As one suggestion I propose we look at amending our Bill of Rights to become a bill of rights and responsibilities instead, starting with the Alberta Bill of Rights, perhaps creating a sliding scale of rights that you may expect based upon your upholding some minimum responsibility requirements first, such as not breaking our laws or taking up arms against our country.

I recognize that I might be questioning motherhood and apple pie, but the fact remains that having any citizen rights at all is a very fragile and expensive asset indeed. Rights are never achieved without fights nor kept without being carefully guarded. It's a new century, Mr. Speaker. Let's start it on the right and responsible path.

Thank you.

head: 2:50

### Presenting Petitions

**The Speaker:** The hon. Member for Edmonton-Strathcona.

**Dr. Pannu:** Thank you, Mr. Speaker. I rise on behalf of my colleague from Edmonton-Highlands to present a petition signed by 105 Albertans petitioning the Legislative Assembly to urge the government of Alberta to "return to a regulated electricity system, reduce power bills and develop a program to assist Albertans in improving energy efficiency."

Thank you, Mr. Speaker.

head: **Notices of Motions**

**The Speaker:** The hon. Minister of Justice and Attorney General.

**Mr. Hancock:** Thank you, Mr. Speaker. I rise pursuant to Standing Order 34(2)(a) to give notice that on Monday the Deputy Government House Leader will move that written questions appearing on the Order Paper do stand and retain their places.

I'd also like to give notice that on Monday the Deputy Government House Leader will move that motions for returns appearing on the Order Paper do stand and retain their places with the exception of motions for returns 40, 41, 42, 44, 45, 46, 47, 48, 49, 52, 53, 55, 56, 57, 58, 59, 60, 61, 62, 64, 66, 69, 70, 71, 72, 73, 75, 78, 79, 80, 81, 82, 83, 88, 89, 90, 91 to 105, 108, 109, 110, 111, 112, 113, 114 to 123 inclusive, 128, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 162, 164, 165, 166, 167, 168, 174, 175, 176, 177, 178, 179, 180, 183, 184, 185, 186, 187, 188, 189, 197, 200, 201, 202, 203, 204, and 205.

head: **Tabling Returns and Reports**

**The Speaker:** The hon. Member for Edmonton-Strathcona.

**Dr. Pannu:** Thank you, Mr. Speaker. I rise to table two letters. The first is from Robert Swanson, a resident of Edmonton-Strathcona who expresses deep concern at the prospect of further privatization of health care and the delisting of services.

The second letter, Mr. Speaker, is from Ms Suzanne Lawrence, a registered nurse from Canmore, and she also expresses her worry about the cost of privatized health care and the negative impact that the Premier's proposed health care reform could have on an already overworked health care staff.

Thank you, Mr. Speaker.

head: **Projected Government Business**

**The Speaker:** The Official Opposition House Leader.

**Ms Blakeman:** Thank you, Mr. Speaker. According to Standing Order 7(5) I would ask that the government please share the projected government business for the week of May 3 to May 6, 2004.

Thank you.

**The Speaker:** The Government House Leader.

**Mr. Hancock:** Thank you, Mr. Speaker. On Monday, May 3, at 9 p.m. under Government Bills and Orders for second reading Bill Pr. 4, Northwest Bible College Amendment Act, 2004; Bill 29, Agriculture Financial Services Amendment Act, 2004; in Committee of the Whole Bill Pr. 4; Bill 27, Alberta Corporate Tax Amendment Act, 2004; Bill 28, Feeder Associations Guarantee Amendment Act, 2004; Bill 29, Agriculture Financial Services Amendment Act, 2004; and for third reading Bill 22, Election Statutes Amendment Act, 2004; Bill 25, School Amendment Act, 2004; Bill 26, Teaching Profession Amendment Act, 2004. Just for the information of the House I'm expecting that we will start actually with Bill 25 in third reading.

On Tuesday, May 4, in the afternoon under Government Bills and Orders we'll continue to be in Committee of Supply, day 20 of 24, the designated department being Human Resources and Employment; time permitting, Committee of the Whole on bills 27, 28, and 29 and third readings of Bill Pr. 4, bills 22, 25, and 26 and as per the Order Paper. On Tuesday, May 4, at 8 p.m. under Government Bills

and Orders in Committee of Supply, day 21 of 24 with the estimates of the Department of Gaming and, time permitting, Committee of the Whole on bills 27, 28, and 29 and third readings on Bill Pr. 4 and bills 22, 25, and 26.

On Wednesday, May 5, 2004, under Government Bills and Orders continuing in Committee of Supply on day 22 of 24 with the designated department being Infrastructure and, time permitting, Committee of the Whole on the bills on the Order Paper and third readings on the bills remaining on the Order Paper. On Wednesday evening, May 5, at 8 p.m. under Government Bills and Orders in Committee of Supply, day 23 of 24, the estimates of Executive Council and, time permitting, in committee and third readings as per the Order Paper.

On Thursday, May 6, in the afternoon under Government Bills and Orders continuing Committee of Supply, day 24 of 24, with the Department of Seniors designated.

Thereafter, we would anticipate asking for unanimous consent to revert to Introduction of Bills as is the normal course of the House to introduce the appropriation bill coming out of Committee of Supply and, time permitting, Committee of the Whole and third readings as per the Order Paper.

**The Speaker:** Hon. members, on this day in a year in the first part of the 20th century, year undefined, the Clerk of the Legislative Assembly was born. Tomorrow on this day in the first part of the 20th century the hon. Member for Olds-Didsbury-Three Hills arrived in the world.

Now, hon. Member for Edmonton-Strathcona, your colleague moved during question period with respect to a proposed point of order, but I think that with the reprimand given to the Premier about using your name in the Legislative Assembly, that probably dealt with the matter.

**Dr. Pannu:** Mr. Speaker, there is no point of order.

#### **Speaker's Ruling Referring to Members by Name**

**The Speaker:** Well, I suspected there wouldn't be because if an individual name is mentioned in the Legislative Assembly, that provides more coverage for the member than just mentioning his constituency. However, just let me remind all members once again.

There's a television program, a British sitcom, called *Keeping Up Appearances*. I don't know if anybody's seen it. It's a wonderful, funny program. The main character in the program spells her last name B-u-c-k-e-t. Most people pronounce it "Bucket." She insists that it be pronounced "Bouquet."

Now, some members have difficulty pronouncing certain people's names in this Assembly. We see it all the time in the introduction of visitors and guests. So to avoid this difficulty for certain members, the tradition throughout all of parliamentary history is that you never mention the individual's name. With a name like "Bouquet" or "Bucket" you can understand that because there are other names that might be similar that have different interpretations of pronunciation which may just give the opposite ring and allow scandalous situations to develop among all the little children in the province of Alberta. So that's the reason.

head: **Orders of the Day**

head: **Committee of Supply**

[Mr. Shariff in the chair]

**The Deputy Chair:** Hon. members, we'll call the committee to order.

head: **Main Estimates 2004-05**

## Energy

**The Deputy Chair:** As per our standing order the first hour will be dedicated between the hon. minister and members of the opposition, following which any other member may participate.

The hon. Minister of Energy.

3:00

**Mr. Smith:** Well, thank you, Mr. Chairman. I can't tell you the amount of relief that I have when addressing this House that I was not blessed with the family surname of Mr. Fuchs.

Having said that, let me move along to address the estimates for the Department of Energy. Mr. Chairman, if I can start by introducing the members from the department who are here today to watch and be able to assist members of the Assembly who have questions. With respect to the estimates, if we can shine light on or provide immediate answers, we certainly will.

Mr. Chairman, if I could just note the presence of Ken Smith, the Deputy Minister of Energy; Mr. David Breakwell, the assistant deputy minister of electricity and gas; Mr. Don Keech, the assistant deputy minister of forestry and mineral development; Mr. Mike Ekelund, the assistant deputy minister of oil development; Mr. Joe Miller, executive director of policy and planning; Ms Katherine Braun, senior manager, gas in Alberta markets, electricity; Mr. Bob Taylor, special adviser, oil development; Mr. Mike Boyd, senior manager, policy and planning; Mr. Douglas Borland, manager, mineral development; Ms Donna McColl, assistant director, communications; and from the Energy and Utilities Board Mr. John Giesbrecht. These individuals are here from the department and from the EUB and are more than pleased to help answer any questions.

I just thought I'd open with some cursory or preliminary opening remarks, and then I know that members will be keen to engage in a lively question and answer session to proceed through to – it must be 5:15? It can't conclude any earlier?

**The Deputy Chair:** It can.

**Mr. Smith:** Oh, it can conclude earlier. It can conclude earlier than 5:15.

Mr. Chairman, we're very proud of this department as it relates to protecting this resource for all Albertans and collecting the economic rents, the royalties. It has a rich and a great history. I'm very pleased to be a part of it. I feel very privileged to represent it as its minister.

Without using more time in the House than is absolutely necessary, Mr. Chairman, I'm more than pleased to entertain questions. Thank you.

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

**Mr. MacDonald:** Thank you, Mr. Chairman. It's a pleasure to get an opportunity to discuss Alberta Energy's budget estimates this year. Certainly, as the minister is very fond of reminding all Albertans, it is a vital department. It is a department that is in charge of ensuring that Albertans get full benefit from the natural resources that we are blessed with in this province.

The Department of Energy this year is requesting a total budget of over \$113 million for operating expenses and equipment/inventory purchases. Our research indicates that the ministry was \$13 million over budget last year. Comparing the 2004 budget to the 2003 budget, there's a 3.5 per cent spending increase this year.

Whenever one looks at the department, it's quite an operation. We've got the EUB. We have certainly, when you look at the operational overview, such a wide range of very important activities. You look at conventional oil, you look at synthetic crude oil, and you look at natural gas, electricity, coal and mineral development. One would only think that in the near future there will be a separate department to hopefully ensure that the development of the coal bed methane resource goes on in an environmentally sound and economically viable manner.

