

Legislative Assembly of Alberta

Title: Thursday, May 3, 2007

1:00 p.m.

Date: 07/05/03

[The Speaker in the chair]

head:

Prayers

The Speaker: Good afternoon.

Let us pray. Give to each member of this Legislature a strong and abiding sense of the great responsibilities laid upon us. Give us a deep and thorough understanding of the needs of the people we serve. Amen.

Please be seated.

head:

Introduction of Guests

Mr. Shariff: Mr. Speaker, I'd like to welcome a group of Canadian Comprehensive Auditing Foundation fellows who are sitting in your gallery. They are participants in a nine-month international fellowship program based in Ottawa and are visiting us today as part of a tour of western Canada. Sponsored by the Canadian International Development Agency, the fellowship program is a collaboration between the office of the Auditor General of Canada, the Canadian Comprehensive Auditing Foundation, and the Auditor General of Quebec. The program is designed to expand knowledge and understanding of public sector accounting and auditing as practised in Canada.

They are – and I'd ask them to rise as I introduce them – Mrs. Laurentine Ngwu, of Cameroon; Mr. Sikoro Keita, of Mali; Mr. George Haule, of Tanzania – [Remarks in Swahili] That's Swahili: "welcome in Alberta" – Ms Sirikanchana Karikanchana, of Thailand. They are accompanied today by their hosts, Ms Caroline Jorgensen, manager for international business at the CCAF in Ottawa, and Ms Lori Trudgeon, communications co-ordinator with the office of the Auditor General of Alberta. They're all standing now, and I'd request the hon. members of this Assembly to accord them the traditional warm welcome.

The Speaker: The hon. Member for Peace River.

Mr. Oberle: Thank you very much, Mr. Speaker. It's my pleasure to rise today and introduce to you and through you to all of the hon. members in this Assembly the most important person in my life, my supporter and partner for nearly 24 years. I'm sure that the nicest thing that can be said about me is that I'm married to her. I'd ask my wife, Debbie, to rise and receive the warm welcome of the House.

Ms Calahasen: Mr. Speaker, today I have two schools, students and teachers and parent helpers, to introduce to you. The first one, of course, is from Gift Lake, Alberta. It's a small community about 350 kilometres north of here. We've got 22 students, and they're all sitting in the public gallery. Their teacher, Mrs. Audrey Anderson, is with them but also Ms Joyce Laderoute, Mrs. Doreen Laderoute, and Mr. Howard Shaw. These are grade 5 students. I'd ask that they stand to receive the warm welcome of this Assembly.

I'm not exactly sure whether or not my other group is in here, but I'd like to introduce them and maybe do the honour again if they're not in here. They're grade 4 students from Peerless Lake school, and that's a long way away from here. They were fantastic students when I met with them earlier. They've been here a few days, and they're trying to make sure that they know how this system works. It is very rare that Peerless Lake students come, Mr. Speaker, from

that far away, and I'd like to ask the members of this Legislature to please welcome them with opening arms and a very warm welcome. Please stand.

Mr. Liepert: Mr. Speaker, it's my pleasure today to introduce to you and through you on behalf of the Member for Calgary-Lougheed 30 students of the grade 9 band class at the Glenmore Christian Academy in southwest Calgary. I must say that I visited the school and a fine one it is. These grade 9 band students are made up of a group of kids who've played instruments for some four years now, and a number of them play in the worship band, which is a group of musicians who sing and perform at school chapels. They are accompanied today by their band director, Dan Bartholomew-Poyser, and also Erin Emro and parent Lindsay Forbes. I would ask them to rise and receive the welcome of this Assembly.

The Speaker: The hon. Member for Calgary-East.

Mr. Amery: Thank you, Mr. Speaker. I seek your indulgence and permission to make my introduction in a foreign language today, the Arabic language.

The Speaker: That will be afforded to the hon. member. The hon. member consulted with my office, and all members should have on their desk a copy of the translation of the introduction, so please proceed.

Mr. Amery: Mr. Speaker, I have provided a translation to all hon. members of the Legislature. [Remarks in Arabic]

[Translation] Thank you, Mr. Speaker. It is my pleasure to introduce to you and through you to the members of the Assembly two guests from Lebanon, Mr. Joseph Alhachen, a poet and an author – he has spent 60 years of his life promoting poetry and culture – and Mr. Adel Khadaj, who has spent more than 35 years in the same business. Accompanying them, Mr. Ziad Abultaif from Edmonton. They are all seated in the public gallery, and I ask them to rise and receive the truly warm welcome of the Assembly. [As submitted]

Mr. Speaker, my guests are seated in the public gallery. I ask them to rise and receive the traditional warm welcome of the Assembly.