We can't overlook the importance of coal bed methane development, and I'm certain there are very devoted, dedicated public employees employed in the Department of Energy to ensure that this happens. How long before we see 10 per cent of our total natural gas production coming from coal bed methane? Well, that's up to the minister to tell us.

There are so many issues with this department. I think we'll start, Mr. Chairman, with questions for the hon. minister in regard to the intentions of the department with the Regional Transmission Organization West, which has now become Grid West. This announcement was made near the end of last month after the hon. minister and the Premier returned from New Mexico indicating that, yes, we are going to have an integrated electricity market.

I have this to ask the minister: what cost-benefit analysis has been done to indicate that consumers in this province will as a result of this integration have lower power bills? What exactly is going on with this Grid West? Will the minister make all presentations by either Department of Energy officials or representatives from the Alberta Power Pool public? This is perhaps one of the most important initiatives going on in this province at this time. Consumers, those who pay electricity bills, whether they're residential, commercial, or industrial consumers, deserve an answer, and they deserve to be informed.

Now, with the transfer of assets that's going to be finalized on the 4th of May, the transfer of the retail assets from ATCO to Direct Energy, it's astonishing that this sale is actually going to increase gas customers' bills in some cases between \$40 and \$45 annually. It's another hit for energy consumers that they just can't afford. What is the difference between sharing the proceeds of the sale of the Viking-Kinsella gas field, which was also owned by ATCO, and this sale with Direct Energy?

3:10

Why are not at least part of the proceeds, if not all of them, being shared with the consumers who over the years have through their utility bills paid for some, if not all, of the infrastructure that ATCO has for distribution of gas to customers? Now those retail accounts, that information, is being sold, and surely consumers have been responsible for at least, Mr. Chairman, a portion of that. So why is there no sharing of the proceeds in this sale and in the past with Viking-Kinsella there has been?

[Mr. Tannas in the chair]

I believe that this employee or this contract employee, Mr. Kellan Fluckiger, who was involved with former governor Gray Davis in California as an energy adviser, has been hired or contracted or whatever by the Department of Energy. I believe he's the business unit manager under electricity. I think that's the title. That position may have been vacant when the last annual report came out. What are the details of this adviser? He certainly has a long history with electricity in California and I believe, previous to that, in Arizona and is, there's no doubt, a very qualified individual with a great deal of experience. Has he been hired here, really, to manage rolling

blackouts if we do have any, because certainly that would be part of his job in California? What exactly are the details surrounding this gentleman's contract here in this province?

Now, I'm very disappointed that the minister isn't going to unplug electricity deregulation. I'm very disappointed that he's persistent in his refusal to do so. Perhaps there would be a light, a ray of hope, a beam shining on the minister in Calgary-Varsity some evening, and he would be urged to go to the Internet and look at liberalopposition.com and see our policy. Competition for electricity belongs at the generation level; it does not belong at the retail level. If we're going to have competition, it belongs at the generation level.

We have to recognize once and for all that electricity is not a commodity. It's not a commodity, like some hon. members on the Conservative side insist. It's an essential service. The sooner we unplug deregulation, admit that it was a mistake, and recognize that electricity is an essential service, the better off we will be. I can't imagine, for instance, the Saddledome tonight. What would happen if the lights went out?

**Mr. Hancock:** They won't go out.

**Mr. MacDonald:** The Minister of Justice is assuring me that the power won't go out, and I certainly hope that it never goes out. I really do. The consequences of this would be enormous. We don't have a system that works as well as the previous system.

Is the minister or is the department considering organizing a referendum around electricity exports or further integration to the Pacific Northwest grid? Certainly, the Minister of Justice would be aware of the referendum that was held in 1948, the last time the province sought direction directly from the people on what they wanted with the electricity generation, distribution, and transmission system. That's a novel idea for this government.

We have all these stakeholder consultations. We have all these reports and committees that have been struck. I can count at least 14. I'm sure the hon. minister knows of many more, and perhaps he would save us the time of FOIPing them by just tabling them. I think he would be tabling documents for a considerable time because energy deregulation is a well-documented ideological experiment in North America, and it doesn't work.

Now, later on we'll get a chance to talk about coal bed methane, but I do have some concerns about the directions that are currently occurring in the department, and that is in regard to EUB hearings. How are interveners to get information to participate in the hearings when the minister refuses to make it public?

I'm talking about ministerial orders. Yes. One specific ministerial order deals with approval of professional and other costs in regard to the Utilities Consumer Advocate. This would be going back to December of 2003. I was naive, and I thought that all ministerial orders were public documents. I was fortunate that I finally got a copy of this.

Does the minister not consider that to be in a way undermining the confidence of the whole regulatory process when individuals cannot get access to this important, vital information before they go to a regulatory hearing? I know that I hear all the time about this government being very proud of its open, transparent policies. Well, why wouldn't documents like that in particular be public? I'm not satisfied that the current process works to instill confidence in the EUB.

Now, also the whole system of rate riders, that have been paid off with the exception of some of them in Calgary. At one time probably two, two-and-a-half years ago the government even denied that these rate riders were there. But they were there, and eventually people paid them off. These are for the costs of electricity that

couldn't be charged on people's bills in the run-up to and during the last election.

How can consumers be confident that the calculation of those rate riders and the amount owing is accurate? Does the minister know of any cases where consumers have taken retailers to court because of inaccuracies in the calculation of those rate riders? I have certainly received complaints. I haven't had time to look into it yet, but I've had people suggest to me and point out that those calculations have not been accurate. I'm asking the minister what sort of information he has in regard to this matter. I'd be delighted and anxious to hear exactly how many complaints the minister has heard.

I have a few other questions at this time, and perhaps it would an opportunity for the minister to respond, but from the Alberta Energy business plan, 2004 through to 2007, on pages 165 to 185 of the budget, we're looking at the top of page 166: the EUB's "operations are jointly funded by the Crown (37%) and by industry (63%)." Previously the funding was 20 per cent from the Crown to 80 per cent from industry. Why did the minister make this conscious decision to shift the funding formula? Is this an attempt by the government to reclaim control of the EUB from industry?

Further along on page 169, strategic priority 5, the department will focus on "ensuring right of access of resource developers to . . . First Nation 'traditional use' lands." How does the department intend at this time to go about doing this?

3:20

On the next page, page 170, the department will "regularly review Alberta's royalty regime," especially that of the oil sands and coal bed methane. In addition, the department will "work with leaseholders affected by" the bitumen versus the gas issue "in the Athabasca area . . . to find fair and equitable solutions." Again, in the interests of openness and transparency will the minister make this review public, and will the review include royalty tax credits and royalty reduction programs?

How many oil sands projects are currently paying the full 25 per cent royalty? How many oil sands projects does the minister expect will begin paying the full 25 per cent royalty this year? Is the government considering increasing the 1 per cent royalty on new oil sands projects? And this has been in the news lately: what is the current status of the royalty agreement between the government and Suncor?

I'm certainly not satisfied from the questions we asked earlier this week in regard to this matter, and perhaps the minister has had a chance to talk with others in the industry since then and can update not only this hon. member but members of the House in regard to this matter.

Now, the whole issue of royalties is ongoing, and so is the gentleman that is going from Red Deer to Edmonton, Mr. Chairman. It is amazing that as we sit here and stand here and discuss the energy estimates and we're having this discussion on royalties and whether we're getting enough money and how the whole system works – does it need to be improved? – we have a student from Red Deer, as I understand it, Mr. Andy Davies, who is rolling a barrel from Red Deer to Edmonton. I don't know whether it's full. The hon. Member for Edmonton-Glengarry calculates its weight at over 400 pounds if it's a full barrel of crude oil. I don't know whether he's accurate. I don't know if he intends to get to the Assembly with it or not. He's protesting our royalty structure, I believe.

**The Chair:** The hon. Minister of Energy.

**Mr. Smith:** Thank you, Mr. Chairman. Much of what the member has asked refers to subjects outside of the estimates, but being

inclusive, being transparent, being accountable, being open, they're all subject to the litmus test of estimates, and we'll proceed ahead with that. I'll try to take them in chronological order, and I'm going to do the most difficult thing in the world, Mr. Chairman: I'm actually going to try to follow his line of logic. So if I can do that, then it will indeed be a mental flex day.

I think the first part I heard from the member was on coal bed methane. Coal bed methane, as everyone knows, is a potentially critical resource to increase natural gas supplies in the province of Alberta. We have a great deal of experience with natural gas, as anybody knows. Methane by definition is natural gas, so it's treated as such. It has a royalty structure associated with it, and it has some changes from traditional conventional development. The most salient change is of course that you need more wells per section than what you would with conventional gas.

We're very fortunate in Alberta in that most of our coal bed methane is extracted without any disposal of fresh water. There are more than adequate rules to deal with the disposal of fresh water. It is illegal in Alberta to dispose of fresh water. It's also the EUB regulation that you must case, or provide steel around, any hole that's drilled into an aquifer deposit. I know that because I used to place casing in the hole down through the Milk River formation in the Taber area.

Coal bed methane has been subject to extensive consultation over seven communities in Alberta. I think that there is extremely positive dialogue taking place between the people who own land, the people who live in the area where coal bed methane is to be extracted, and those who are going to help develop the resource and also between the regulator and the department from a policy perspective.

He then moved to transmission and talked about Grid West and, I believe, the signing of the protocol. When the Premier and I were attending the Western Governors' Association that dealt with the energy summit, actually I heard Governor Bill Richardson turn to the Premier – Governor Bill Richardson, a four-time Nobel peace prize nominated Democrat – and say: would you accompany me in my helicopter to the governor's mansion? He uses a helicopter every day to get back and forth from work. It's interesting that we didn't hear any questions about that. He turned to the Premier and said: because you're the most important person here.