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

Mr. Mason: Thanks very much, Mr. Speaker. I'm delighted to introduce to you and through you to this Assembly Edric Bogosoff and Maryann Nery. Edric and Maryann are Palace Casino workers entering the 237th day on the picket line. It's unacceptable that these dedicated workers have been forced on strike, due in part to this government's failure to protect Alberta workers with fair and decent labour legislation. Edric has been at the Palace Casino since late 2002 and works as a dealer. Maryann has worked at the Palace Casino for the past four years in many different positions. They're joined today by UFCW local 401 representative Don Crisall. I would now ask that they rise and receive the traditional warm welcome of this Assembly.

The Speaker: The hon. Member for Cardston-Taber-Warner.

Mr. Hinman: Thank you, Mr. Speaker. It's a real pleasure to rise and to introduce to you and through you to this Assembly a fine group of students and their teachers that are here from Glenwood,

Alberta, over 500 kilometres away. They rose early to arrive here. I'd like to introduce Mr. Kelly Thomas, the principal of the school, his wife, Kathy, and teacher Ken Selk. They very much want their students to be part and to see what goes on this House, so I ask that they rise and receive the traditional warm welcome of this Assembly.

The Speaker: Hon. Member for Edmonton-Manning, you have an introduction?

Mr. Backs: Yes. Thank you, Mr. Speaker. I'm very pleased and honoured to introduce to you and through you to all the members of this Assembly 18 members that have come here from the Unity Centre in northeast Edmonton. The Unity Centre is a great resource for many individuals in northeast Edmonton and provides all sorts of things, from clothes, transport, furniture in a used sense, and all the rest of it. I'd ask them to all rise and receive the warm welcome of this Assembly.

head:

Members' Statements

The Speaker: The hon. Member for Lacombe-Ponoka.

Liberation of Holland

Mr. Prins: Thank you, Mr. Speaker. Saturday, May 5, is the 62nd anniversary of National Liberation Day in Holland. That is the day that hostilities finally ended after nearly five years of occupation by enemy forces during World War II. Southern Holland was liberated in the fall of 1944, but the thrust by the Allied troops stalled in September in Arnhem.

Throughout the winter battles were fought in unbelievable conditions in southern Holland. Canadian troops helped to clear Dutch approaches to the Belgian port of Antwerp in late 1944. By mid-March of 1945 more Canadian troops arrived from Italy and pushed through the eastern part of Holland, liberating Groningen, the home city of my father-in-law. That was on April 13. By April 15 they had fought their way to Leeuwarden, the home city of my mother-in-law. It took a few more weeks, until May 4, to work their way around the IJsselmeer and totally free the western part of Holland, including Rotterdam and Amsterdam, which was near to where my mother lived at the time.

1:10

The Dutch people welcomed the Canadians enthusiastically after a long and harsh winter. It was after the end of the war, when troops were still around and people were free again and getting their lives back in order, that the Canadian soldiers and the Dutch people forged long-lasting bonds of friendship that last to this day. It was also during this time that my father, who came from Canada as a soldier with the Dutch army, met my mother and took her as a war bride. They celebrated their 60th anniversary this past Monday. So, Mr. Speaker, on behalf of all the Dutch people I will again say thank you to the brave Canadian soldiers who volunteered and fought so courageously many years ago to liberate Holland.

Thank you.

The Speaker: The hon. Member for Edmonton-Manning.

Geothermal Power

Mr. Backs: Thank you, Mr. Speaker. Oil sands production and upgrading use energy to produce oil products. Natural gas cogen plants have been preferred but have come under criticism because

gas is clean, expensive energy that should be used elsewhere. Some like nuclear; many are skeptical. What will happen when these nuclear plants are tired and rundown in 50 years? Where will the hazardous spent fuel be stored?

Remember Chernobyl. The Alberta Ukrainian community stepped to the forefront to help the victims of the Chernobyl meltdown. There was a moving and graphic remembrance at City Hall in Edmonton last year. I don't think anyone who left the candlelight procession supporting nuclear power will support it for anywhere in Alberta.