It was a reflection from a former Secretary of Energy for the United States government that realized the tremendous importance of Alberta to the U.S. energy solution: the fact that we supply over 20 per cent of their energy requirements; the fact that if you converted every molecule of natural gas to air conditioning, we would cool one out of seven and a half homes in the United States. This relationship is important, this relationship will continue, and we need to develop this relationship.

Part of the energy reservoir in Alberta is electricity. Part of the resounding problem in electricity has been – oh, I guess I'd call it a Liberal lack of attention to transmission networks. This Liberal lack of attention over the last 25, 30 years has resulted in a transmission patchwork design that's not efficient to the consumer or to the producer of power. Part of that is to build on bilateral relationships to facilitate the movement of power in crisis conditions.

Also, on the electricity front the member referred to the transfer of assets from ATCO to Direct. He knows full well that the decision by the EUB, which is a public decision, public hearings, where we have no record of his attendance at any of those events, covered completely why the decision was made as such, why the change in price on the natural gas side of about 10 cents a day, and the fact that it has no bearing on electrical prices, and the fact that these prices in fact could not exist if people enter into contracts.

I struggle with the understanding the member has of this important and complex piece when he's quoted in the paper as saying that the Alberta grid was one toaster short of a blackout. You know, when I was in the oil and gas business, we had comments like that too: that you were one brick short of a load or that you were drilling three stands off the bottom or that you weren't the sharpest pencil in the box or that you weren't the brightest lightbulb burning, those kinds of definitions.

3:30

So as to being one toaster short of a blackout, you look back to see who made that kind of comment, and it indicates a very superficial understanding of a very complex network that, not surprisingly, Mr. Chairman, has not blacked out once, has delivered solid electrical power to this marketplace from 1998 to 2004. This is going to continue because of the structure of this market.

I would suggest to you, Mr. Chairman, that the only thing worse than being a Liberal in Alberta when it comes to electricity is to be a Liberal in Ontario, because that province is struggling with a very immense electrical issue today. I feel a great deal of sympathy for them, particularly because of their current administration. Much sympathy flows from that decision. Secondly, in the last blackout, that was caused by the kind of dithering that the chief ditherer talked about, that blackout cost \$2 billion to small business. That money is never recoverable. That type of blackout is enough money to build generation to supply another city in Alberta the size of the city of Calgary. It's immense.

I have a friend, having lived in Ontario, who is in a small area, the birthplace of Larry Robinson, a great hockey player. It's called Metcalfe, Ontario. He runs the Metcalfe Variety and Food Store. It's a small family business. His name is Mike Campbell, a good friend of mine. He came out to see the Calgary Flames in the first playoff game, which I thought was very good of him. He told me at that time that he was spending \$30,000 to put in a standby generator to keep his coolers running at the time when the power blacks out, because he fully expects a blackout this summer, this spring, as temperatures warm up in that area. I have not had one call about people buying a generator. I have not had anybody phone me and say: we need to buy our own power standby.

Mr. Chairman, we have withstood the onslaught of empty criticism, of slanderous talk. Abraham Lincoln once said that truth is the vindication of slander, and I would submit to you that the truth of an operating power grid with ample generating capacity and the lowest wholesale rates in Canada is evidence that we have an electricity policy that is good, that is effective and is going to be here for the long term. The only thing that gets unplugged will probably be [www.liberal.com](http://www.liberal.com). But I digress.

Mr. Chairman, the comments on Mr. Kellan Fluckiger, on a third-party agreement. The members know full well how to obtain that information. He is the manager of the electrical business unit and, as he said, is very qualified, indeed as we expect from all our business unit leaders. We expect that high performance, and that's why we generated a North American wide search to find this individual.

The member also knows that there are ample studies out reflective of the price: the IPPSA study, the Seabron Adamson study. There's information out that supports the deregulated model of electricity as it sits today. I would point him to those studies, openly and widely available. I would even suggest that maybe Mr. Evan Bahry, who is the executive director of IPPSA, would be more than pleased to make a presentation to a seven-member caucus – or to a five-member caucus, I guess, because a couple are running Liberal federally now – to get a really strong look at that analysis and to see how private

generation has impacted on price. I know he'd be more than willing to spend time with the five members.

Mr. Chairman, the discussion on the funding to the EUB. We continue to move up that funding because we believe it's important, and it's an objective of this government to return to 50-50 funding. The EUB is an independent body, as they have shown by their decisions certainly since the time I've been minister. I think that 50-50 funding is in place.

If the member is at all concerned about the viability of a deregulated electricity market, I could only direct him to two hard spots: one is the premium that Fortis recently paid to purchase the Aquila assets – that premium was about \$120 million over the original price – and, secondly, the \$90 million that Direct paid. You know, these are hard-cash dollars injected into a market that shows market confidence, market growth, and it's really the best place to put your dollars in Canada from an investment perspective.

He talked about oil sands royalties. Let me briefly say that the oil sands royalty regulation, which I remember discussing last year in estimates, continues to be clarified. The decision with respect to Suncor and the declaration that Firebag is to be treated as a new project and not as an expansion project is one that's the result of much discussion, many meetings with Suncor, and also brings clarity to the oil sands royalty regulation. It is not – and I must repeat: not – a change in policy. It is a reaffirmation of the existing policy. Nothing has changed. All this does is provide further clarity to the oil sands players, who are participating in some 52 projects in the oil sands today.

We continue to work with Suncor. We continue to look at Suncor with respect. As a matter of fact, was the member there last night at the Suncor reception prior to Suncor's annual general meeting, which is being held today in the great city of Edmonton? I think it's always important, if you're having an annual meeting, to have it in an area where you can focus attention on that company, have some media attention. I thought: you know, this is probably the best hockey-free area in Alberta to do that right now. So I'm glad that they're here in Edmonton.

I must say that one of my comments to the crowd at Suncor last night was that in 1995 I was the Minister of Economic Development, that Alberta had a \$21 billion debt, and they were difficult times. We were moving out of deficit financing. At that time Mr. Rick George, the president and CEO of the company, made the decision to move his head office from Toronto to Calgary. I sent Mr. George an Alberta advantage T-shirt. Now, the value of that T-shirt was \$8, but the value of Suncor moving to Calgary was priceless.

Mr. Chairman, Suncor has continued to develop the resource from the point of 67,000 barrels a day to well over 200,000 barrels a day today. They're an important partner in oil sands development, and they will continue to be a partner with the Alberta government. We will continue to work with them with respect but also remembering fairness and the fact that we are the custodian for royalty collection for the people of Alberta and that the royalty program is designed at 1 per cent of gross revenue while investment is being encouraged and until investment is paid out and then reverting to 25 per cent of revenue minus cost. That will continue. We will be working with the industry and the investment community to ensure that there is clarity surrounding that direction.

Mr. Chairman, I think that covers for the most part the comments from the member, and I will sit and continue to attentively listen to further comments.

3:40

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

**Mr. MacDonald:** Thank you very much, Mr. Chairman. Certainly, I listened with a great deal of interest to the hon. minister. I'm pleased to see, finally, a change in colour in the hon. minister. The solid rose pink shirt is certainly an indication that the minister is changing direction and the Tory blue is fading, and next year it'll be a bright red shirt. He's in transition.

Now, he spoke briefly about the transmission policy, and we all know the change in policy that has happened as a result of this minister's decree not in this Legislative Assembly but in a ballroom in Banff last year, where we transferred full costs of any new transmission lines to consumers. The EUB in the past had ruled: let's have generators pay for half and then consumers pay for roughly half. That was a compromise situation everyone could live with.

But when the minister makes these changes, it reduces investor confidence. If electricity deregulation needs any further reductions in investor confidence, I don't know what they would be, but that was certainly it. Whenever you have the lack of a long-term planning process, which has occurred in this province because of electricity deregulation – the players didn't know what the rules were going to be; they weren't going to put their money down – this is why we have deficiencies in our transmission system. It has nothing to do with anything other than that it is the fault of electricity deregulation.

The hon. minister even went on. I believe the New Democrats were mentioned, and certainly the Liberals were mentioned. Mr. Chairman, if he can tell a story, then so can I. Now, I would remind not only the minister but all members of this House of this definition. A New Democrat is a blind man in a dark cellar at midnight looking for a black cat that isn't there. He is distinguished from the Liberal in that the Liberal finds the cat. He is also distinguished from the Progressive Conservative, who smuggles in a cat in his overcoat pocket and emerges to brag in triumph. Well, the Conservatives can brag all they want about electricity deregulation, but it is simply not working.

Now, it's the Progressive Conservatives in Ontario who were defeated for a number of reasons, but certainly one of them was their mishandling of the file on electricity deregulation, this stop/start proposal they had. To blame it on another government is wrong. This ideology that has resulted in electricity deregulation is a faulty ideology. It doesn't matter whether it's Ontario, Alberta, California, New York state, Pennsylvania, Oregon, or Nevada. Certainly, Montana, which we discussed earlier in question period, Mr. Chairman, has had significant issues, and they're trying to deal with them.

In regard to the whole issue of royalties, I don't think we can dismiss it as casually as this minister would like to do. We talked about it last year, but, yes, it continues to be a problem. It's a significant problem, and that's reflected in the initiative taken by the young man from Red Deer, who is rolling this barrel to Edmonton in protest of our royalty structures or at least to bring attention to the whole issue of our royalty structures.

There are many significant issues around royalties. The Auditor General has some issues, and we're going to discuss these. I don't expect the hon. minister to listen to this side of the House because that would be an historic first if he did, but perhaps he would listen to the Auditor General.

Now, I wonder if the young man in Red Deer is aware of this. Under the current gas cost allowance industry can apply all applicable natural gas costs on a corporate basis prior to paying royalties.

Now, this is what the Auditor General has to say, and the Auditor General deals in detail, and this is the annual report of the Auditor

General of our province, 2002-2003. Systems audits: timely program reviews and measure program effectiveness.

- 1.1 The Department needs to assess whether its royalty reduction programs are achieving their intended objectives . . .
- 1.2 The Department needs to identify the objectives of the Alberta Royalty Tax Credit program and develop measures to determine the effectiveness of this program . . .
- 1.3 The Department should [also] improve the communication of its needs for assurance on well and production data to the Alberta Energy and Utilities Board . . . and evaluate the extent of audit work done by the EUB in relation to the Department's needs.

Now, let's have a look at this. The Auditor General states that the ministry received \$7.4 billion in revenue. There was the nonrenewable resource revenue, the freehold mineral rights tax, industry levies and licences, and other revenue.

There have been some recommendations made here not only for the attention of the hon. minister but for the attention of all members. The first recommendation is, "We recommend that the Department of Energy assess whether the royalty reduction programs are achieving their intended objectives."

Here are some of the findings.

**Mr. Smith:** Royalties are up.

**Mr. MacDonald:** Royalties are up because the price of natural gas is up.

Now, the findings are this: four programs need to be reviewed, according to the Auditor General and his staff. "The low productivity and reactivated well programs have not been reviewed since their inception in 1992." The price of petroleum has certainly increased. "The Department has not finalized," the Auditor General adds, "its 1999 reviews of the horizontal re-entry and deep gas holiday programs."

Here's another recommendation, and this is in regard to the Alberta royalty tax credit program, recommendation 11 on page 96. "We recommend 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." The background on this, Mr. Chairman:

The Alberta Royalty Tax Credit program refunds a portion of the royalties paid to the Province. The refund is available to individuals and corporations to a maximum of \$2 million of eligible royalties. The total credits in the 2003 fiscal year were \$83 million.

Is that good enough? Do we need to have a look at this?

Now, we can go further in the recommendation, and the Auditor General states:

We found that

- although various reviews have discussed the objectives of the [Alberta Royalty Tax Credit], there is no formal documentation or communication of the program objectives
- the Department has not developed measures to assess whether the objectives of the program [have been] achieved.

Are we doing everything to ensure that as this young man from Red Deer rolls his barrel from Red Deer to Edmonton, his generation is getting maximum benefit from the royalties that are a result of our natural gas and oil exploration? If not, perhaps we should have a look at this, and perhaps we should dedicate the extra revenue that we would get from this into the Alberta heritage savings trust fund for the rainy day that, unfortunately, will come sometime for this young Albertan. We would be very wise, we would be very prudent to set aside as much revenue from our resources as possible for future generations.

3:50

Now, another recommendation from the Auditor General on well and production data:

We recommend that the Department of Energy

- improve the communication of its needs for assurance on well and production data to the EUB.
- evaluate the extent of audit work done on well and production data by the EUB in relation to its needs.

We've got to take the Auditor General seriously, and hopefully next year, next September or October, whenever the Auditor General's report comes out, these recommendations will have been dealt with. This is not good enough. It's not good enough for this generation nor future generations in this province. We have to ensure that we're getting maximum benefit from these resources.

The minister also talked about seven Liberals becoming five Liberals. Well, if the hon. Member for Edmonton-Ellerslie goes to Ottawa, she's going to have specific instructions to deal with some matters that this government is negligent in dealing with, and those are getting our fair share of royalties and perhaps natural gas liquids from the north.

We have to have a good process. We can't simply talk about building a firewall around this province, like some Conservative politicians. We have to share our technology with the territories in the north that are developing their resources. The Member for Edmonton-Ellerslie would be a good advocate for this province. As the natural gas liquids are coming from the north, perhaps she could advocate that we have some for Fort Saskatchewan, we have some for Joffre to run the petrochemical . . . [interjections]

#### Chair's Ruling Decorum

**The Chair:** Hon. members. Hon. members, Edmonton-Castle Downs and others, we're on the estimates of the Minister of Energy, not in the business of speculating on all kinds of other possibilities and propositions that may be around at this time of year or later. So let's stick with this, and remember, all hon. members, that you will have a chance to speak to these estimates later. The hour will be up at 4 o'clock – it started at 3 – and we will have other people.

But right now, the hon. Member for Edmonton-Gold Bar.

#### Debate Continued

**Mr. MacDonald:** There is an issue surrounding an affordable, accessible supply of ethane for our petrochemical industry, and this government has been negligent in ensuring that there's a long-term supply. Now, perhaps the minister is going to stand up and say: well, we're going to take a process and establish an upgrader in Edmonton, and we're going to use bitumen from the north as a source of feedstock for our petrochemical industry in Fort Saskatchewan. But in the meantime, we need to show some real leadership and we need to be negotiating with the northern territories, with the Northwest Territories and with the Yukon Territory, and ensure that as those natural gas liquids are developed and coming through this province, if our own industry needs access to them, we'll have them.

I'm certain that if the Member for Edmonton-Ellerslie goes to Ottawa, she will stand up and speak out on behalf of that vital industry in this province. This government, in my view, has been negligent in protecting ethane.

Now, not only do we have development in the Norman Wells area, the Mackenzie Delta, but also in the Cameron Hills, in the Yukon, and we have to ensure that we have an adequate supply. It's a very, very important issue. We need to show leadership on it, and talking about taking our marbles and going home and building firewalls is

not going to work to anyone's advantage. I'm sorry; that's not going to work.

Now, will the government also be introducing, while we're on the issue of royalties, a new royalty regime to deal with nonconventional gas like coal bed methane? This is a big issue. We're not getting a chance to discuss it, probably, in the time allotted this afternoon. If so, will this royalty regime be retroactive for current coal bed methane leases?

How does this government intend to solve the dispute between bitumen leaseholders and natural gas leaseholders in the Fort McMurray area? How much financial compensation is the government currently providing natural gas leaseholders in the disputed areas? How much does the government forecast it will have to provide in total compensation?

With those questions, Mr. Chairman, I will cede the floor to the hon. minister and other members who want to participate.

**The Chair:** The hon. Minister of Energy.

**Mr. Smith:** Where to start, where to start. It's kind of like going back to question period, you know, where you have to correct all the errors, falsehoods, and erroneous preambles to actually get to the question, Mr. Chairman. I'd like to start this time maybe from back to front instead of going from front to back, particularly because he was pumped up about sending the Member for Edmonton-Ellerslie to Ottawa to the point where it was advocating for our resources, ensuring that we get our fair share.

Well, you know, isn't that just like a Liberal? Who owns the resources? They're owned right here. They're not owned in Ottawa. It's that kind of Liberal attitude that got us into the national energy program, buddy, and I'll tell you what: there are people in here who lost their jobs, went bankrupt, lost their homes, lost their businesses, and it's that very attitude that started it. So if anybody's going to Ottawa, buddy, I hope it's you.

If you look at the Alberta royalty tax credit, it was established in defence of what Pierre Trudeau and John Turner did when they tried to disallow deductibility of our royalty payments. I would direct the member to go back in time, about two years from his present state, go back to 1930, 1931 and the work of John Brownlee, Premier Brownlee, the seven years that he spent to ensure that these resources belong to the people of Alberta and will be protected by the people of Alberta.

But I digress. Mr. Chairman, I'm the type of Conservative that would really believe in free trade, the free trade that's made this province great, the free trade that's moved this product. We are so blessed to have this much resource beside the world's largest customer, this seamless network of hundreds of thousands of kilometres of pipe that moves into the United States. So as a free trader and a Conservative I'm more interested in breaking down walls, not building walls. I think that we can continue to break down the walls, whether they exist between a territory and a province or whether they exist between another country, another state and this province.

In fact, I met with Premier Handley in Albuquerque. He was there as well last week, and we did talk about how best to organize the proper and appropriate movement of natural gas from the Mackenzie Delta through to Alberta so that we could maximize the capacity of the Alberta natural gas hub, the most salient trading hub in the world, and also to ensure that the producers get an appropriate benefit from shipping that gas on that pipeline. I think that we can come to a very, very good solution. I've got to commend the government of the Northwest Territories for their forward thinking, their stance on devolution of royalties and also congratulate them on

soon becoming the world's third-largest producer of diamonds, by the way.

4:00

Mr. Chairman, the next one back, or his next to last – that would be his penultimate point – was on the petrochemical industry. Now, that member should know because of his experience in the oil patch that we have the world's largest ethane cracker located in the fair constituency, the Conservative-represented constituency of Lacombe-Stettler, whose member is listening intently to estimates. That cracker – the removal of the machinery and equipment tax in 1995 hastened the construction of that – combined with the natural supply of ethane here in this province, combined with transportation efficiencies has resulted in a thriving petrochemical industry, an industry that has been supported time in and time out by the Premier of this province, who has said that natural gas moving through Alberta will be processed; the liquids will be processed. There are compelling commercial alternatives to use Alberta as a gas-processing hub.

That will continue, but we're prepared to build on those strong building blocks by taking new technological steps into the oil sands working in partnership with the Alberta Chamber of Resources to see if there are additional feedstock opportunities from the oil sands. Already the oil sands sends down propane into Redwater, where there's a propane fractionation plant. So we know that we have that opportunity.

We also see the oil sands as an opportunity to continue on clean-burning coal technology as they respond to the challenges in using steam and generating steam and what input they're going to use to generate that steam.

Mr. Chairman, what he doesn't mention, as is always the case with this fella, is that the petrochemical industry is in a price-cycle bottom, and in fact nobody in the petrochemical business is making money. We are not short of ethane in this marketplace, and as the cycle changes and as the demand changes, we will be there. We will continue to respond to the needs of our petrochemical industry.

Now, Mr. Chairman, he did go back and talk about royalty and royalty structure, and of course, again, if you do the macropicture and if you look at the last four years of royalties and add them up, you'll realize that they're equal to the previous 10 combined. For the last three years the number one export in Canada has been energy, the number one investment product in Canada has been the oil and gas industry, and the number one province that is the recipient of that investment is Alberta. That is macroeconomic proof that the royalty system works and that citizens and investors and those who apply for the extraction of this great resource benefit from the same.