Sustainable renewable energy sources must be our focus. It is time to revisit hydroelectric generation. The potential for oil sands use of hydro from in-line generators in the Slave River rapids is tremendous, and it is close by. Hydro is clean power. It is simple gravity flow: no carbon emissions, no sulphur emissions, no burning. What about hydrodams? These can be a source of clean power if properly prepared: no carbon emissions, no sulphur emissions, no burning, good for recreation, good for tourism, and good for water retention and management.

What about geothermal? The earth we stand on is just a crust over a superheated molten mass. What a source of untapped energy. Even the use of near-surface geothermal sources can do the job. We must pursue this source. Godspeed to the geopower consortium in testing the granite layer 500 feet below the oil sands.

What about looking for chemistry for new processes? What about the hydrogen fuel injection process? What about new engineering processes? These alternatives just touch on a few. We do have alternatives to nuclear. We do have clean alternatives. Let's go hydro. Let's go geothermal. Let us find other ways. We must think of future generations.

Thank you, Mr. Speaker.

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

Multiple Sclerosis Carnation Campaign

Ms DeLong: Thank you very much, Mr. Speaker. I rise today to speak about finding a cure and enhancing quality of life for those living with multiple sclerosis in Alberta. Alberta Health and Wellness, in partnership with the MS Society, would like to remind Albertans that May is Multiple Sclerosis Awareness Month. Multiple sclerosis is a disease that randomly attacks the central nervous system, affecting the control people have over all parts of their bodies. We do not know yet what causes MS, but we do know that it is a disease that is affecting an estimated 55,000 to 75,000 Canadians. The MS Society estimates, based on current prevalence rates, that approximately a thousand new cases of MS are diagnosed each year, which means three more people are diagnosed with MS every day in Canada. These numbers are startling, and that's why it's so important to support MS Awareness Month.

Here in Alberta we have one of the highest rates of MS per population in the world, with approximately 10,000 diagnosed cases. Women are diagnosed with the disease three times more frequently than men. These are two startling facts that serve as motivation to those who work to find a cure for the disease.

Besides funding MS research, the MS Society provides services for people who have MS, family members, caregivers, and health care professionals. These services are delivered through the network of divisions and chapters across Canada. Throughout the month of May there are several opportunities for Albertans to support the cause. Volunteers from around the province are taking part in a variety of fundraising events, like the MS Carnation Campaign, Super Cities Walk for MS, and Rona's Keys to a Cure fundraiser, which most Alberta communities host.

I encourage you to get involved and help find a cure today. For information on the MS Society of Canada and their activities visit www.mssociety.ca.

The Speaker: The hon. Member for Edmonton-Calder.

Teachers' Unfunded Pension Liability

Mr. Eggen: Thank you, Mr. Speaker. Last month the Minister of Education announced his unilateral decision to tie \$25 million of funding for the Alberta teachers' pension liability to a demand for labour peace in the province. This is a provocative scheme which is divisive and an insult to educators across the province.

The province has long neglected the unfunded liability and should act immediately to solve the problem. However, in a meeting yesterday with the president of the ATA the minister rejected the teachers' request for immediate negotiations, choosing instead to stumble down the path to another task force. Given that the government accepted a mere seven of the Affordable Housing Task Force recommendations, there is little reason for teachers to see a task force as anything more than a stall tactic and no substitute for immediate negotiations.

To put this issue into context as well, I note that school boards received a 3.6 per cent increase to their budget. Such a small amount will stretch school boards' ability to hire new staff and abide by provincial class size regulations. This will also put them in a very difficult position when it comes to teacher negotiations.

The minister's proposal is a clear attempt to pit teachers with lengthy years of service against more junior colleagues. Playing politics with teachers' salaries and teachers' pensions is a recipe for a division and ill will, and it's hardly a reasonable way to run the education system. During the bid for the Conservative leadership the Premier promised that the issue of pension liability would be resolved separately from negotiations over salaries or working conditions.

On behalf of the NDP opposition I join with the Alberta Teachers' Association in calling for the minister to do the right thing: rescind the provocative demand that teachers give up the right to strike in exchange for another task force. All teachers deserve to be treated fairly and with respect.

Thank you.

The Speaker: The hon. Member for Edmonton-Castle Downs.

Archbishop Richard Smith

Mr. Lukaszuk: Thank you, Mr. Speaker. I rise today to pay tribute to the installation of Edmonton's eighth bishop at St. Joseph's Basilica on May 1, 2007. Led by the papal nuncio, Archbishop Luigi Ventura, the two-millennia-old ceremony formally inducted Archbishop Richard Smith, who will replace Archbishop Thomas Collins. Archbishop Smith is known as a multilingual person who has a unique brand of American Sign Language playfully known as RSL, or Richard's Sign Language. He is one of the two youngest Catholic bishops in Canada along with another archbishop, David Motiuk.