Mr. Chairman, we continue to monitor our royalty index. We have two world-wide organizations that spend a great deal of time evaluating the fairness of our royalty system and in fact its contemporary value.

I would turn the hon. member to *The Armet Report*. I'm sure he subscribes; most people in the know are recipients of it. I don't know if I have the copyright authority to table this; it does have copyright to it. It does talk very candidly about a royalty structure for the future.

It's always a fond Liberal stunt to say that we're exploiting all our resources and leaving nothing for tomorrow. Well, let's talk about tomorrow for just a second, Mr. Chairman, and let's assume that the inflation rate is a modest 1 per cent. We get through to 2020, which is not far from now. Your golf game will be even better than it is today, all the projects in the oil sands are paid out, and outside external forecasters are estimating that we're producing 3 million

barrels a day by that time, 3 million barrels a day at roughly \$60 Canadian a barrel for light synthetic crude oil at the refinery gate.

Let's take \$10 off for the spread between heavy oil and light, and that takes us down to \$50. Let's assume that there's been no change in operating costs, and operating costs are \$12 a barrel. That gets us down to \$38. And let's assume that we get 25 per cent revenue minus costs, as the oil sands royalty regulation has affirmed. That gives us about \$9.50 a barrel. Let's multiply 3 million barrels a day by \$9.50, and everybody knows the answer to that on the Conservative side of the House. That's about \$30 million a day. If we take the \$30 million a day and apply it to a 30-day month, that's \$900 million in a month. Twelve months of the year times – I know you're with me – \$900 million comes out to \$10.8 billion, roughly \$11 billion. Mr. Chairman, \$11 billion is real money in anybody's lexicon.

That's the architecture that we have tried to put in place for the future of Albertans so that they can indeed have the opportunity to see roads built, infrastructure, education, highways. In fact, government's job is to create the wealth that allows us to build the tools that allow the private sector to build wealth, and we can do that through the oil sands. We will continue to work hard with our partners, the Auditor General, the companies that are there, and I know that we're going to be able to see hard, substantive results in our lifetime. This is not a long-term dream.

I think I've covered most of the fact, half the fiction, and some of the politics, so I'll sit down now, Mr. Chairman.

Oh, I'm sorry. I do have to return to electricity for just a moment to talk about transmission. The member knows full well the story on it, and we'll have to just take the time up to correct the record. We did not change a decision by the EUB. We reaffirmed the existing policy where consumers pay for transmission.

We must remember that there are business consumers; there are residential consumers. Insofar as the 15 per cent of the marketplace which is residential consumers, the price that they pay for the transmission is that percentage piece. Mr. Chairman, I would ask the member to look back, and if he looks at it and he says, "The generators would pay 15 per cent; where would the generators get their money from?" Well, the generators sell into the grid. They sell at a particular price. Consumers purchase the power. The power is then consumed, and the consumer pays the bill. Do you not think that would include transmission? I would think so. It's an easy economic tenet to follow, and of course we'll continue to help the member whenever we can.

Of course, I must finish with the comment about the rose shirt and the move to red. I'm not in transition; I'm in season.

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

**Mr. MacDonald:** Thank you very much, Mr. Chairman. I'll be brief because other hon. members have expressed an interest in participating in the debate. The hon. minister was talking about fact and fiction and politics, and while there are some things that certainly need to be corrected, the minister's sense of history is, to say the least . . .

**Mr. Smith:** Excellent.

**Mr. MacDonald:** He may maintain that it's excellent, but perhaps he should table his history mark from Notre Dame College for all to see.

**Mr. Smith:** Point of order, Mr. Chairman.

**The Chair:** The hon. member has a point of order.

#### **Point of Order Imputing Motives**

**Mr. Smith:** It would be under Standing Order 23(i), imputing false motives. In fact, Mr. Chairman, I had an honours mark at Notre Dame College. Notre Dame College is in fact noted for its scholarly excellence, and I think he is actually attacking the integrity and the viability of that great residential institution and would ask him to withdraw that remark.

*4:10*

**The Chair:** The hon. Member for Edmonton-Gold Bar on the purported point of interest, point of order.

**Mr. MacDonald:** Point of interest? Yes, Mr. Chairman, I believe it is a point of interest, not a point of order. If the hon. minister would allow me to continue . . .

**The Chair:** It's the chair that does that.

**Mr. MacDonald:** Perhaps he wouldn't be as sensitive to my remarks. They're in no way – any way, shape, or form – to do with Notre Dame College.

**The Chair:** As I Freudianly slipped, I think it was a point of interest, clarification, and not a point of order.

The hon. Member for Edmonton-Gold Bar.

#### **Debate Continued**

**Mr. MacDonald:** Thank you. Now, in regard to the transfer of the natural resources to the control of this province, for the minister's benefit and for the benefit of all those assembled here this afternoon, it was a Liberal government under Mackenzie King that allowed this to happen.

Certainly, there was a Conservative government in power under Arthur Meighen, a long-serving Conservative Prime Minister: had the chance, didn't make the transfer. But after the election, when the federal Liberals were returned to power, in conjunction with the U.S.A. this transfer to the province occurred. This transfer to the province provided all the remaining Crown rights in land and resources with certain exceptions, Mr. Chairman, such as Indian reserves, national parks, and the like but subject to all the leases and licences already granted.

So it was a Liberal government in Ottawa that transferred these rights to Alberta, not a Conservative government. A Conservative government had an opportunity, but they did nothing.

Thank you.

**The Chair:** The hon. Member for Whitecourt-Ste. Anne.

**Mr. VanderBurg:** Thank you. I was glad to hear about the department's plans with regard to enhanced oil and gas recovery through CO<sub>2</sub>. I was also glad to hear about ongoing reviews of royalties to ensure that Albertans are getting their fair share.

One thing I didn't hear from the minister – and maybe he can comment – is what our plans are with regard to the precious mines and minerals opportunities that we may be overlooking in Alberta or maybe not overlooking. I've heard from some of my constituents that are involved in the diamond and gold junior mining companies that we have great opportunities here in Alberta yet hear very little about it in our Legislature.

We'd just like some comments on that.

**Mr. Smith:** Well, I'd like to commend the Member for Whitecourt-St. Anne for his interest, not only today but in the past, in mineral development, particularly diamonds. He has ably been able to provide information to the House and to the standing policy committee and to this government on a diamond strategy, on mineral development.

One of the parts about diamonds particularly, Mr. Chairman, is that it's similar to the movie business. Each province, each jurisdiction, has its own form of subsidy. What we need to do is to continue to look at competing with other jurisdictions for a superincentive to write off their exploration expense. They do have the opportunity to participate in flow-through shares in the normal course of exploration in this province. We are assisting them by putting more money into the mapping function. I think that will assist them. We hope to see continued mineral development just as we see continued coal development in this great province.

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

**Ms Carlson:** Thank you, Mr. Chairman. I would like to ask the minister for an update on what his department is doing in terms of climate change and who you're working with: bureaucrats, industry, other levels of government.

**Mr. Smith:** Tomorrow, Mr. Chairman, we will announce four projects on CO<sub>2</sub> sequestration. We are to the best of my knowledge the only jurisdiction in the land that is actually doing something substantive with respect to CO<sub>2</sub> management. I'm sorry; I had an advance copy of the press release, but I don't have it with me now. We think that that's an important piece. We also want to work on some royalty innovation that would facilitate, not only enhance, the oil recovery but also work on behalf of further development of carbon dioxide management.

We also, Mr. Chairman, continue to work with the Clean Air Strategic Alliance for Alberta, Climate Change Central, Voluntary Challenge program, all the partnerships that are designed to work in co-operation with the private sector where we could get co-operation by collaboration as opposed to regulation for reduction. I think that that is shown and is shown across Canada as being an outstanding practice.

The other part is of course the oil sands technology, driven both by price and the social desire to reduce greenhouse gas emissions. We're seeing continued progress on the front in reducing the use of steam as a driver in both steam-assisted gravity drainage as well as some of the other projects up there. Some of that new technology by companies like Petrobank, a toe-to-heel air compression format – that technology is being tested in the lab. Of course, OPTI raised in excess of a billion dollars to partner with Nexon to reduce gas consumption in the oil sands. Devon is working actively with propane – it's called vapex – to be used as a solvent for diluting the bitumen.

So, Mr. Chairman, there is a great amount of activity that is driven not only by economic drivers but also a social desire to reduce greenhouse gases. The long-term prediction I've seen is from a percentage of output. I've seen reductions somewhere in the neighbourhood of 33 to 45 per cent in the oil sands.

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

**Ms Carlson:** Thank you, Mr. Chairman. I wonder if the minister could expand on what he means by royalty innovation. What is that going to look like for this province?

**Mr. Smith:** We're not entirely sure at this point because we haven't finished moving it through the process, but what it's primarily envisioned to do, Mr. Chairman, is lever about tenfold investment from the private sector and, in fact, from the federal government to move on ways of developing our enhanced oil recovery industry.

We believe that we can use a number of factors: one, federal participation, because I think that it's time they put their money where their mouth is. And they have. I've got to commend Minister Efford's efforts for his contribution in the carbon sequestration program. That has been positive. Secondly, I want to commend the University of Calgary for the creation of the international institute for energy, environment, and the economy, that will address these issues; thirdly, Mr. Len Bolger and the Alberta Energy Research Institute for the work that they have done, particularly on the paper Spudding Innovation, that talks about another Alberta waiting to be discovered.

In fact, we're waiting for technology that can create another Alberta in terms of flushing out the final 50 per cent of oil in our conventional oil wells, finishing the last 30 to 50 per cent of natural gas extraction that sits in existing reservoirs. I think that we maxed out our production at 1.3 million barrels a day in 1973, and we've declined from there. That still means that there's an incredible amount of oil waiting for new technology. If we can lever that and we can lever that on a 10 to 1 basis, I think that there is exceedingly clear and compelling evidence that Albertans would benefit not only from the investment, the jobs created around it but also from the royalties associated with it.

4:20

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

**Ms Carlson:** Thank you, Mr. Chairman. My next question is with regard to the trading of CO<sub>2</sub> credits. What's your position on that, and what dollar figure do you think they might be pegged at eventually?

**Mr. Smith:** All I know is that we have a written agreement between the industry and the federal government that the price of carbon shall not exceed \$15 and that the oil and gas industry will not be burdened with more than 15 per cent of all the emissions in Canada.

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

**Ms Carlson:** Thank you, Mr. Chairman. I'd like to spend a few moments now talking about orphan wells. I see in your budget this year that you're predicting a reduction in orphan well abandonment activities. That wouldn't necessarily coincide with what we're seeing or hearing, so could you explain why that's happening and where the program is at this stage?

**Mr. Smith:** Mr. Chairman, the orphan well program is one that is collected and supervised through the Energy and Utilities Board but is, in fact, private-sector money that is raised through a levy. It's my understanding that the well program is functioning. I think that there are some accounting issues about taking the money out of the EUB and then putting it directly to work in the orphan well fund. Mr. Geisbrecht is here from the EUB. I see him scribbling intently, so we will provide you with written information on that.

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

**Mr. Mason:** Thank you very much, Mr. Chairman and to the minister. I appreciate his comments and answers today, and I look

forward to asking him a few questions. I want to start with a basic question, and that is: how do you define success when it comes to energy deregulation? I would assume that key factors might include price, reliability of supply. Choice is another one.

I guess my concern here is that we have seen a significant increase in price. It's true that rate riders have come off, but they were merely paying back the power companies for basically selling electricity at below their cost before the last election. So people had to pay those prices. They just spread it over the next couple of years. Those have come off, and that's a fair comment, but Alberta's position in price relative to other provinces has also increased quite a bit. So we have higher prices, and I don't think that there's really any doubt about that.

Also, if we look at the issue of choice for the average consumer – I'm talking about homeowners, small business, farms, that sort of thing – we don't really have a wide range of choice. The entrance of Direct Energy, which is going on right now, basically is having a company from offshore buy up an existing company, so they don't add to the mix in terms of choice. Of course, there's really the question of how you define choice. Is it just, you know, you buy the same electrons from a different company, but they restructure the extra payments in a slightly different way? What does choice really mean in the government's mind? Can we expect more entrance to the market, and will that bring the price down even to what it was before deregulation?

The issue, I guess, of consumer protection is an interesting one and not directly under the minister. I understand that the advocate reports to the Minister of Government Services, but really I think there is some question about what kinds of things these companies are allowed to do. Certainly, Direct Energy has a very bad record. It was voted one of the worst retailers in Britain and was convicted of falsifying people's names in Ontario, and I understand that there are a number of convictions in a number of American states as well. So it's not really the cleanest or the most savoury in terms of its reputation for dealing with consumers.

The question of debt is another one that the minister brings up, and I'd like to deal with that a little bit. The minister talks about public debt in other places. Now, other provinces, of course, have publicly owned power and utility companies, and Alberta has a mixed system. The majority of it is privately owned, but of course Edmonton Power, which is now EPCOR, and Enmax, which is the city of Calgary electrical system, are publicly owned although not owned by the provincial government but, rather, by municipalities.

So it seems to me, Mr. Chairman, that all utilities use debt to finance the capital projects, and then the ratepayers support the debt, and they repay the debt. This is true whether or not it's a publicly owned or a privately owned company. We were able to demonstrate that, in fact, in Alberta the private utilities have a very large debt. Now, it's not as large as Manitoba's. Manitoba has quite a bit bigger debt because of the massive hydroelectric projects that they've been involved in.

The question, really, for the minister is: how is the debt here different from the debt there? I guess I take issue with the characterization that taxpayers are, quote, on the hook for this money, when in fact it is the ratepayers of the utilities that are actually on the hook for the debt in Alberta and in other provinces and in public systems and in private. So that, I guess, is a question I have.

I would like to hear the minister's view on what electricity prices for consumers are likely to be, if there are projections that the ministry has for a year out, two years out, and so on.

Another aspect, Mr. Chairman, that I'd like to ask the minister about is the progress on implementing recommendations in the Bolger report. I'd like a bit of an update with respect to that as well.

So with those questions, Mr. Chairman, I'll take my seat and anxiously await the minister's replies.

**Mr. Smith:** Mr. Chairman, I would direct the member to pages 179 to I believe it's 186, where it talks about a fair and responsible regulatory framework for the energy and utility sectors, industry compliance with energy and utility regulatory requirements. It has our performance measures, and it has targets from last year, how we did, and what, basically, we're measuring.

I think, also, that from a consumer perspective, success is defined as not being in the position of other jurisdictions such as Ontario – as you can see, they're in crisis state; there's no question – not being saddled with \$357 million worth of added debt from the Manitoba hydro operations, that were a result of the drought as well as other factors.

4:30

I think it's very clear that anybody who's walked into a bank to purchase a business or to look for a loan will find that they'll say: what do you owe? If you say, "I have signed to pay off the debt on bringing all the new light bulbs into my house," that registers on your balance sheet as a liability. However, if a government comes in and puts all those lights in or a third party comes in and puts all those lights in and then charges you rent on those lights or a fee on those lights, you are not responsible for the debt; that other party is.

Mr. Chairman, not only from the creative and wonderful accounting that Crown corporations have brought to Canada but the astonishing debt load, the mismanagement, the bad decisions, the lack of market forces – all I have to do is direct the member to a great New Democratic Party adventure in British Columbia when they decided that B.C. Hydro was the right organization to build a huge dam in Pakistan. In fact, members of the New Democratic Party were accused of buying shares in that entity and being in a conflict of interest. But, you see, you couldn't get through the cloak, the camouflage of New Democratic accounting in order to move into an examination of that. I think that fiasco probably got docked with the B.C. Ferries adventure of the last New Democratic administration there.

So, you know, electricity and market restructuring in this province is in full sail, Mr. Chairman. We have evidence from the private sector, that third party, that shows prices would be where they're at now had it been a regulated model. I know there is no other jurisdiction – no other jurisdiction – that has the mix of environmentally conscious power, environmentally sensitive power, and power generation that this great province has. In fact, to the right of me sits the Minister of Infrastructure in this session, and that minister is a signatory on North America's largest green power contract.

Now, to me success is no blackouts, reasonably priced power, ample generation, good billing practices, presence of a robust wholesale and business marketplace, green power additions to the point where we're the largest wind power producer in Canada. Those look like pretty good indicators of success to me. You know, Mr. Chairman, they're a long time coming. This has been a work-in-progress that's reached over six or seven years.

There are organizations in Grande Prairie that are going to heat buildings and fire electricity through the use of biomass. You don't see wood-burning teepees in the pulp and paper industry any more in this province. Mr. Chairman, there's even an organization in Lloydminster, the beautiful border city, that crushes canola. With the price of natural gas as a feedstock they were looking at a cogeneration machine that would feed canola and natural gas into the system, and then you use what is most economically opportune. So, in other words, marginal cost became very important to people around the province.

You know, Mr. Chairman, the one other thing of having a true price signal – not cloaked, not camouflaged, not darkened by New Democratic accounting – is the fact that people conserve. I noted from figures that I saw from TransAlta Utilities that Albertans actually use 7 per cent less electricity in their homes than they did when we started competitive market restructuring, that combined with a 10 per cent reduction in natural gas usage. All the right signals.

I applaud the Member for Edmonton-Highlands for continuing to watch this unfold and continuing to look at it with a fair and unbiased eye, and when he sees the very company that he was a part of, EPCOR, now being recognized for its leadership, its innovation, its contribution to the city, its pricing to consumers, he has to be proud of this. He has to be proud of the way this has evolved.

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

**Mr. Mason:** Thank you very much, Mr. Chairman. You know, that rekindled my zest for this Chamber this afternoon.

It's interesting. You know, this minister is taking his lead from his Premier and from other members of the government in his manner of answering questions. When you're put on the spot about what you're doing and people are asking you to be accountable, what does the government do? What does the Premier do? What did this minister just do? He starts pointing fingers at other places, whether it's trying to divert attention from the Premier's flights to the A320 that the federal government has or whether it's trying to divert attention from the high electricity prices that we're saddled with under deregulation and trying to point fingers at some long-past B.C. government.

You know, if we responded in the same vein, if the opposition acted the same way that the government does, we'd be pointing out things like a Conservative government in Saskatchewan that is largely still in jail because they were a bunch of crooks. We could extrapolate that to say by implication, as the minister just tried to do, that all Conservatives are crooks and probably should be in jail and that these guys just haven't been caught yet.

But we aren't saying that, Mr. Chairman, not at all. We're trying to hold the government accountable and ask it specifically about what it's doing in Alberta. That's its responsibility. It's not really its responsibility to think about past NDP governments somewhere else or the federal government but what this government is doing and how is it answering for its performance in this Assembly.

I guess maybe I'm going to have to answer my own questions today, Mr. Chairman. I'm going to have to answer my own questions. How is electricity deregulation doing? Well, we have electricity prices that are, you know, 40 to 60 per cent higher than before deregulation. Alberta used to be one of the lowest in the mid-range of electricity prices before deregulation. We now have the highest electricity prices in the entire country, and this is directly related to deregulation by this government.

In terms of the term "deregulation" itself, Mr. Chairman, it's a complete misnomer. One of the first things I did after being elected was to ask our research staff to give me all the bills and regulations that existed before deregulation occurred, because I heard the minister and previous ministers talk about, you know: we're going to simplify the process; we're going to streamline it, deregulate it, make it more efficient, and save a lot of money. So guess what? There were actually three documents, and if you stack them up, they're a stack of paper that is about six inches to eight inches thick. That's quite a bit of paper, but that was for the regulated system.