Archbishop Smith's journey has led him from his home in Halifax, Nova Scotia, to Pembroke, Ontario, and now Edmonton, where he serves as archbishop. He has come to meet the new challenges of being archbishop to Edmonton's Catholic community, a community invaluable to many Albertans. With its 330,000 members and dozens of churches the Edmonton Catholic community is steeped with a sacred tradition that gives hope and inspiration to its members during times of happiness and struggle. He has been an

active member of the Canadian Conference of Catholic Bishops as well as being the national spiritual adviser to the Catholic Women's League of Canada. Also, Archbishop Smith has been a member of the English Sector Commission for Christian Education since 2003.

The important role he has played within the Catholic community has not been overlooked. I am grateful to be able to speak about such an important man. I would ask everyone to join me in honouring Archbishop Richard Smith.

Thank you, Mr. Speaker.

The Speaker: The hon. Member for Edmonton-McClung.

Political Party Trust Accounts

Mr. Elsalhy: Thank you, Mr. Speaker. In 1977 changes were made to the Election Finances and Contributions Disclosure Act, requiring a distinct reporting of trusts and funds maintained by each registered political party. Since 1977 an annual letter from any registered political party maintaining such a trust was to be submitted to Elections Alberta, detailing any transfers of funds to or from such trusts and the party. While most political parties closed or dissolved their funds early on, the Progressive Conservative Association of Alberta chose to maintain theirs.

This fund, which has often been referred to as the foundation fund or the legislative trust account, has recently become a sort of controversy. From 1978 to 1986 the individual acting as the budget director for the PC Association consistently reported annually, as the law requires, all transactions involving the foundation fund, both deposits and withdrawals. However, beginning in 1987, this practice of providing a distinct account of these transactions inexplicably came to an end. Large sums of money may have been deposited into or taken out of this fund; however, nobody in the PC Association has the ability or willingness to provide the required documentation. How much money was in the foundation fund when it started? How much money is in the fund today? And in nonelection years what are the monies from the fund used for?

1:20

Since we're now talking about openness and transparency in this House, will the PC Association be required to resume reporting how much money goes into or out of this foundation fund? Don't tell me it's still being reported because the Tories are basically pooling the funds together with transfers from registered parties, constituency associations, and candidates in one catch-all category. The details remain hidden. Here is one place the Conservatives can start to demonstrate openness and transparency. Those who have nothing to hide, hide nothing.

head:

Presenting Petitions

The Speaker: The hon. Member for Drayton Valley-Calmar.

Rev. Abbott: Yes, thank you, Mr. Speaker. It's my pleasure to rise today and to present a petition. Really this is just an add-on to the petition that I presented a couple of weeks ago urging the government to "immediately introduce a bill to create a buffer zone of at least one mile distance from any major water body, such as a river, lake or creek," et cetera. So I would like to table this at this time.

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

Mrs. Jablonski: Thank you, Mr. Speaker. I'll table that petition in our next sitting.

Thank you.

The Speaker: The hon. Member for Edmonton-Manning.

Mr. Backs: Thank you, Mr. Speaker. I'm pleased and honoured to rise to present a petition. It's from members of the Unity Centre, the volunteers there. It says, "We the undersigned residents of Alberta, petition the Legislative Assembly to urge the Government of Alberta to hold rent increases to no more than the rise in the average monthly wage until December 31, 2010."

Thank you.

head: **Introduction of Bills**

The Speaker: The hon. Member for Edmonton-Meadowlark.

**Bill 210
Gaming Planning Act**

Mr. Tougas: Thank you, Mr. Speaker. I rise today to request leave to introduce private member's Bill 210, the Gaming Planning Act.

The purpose of Bill 210 is to initiate a comprehensive review of the multibillion dollar gaming industry in Alberta. Bill 210 would establish an all-party committee that would examine all aspects of the gaming industry in Alberta from the distribution of revenue and the role of volunteers to the social impact of gambling on the citizens of Alberta and its impact on the economy.

Thank you.

[Motion carried; Bill 210 read a first time]

head: **Tabling Returns and Reports**

The Speaker: The hon. Member for Edmonton-Calder.