Then I asked for all of the bills, all of the laws, the regulations, and so on to govern the new streamlined deregulated electricity

system. Guess what, Mr. Chairman? It took two pages – that is, the pages that work in our Chamber – to carry all of the documents governing the new regulated system, and it's been added to since.

So the amount of bureaucracy, the different boards and management bodies that have been put in place to keep an eye on the transmission system and all of these things and all of the regulations, all of the people, the bureaucrats that are trying to run the system and make competition work in a natural monopoly is enormous, and it's multiplied manyfold. The bureaucracy has grown; the costs have grown.

I'll remind hon. members that just before the last provincial election there was a dramatic spike in electricity prices – a dramatic spike – much higher than we've seen since. I remember that Dr. West was leaving that portfolio about that time, and the current Minister of Sustainable Resource Development was thrown into the breach to try and solve this very difficult problem. He struggled with it, and we were changing ministers there for a while very quickly.

What did they do? Well, they put a cap on what the power companies could sell electricity to the people for, and this turned out to be way less than the power companies paid for it in the first place because they'd gone through all these auctions. People remember these auctions where, you know, you had to trade power. You couldn't sell your own power to people. You had to buy somebody else's, and they had to buy yours. You had this series of auctions that were a complete failure even by that government's own standards.

4:40

What did they do? The power companies went crazy because now they were going to take big losses, and they were promised that this system was going to work for them. They went after the government, comparing the government's strategy to the national energy program of the federal Liberal government, that the minister has referred to. Then the government allowed the power companies to get that money back by spreading it over the next couple of years. So we had rate riders, and thank goodness those are gone because they were a major irritant and just a clear political move to ensure that there were low power prices just before the election but not after, because we all had to pay for it after.

The government then imposed some other programs, and if you combine the natural gas programs and the electricity programs together, the various subsidy programs before the last election, the total value was \$4.2 billion. If you add the increased costs to that that consumers have paid since, it's another \$4 billion or \$5 billion, Mr. Chairman. So the total cost of electricity deregulation since its inception in this province is probably close to \$6 billion, because half of the \$4.2 billion was for electricity, half was from gas, so that's about \$2 billion plus another \$4 billion in increased costs since deregulation. So the increased cost to the Alberta economy of this failed experiment has been about \$6 billion and counting.

Then there's the question of choice because consumers have not benefited by greater choice as a result of this. The government has desperately tried to get some foreign companies to come in, but all they've done is displaced Canadian-owned companies. The level of choice is minimal, and you're buying basically the same electrons from a different company. Consumer choice is in many cases nonexistent, and competition is certainly nowhere to be seen. So, Mr. Chairman, electricity deregulation has to be judged, from the consumer's point of view, to be a dramatic failure.

I do want to indicate that I am quite proud of EPCOR as a city-owned corporation. It's been very successful, and it of course supports deregulation because now it operates just like a private company where profit is the motive, and they're very excited about

deregulation because they can make buckets and buckets of money at the consumer's expense just as if they were a private company. So it's not the kind of company that I had in mind when I was on city council. It's just a private company that happens to be owned by a city, and I think there are advantages financially to the city, of course, but otherwise it's not the kind of corporation or approach to electricity that I would like to see.

I would like to remind the hon. minister that I was never on the board of EPCOR, but while I was on council, we did appoint the board members, and one of the board members that we appointed for a couple of terms was Peter Elzinga, who, of course, we know just stepped down as the Premier's chief of staff. You know, when the Premier kept thinking that I was a member of the board, I could just kick myself that I could never remember that Peter Elzinga, who worked in his office, was actually really on the board of EPCOR. I wish I had remembered that long before now.

But he did a good job for EPCOR, and certainly his connection with the government was beneficial because there was a lot of discrimination on the part of the provincial government against EPCOR because it was publicly owned, and we know that it does drive some members of this government completely mad to think about a publicly owned company outcompeting private companies. You know, it's just not in their frame of reference. They can't even imagine such a thing would be possible, Mr. Chairman, but there you go.

So I did want to just reiterate a question to the minister in a completely nonpartisan fashion because I think he missed it in his zeal, his trip down memory lane to the B.C. NDP government. You know, how fast ferries got in there, I don't know. I would like to ask the minister again how the progress is coming on implementing the recommendations of the Bolger committee.

**Mr. Smith:** Very well, Mr. Chairman.

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

**Mr. Lund:** From bad to worse.

**Mr. MacDonald:** Thank you very much, Mr. Chairman. The hon. Minister of Infrastructure just said that it's going from bad to worse. Well, that could describe the P3 system that's trying to build a courthouse in Calgary.

**Mr. Lund:** Well, it's still a P3.

**Mr. MacDonald:** Yes, isn't it. Pity, pity, pity.

Now, Mr. Chairman, why doesn't this government encourage more coal-generated electricity, considering it's much cheaper than natural gas-generated electricity? And if we're going to encourage coal-generated electricity, what plans are being made – I heard them discussed briefly earlier – in regard to the capture and compression of the flue gas stream and using that as a source of CO<sub>2</sub> for enhanced oil recovery? What exactly are the minister's plans in regard to that?

Also, on page 174 the performance measure chart indicates that only 37 per cent of Albertans know the role of energy and mineral resources in Alberta's economy and only 60 per cent of Albertans think the government is doing a good or very good job of providing energy information. What is the minister doing to improve these paltry figures?

Again, on page 174-175 the department in the budget is committed to establishing a competitive market framework for electricity and natural gas. Considering that energy deregulation has been, as calculated by the hon. member from Edmonton-Highlands, an \$8

billion boondoggle, why is this government still clinging to such a huge public policy mistake?

In the time that we have, Mr. Chairman, when will Albertans start seeing the \$3 million industry-funded pro energy deregulation propaganda campaign? Are you holding on to this propaganda campaign until just before the election?

Again – I didn't receive a satisfactory answer – once and for all: what is this government's precise position on joining the Grid West or the Regional Transmission Organization West?

And, certainly, for the benefit of the hon. Member for Vermilion-Lloydminster, what exactly are you planning for the rural electrification associations? It's quite interesting that they've sort of been moved from the Department of Energy to the protection of the Minister of Agriculture, Food and Rural Development. I suspect – and citizens do as well – that this government is planning to dismantle the REAs and the gas co-ops as well. So, you know, I believe this will be the second fiscal year that they've been moved under the protection of the minister of agriculture, and I would like an explanation of that.

**4:50**

The electricity exports. We talked about those briefly before.

Now, on page 180 the EUB will "ensure energy and utility hearings are . . . open to broad public participation." I have had the opportunity of attending some of those regulatory hearings, just as I have had some public meetings on electricity deregulation, and the meetings on electricity deregulation haven't been government friendly. Will the government commit to allowing all consumer groups to participate in EUB utility hearings and not just its own Utilities Consumer Advocate?

On page 181, the EUB will address public safety concerns by continuing to incorporate "the recommendations of the Provincial Advisory Committee on Public Safety and Sour Gas." When will the government abolish the drilling of critical sour gas wells near populated areas? Why does the EUB spend money on granting hearings to applications that should be dismissed from the onset; for example, Compton Petroleum's application to drill six critical sour gas wells that could affect over 300,000 Calgarians?

On page 182, the EUB will "ensure accurate, comprehensive and current information," and it is going to be "readily available to stakeholders." Why are stakeholders not allowed to review all EUB applications on its web site?

Now, the financial overview of the department from the Energy estimates. I have some questions. Why was the ministry spending allowed to run \$13 million over budget last year? What were the causes for this overexpenditure? It had nothing to do with communicating that totally dysfunctional electricity deregulation propaganda campaign. I can only imagine what the communication strategies are on that. If electricity deregulation were a movie, it would be a horror movie.

**Mr. Mason:** A horror movie?

**Mr. MacDonald:** It would be a horror movie. Yes.

**Mr. Mason:** Night of the living dead.

**Mr. MacDonald:** A lot of it would be shot in the darkness, hon. member.

What steps are the minister taking to ensure that these cost overruns do not happen again this year? Why is the department only budgeting for \$191 million when it spent \$198 million last year? Why does the government predict a reduction in orphan well

abandonment activities considering that there are so many maturing oil fields in this province?

**Mr. Smith:** She asked that already.

**Mr. Mason:** But did you answer?

**Ms Carlson:** Yeah. He didn't answer.

**Mr. MacDonald:** I'm told that you have failed to answer that question, so I thought I would . . . [interjection] He's going to give this answer in writing? Okay.

Now, on page 113 the Minister of Energy has the dubious distinction not only of having a lot of airplane flights – he's certainly a frequent flyer, Mr. Chairman; he's a busy man – but the highest communication budget at over \$990,000, trying to sell a defective product, which is electricity deregulation. Why doesn't the minister save some tax dollars by quitting trying to sell Albertans a defective product that they clearly do not want?

Earlier this afternoon I tried to encourage the minister to finally accept the fact that electricity is an essential service. It is not a commodity. We could save a few dollars here, and this is a government, in my view, that needs to save a few dollars.

Also, will the minister provide a complete breakdown of the communications budget?

Here on page 117, where you're talking about expected revenue and expense, why is the ministry expecting to take in only \$5 billion in resource revenue, 35 per cent less than the \$7.8 billion it raked in last year? Who is responsible for these estimates? Is it the Department of Finance, or is it the Department of Energy?

In a department that stresses deregulation, why has the cost of energy regulation increased by \$16 million, or 17 per cent, since the fiscal year 2002-2003?

The Department of Energy will – I see on page 122 – increase its full-time equivalent employment by 12 to 556. The EUB will increase its full-time equivalents or employees by 18, to 818.

Now, going back to the former tenure of Dr. West – I never looked this year, and I might have to – regrettable staff turnover was an item.

**Mr. Smith:** It's going to be an item in Edmonton-Highlands in the next election – or in Edmonton-Gold Bar, sorry.

**Mr. MacDonald:** It's going to be an item in Edmonton-Highlands in the next election.

There are a lot of fine people working for the EUB, and many of them after they were let go were hired by private enterprise for probably a lot more than what they were getting at the EUB. There seemed to be a problem there with the EUB recruiting replacements.

Now, this is not the first time that this has happened after Dr. West has been involved in a department. Hopefully, we've seen the end of that. The only place I would encourage Dr. West to look now is at the size of his cabinet. Let's leave the EUB alone; let's leave the public service alone. Let's, perhaps, shrink the size of the cabinet.

**Mr. Smith:** The only thing Dr. West is intent on shrinking is right over there.

**Mr. MacDonald:** Our seats are going to be reduced if Dr. West has his way. That's interesting.

**Mr. Mason:** Well, now you've got it on the record, hon. member.

**Mr. MacDonald:** That's the purpose.

**An Hon. Member:** The NDs could go up.

**Mr. MacDonald:** You would hope. Yeah. You would hope.

The EUB has had a great deal of difficulty getting over that period of turmoil in its staffing. Is this the reason we've had to hire 30 additional full-time employees? Certainly, with the increase in activity in the oil patch I, for one, couldn't find fault with that because we need people to ensure that the development continues in an orderly fashion.

We have some questions that, unfortunately, weren't answered from last year, and they are these, Mr. Chairman. What are the Department of Energy's responsibilities in the implementation of the government's action plan on climate change? Why isn't there a performance measure to measure consumer satisfaction with the implementation of deregulation? How many energy retailers does Alberta need before prices decrease substantially? Is there any money allocated to a consumer education program about buying electricity from a retailer, and if not, why not? This is something we had proposed. The minister has got that confused with a propaganda campaign.

There are also other issues that, certainly, we need to deal with.

The issue surrounding water. The minister is not distinguishing between fresh or potable water and produced water as a result of coal bed methane production. What measures are being considered to get rid of the produced water as a result of coal bed methane production?

5:00

The minister in his own report – and certainly I hope he's had a chance to read this. This would be good reading on an airplane, so I can only assume that the minister has had a chance to read it. The potential water disposal and diversion strategies for coal bed methane: no two coal beds are the same in the province. No two coal bed methane basins are the same. So we can't assume that produced water is going to be the same from every well. We can't assume that the chemical composition of that water, whatever is in it, arsenic or beryllium or mercury, that any of those elements that may be present in the water would also be present in a coal bed methane bed that is, let's say, 30 kilometres west of Sylvan Lake.

So what exactly are we doing about produced water? Are we going to use that as a dedicated source for enhanced oil recovery? What are we also going to do with the studies that I'm sure are being done? They're not public, to this member's knowledge.

As coal bed methane production increases, what exactly is happening to the water table? Is the water table going down? Is it staying the same? What sort of tests are we doing on that? I see the minister shaking his head, but I think this is very, very important. With every test well we have in production right now, we should have adjacent to it a well to check the water table to see what effect, if any, this is having on the water table. If this is being done, please provide the information not only to the Energy critic but to the landowners, who are very interested in this throughout the province.

Thank you.

**Mr. Smith:** I would like to provide answers, Mr. Chairman, as well as to continue to separate fact from fiction. Oh, where to start? Where to start? Such a task. You know, just when you think you've heard it all from the Member for Edmonton-Highlands, in comes his cleanup batter, the member for Edmonton-Gold Brick. I've got to tell you that when the Member for Edmonton-Highlands was speaking, it was getting so thin that I thought I heard the sound of the automatic pumps kicking in. It's indeed thin gruel to shovel.

There is no Grid West. There is no RTO West. So there's in fact nothing to join, Mr. Chairman. The member knows full well the story about consumer reputation at the board. There's been lots of work on that.

The member turned his attention from his concept of gas to sour gas, and sour gas is one of the great success stories in Alberta. Over 30 per cent of our natural gas is derived from sour gas deposits. When we say sour gas, Mr. Chairman, we mean gas that has the presence of hydrogen sulphide in it, and at that time you have to find a process that separates the hydrogen from the sulphur.

In fact, we've created at the University of Calgary, where the Institute for Sustainable Energy, Environment and Economy is, the Alberta Sulphur Research Institute. That institute is known worldwide for its ability to attack difficult issues with respect to sour gas and to be able to remove the sulphur from the gas, condition the gas, and get it ready for your furnace. Without the great work of that sulphur institute over the years, we would have lost billions – billions – of dollars of royalty revenues, Mr. Chairman. So this is a good time to congratulate those scientists who work at the Alberta sulphur institute, housed actually in the former Imperial Oil Building, which is close to the University of Calgary, which is now owned by the University of Calgary and will subsequently house the sulphur institute as well as other energy-related chairs.

The member can go back to the minutes from many EUB inquiries as well as to a concentrated study on sour gas recommendations, some 87 recommendations from the EUB and a joint stakeholder committee to manage sour gas in Alberta. That program has accelerated ahead, and it's a success. Recommendations in the 60s, 70s levels are now being implemented. One of the major stakeholders, a noted veterinarian from Rocky Mountain House, has indicated that she was extremely pleased by the response the government had in the management of sour gas at the EUB level. We have reduced flaring by 56 per cent. We have reduced venting. There is no jurisdiction more competent to handle sour gas than the Alberta industry and the Alberta regulator.

Mr. Chairman, the fact is that sour gas does not endanger 300,000 people. The fact is that the mere policy of ignition would hold those individuals safe. It is a tribute, I think, to the EUB and to those who are applying for sour gas licences of the care and handling that they have in detailed emergency response plans. The member's rhetoric belies his experience in the oil patch. He's actually much more knowledgeable than he lets on or shows, and he knows full well how competent members are with respect to sour gas in this province.

With respect to his discussion with consumers and the EUB, he knows full well that there are consumer intercessions, that there are lots and ample opportunities for the consumer to be heard. There's the Consumers' Association of Alberta. There are singular interventions. There's, of course, the good work being done by the utilities advocate, that is housed in the Department of Government Services.

About everything being placed on the web site. I don't know if everything is, but the member should know that there were well over 54,000 applications for licences and permits at the EUB last year and that he should be able to get the information he needs from the EUB.

While we're on the subject of the EUB, I just want to refer back to his question on the orphaned well funds because I think it's an important piece to cover here so that he won't be burdened by having to read even more in a written reply. Of course, they're wrong, as usual. The orphaned well fund is not being reduced. In fact, it is being increased \$1.9 million from calendar year 2003 to calendar year 2004 and a further \$100,000 from '04 to '05. The program levy: in 2003, \$8 million; in 2004, \$9.9 million; in 2005, \$10 million. The fiscal year '03-04 has captured two calendar year levies, Mr. Chairman, of \$8 million and \$9.9 million, for a total of \$17.9 million.

He knows full well that these orphaned wells are funded by industry and managed by the EUB in terms of the money, and it has worked. It has worked better than any other program in any known oil-producing jurisdiction in the world. So instead of being critical, I think he should be applaudatory, Mr. Chairman.

He knows full well that each sour gas well application is evaluated separately, assessed on its own risk, weighed on its own merit, and cannot be, as he would so injure the royalty structure of Alberta to be, summarily dismissed.

I do want to comment briefly on the \$13 million that the member talked about. That \$13 million, Mr. Chairman, is a flow through to reflect the increase in the orphan abandonment dollars paid by industry. It reflects two FTEs' – not 20, not 50, not 100 – increase due to the Energy and Utilities Board's workload, that has increased.

**5:10**

Of course, we have to remember, Mr. Chairman, as I said earlier – if he had only been listening, it would've been so much more helpful – that we have in the last four years collected royalties equal to the previous 10 combined. That's a combination of price and activity. So when you do the work to license, let's say, 8,000 wells and then you do the work to license 20,000 wells, you could use a couple of extra people. That incremental workload – they must be wonderful people because they can move from 8,000 wells to 20,000 wells. I think it's a good story and reflects the increased activity in this province.

I also think that that activity is a reflection of investor and industry confidence in a very strong and competent royalty structure. So we can dismiss, I think, with fact any concerns expressed by the member with respect to the royalty structure.

I think that the communication budget is well known to the member, and he's fully aware that that's applied to the public information work that has been done with respect to a new competitive market. In many cases previous to it he's asked for it; then he complains about money being spent on it; then he wants to know when more is going to be spent, but then it's not information, but it's propaganda. So we'll just continue on, Mr. Chairman, with a good program. Any further program with respect to consumer information will be carried on by the Minister of Government Services.

With respect to his comments on produced water and for some reason wanting to double the amount of coal bed methane drilling, I think that in the only two instances where they thought they were going to apply for a freshwater well, it turned into saline or brackish water. That water was then reinjected back into the formation. We have not had to deal with water disposal in a coal bed methane well to date of the some thousand that have been drilled.

**The Chair:** I hesitate to interrupt the hon. Minister of Energy, but pursuant to Standing Order 58(5) which provides for the Committee of Supply to rise and report not later than 5:15 p.m. on Tuesday, Wednesday, or Thursday afternoons, I must now put the question after consideration of the business plan and the proposed estimates of the Department of Energy for the fiscal year ending March 31, 2005.

Agreed to:

Operating Expense and

Equipment/Inventory Purchases

\$113,833,000

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

**Hon. Members:** Agreed.

**The Chair:** Opposed? Carried.

[The Deputy Speaker in the chair]

**The Deputy Speaker:** The hon. Member for Peace River.

**Mr. Friedel:** Thank you, 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 ending March 31, 2005, for the following department.

Energy: operating expense and equipment/inventory purchase, \$113,833,000.

**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 1:30 p.m. on Monday.

[Motion carried; at 5:16 p.m. the Assembly adjourned to Monday at 1:30 p.m.]