Mr. Eggen: Thanks, Mr. Speaker. I would like to table copies of a letter from one of my constituents, Alexis Sokol. Alexis is a single-income earner who is now facing a \$200 per month rental increase. Alexis notes that this will have undue stress and hardship on her daily life.

Thank you.

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

Mr. MacDonald: Thank you very much, Mr. Speaker. I would like to table this afternoon on behalf of Nicole Régis, a constituent of Edmonton-Gold Bar, a letter that I received from her on February 23, 2007. This is in regard to the current state of the teachers' unfunded liability.

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

Mr. Agnihotri: Thank you, Mr. Speaker. I have a tabling from my constituent Derinda Wood, who is concerned about rent increases. Her rent increased three times in eight months already, totalling \$400. There is no cap on rent increases. People are afraid of being homeless. She said that "homeless shelters are overflowing with families that work but can not afford housing." She is urging this government to help.

Thank you.

The Speaker: The hon. Member for Calgary-Varsity.

Mr. Chase: Thank you, Mr. Speaker. I have two tablings. The first is a letter in response to Alan Shopland, the general manager of Access Roads, the P3 company responsible for the Anthony Henday,

whose letter to me was previously tabled by the Minister of Infrastructure and Transportation, claiming that Alberta taxpayers aren't responsible for a \$34.7 million cost overrun.

My second tabling is page 103 from Alberta Infrastructure and Transportation's annual report 2005-2006, which clearly shows that the P3 cost overrun debt is to be borne by Alberta taxpayers.

Thank you.

The Speaker: The hon. Member for Edmonton-Rutherford.

Mr. R. Miller: Thank you very much, Mr. Speaker. I have several tablings today, and I beg your indulgence. The first is in relation to an absolutely spectacular event that myself and several members of this Legislature attended last night: the celebration of the arts put on by students from Catholic schools, over 600 students and 120 parents and staff and teachers involved. It was just an amazing evening. I'm pleased to table for the permanent records of the province the program from that evening.

As well, almost as spectacular was the annual general meeting of Edmonton Airports this morning, where they showed a multimillion-dollar profit for the past year and a tremendous, in fact phenomenal increase in terms of the number of aircraft movements and growth at the airport.

Then, Mr. Speaker, in response to a comment, actually, from the Finance minister yesterday in which he referenced the Official Opposition's Funding Alberta's Future document but failed to follow parliamentary procedure and table the said document that he was referencing, I'm happy to share with all Albertans the document Funding Alberta's Future and note that the growth in expenditures in this document is tied to not only the population increase but also the growth in inflation.

Mr. Speaker, then I'm also going to also table background documents which the Finance minister also had in his hands yesterday: the spreadsheets showing the described growth, the PowerPoint presentation that is used to make that presentation, as well as a *Calgary Herald* newspaper article from April 20, wherein Scott Hennig, the Alberta representative for the Canadian Taxpayers Federation, outlined an approximate 7 per cent increase in spending under the Alberta Liberal opposition Funding Alberta's Future plan.

Thank you very much, Mr. Speaker.

The Speaker: The hon. Member for Edmonton-Manning.

Mr. Backs: Thank you, Mr. Speaker. I have a series of just four tablings with the requisite copies. One is a letter from Craig Dunn, president of WellDunn Consulting, who is involved in the geothermal research and the consortium involving Shell Canada. It speaks to the importance of geothermal in the oil sands.

Another is an article by Esme Friesen published in *New Technology* in 2002 about the importance of geothermal technology and potential for the oil sands.

Another is an article by Tyler Hamilton of the *Toronto Star* dated February 10. It's about geothermal in the oil sands.

Another is by Ron Chalmers, from the *Edmonton Journal*. It's an article about geothermal in the oil sands.

Thank you, Mr. Speaker.

head: **Projected Government Business**

The Speaker: The Official Opposition House Leader.

Ms Blakeman: Thank you very much, Mr. Speaker. At this time I would request that the Government House Leader share with us the

projected government business for the week commencing the 7th of May.

The Speaker: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. Next week, of course, on Tuesday, Wednesday, and Thursday under government business we'll be in Committee of Supply all three afternoons.

On Tuesday we anticipate the Committee of Supply will have Municipal Affairs and Housing and Health and Wellness. If time remains thereafter, we will deal with bills 2, 31, 32, 33, and 34.

On Wednesday afternoon in Committee of Supply Treasury Board, Finance, Health and Wellness, Municipal Affairs and Housing, Solicitor General and Public Security would be before the committee, and the same bills would be available for discussion if there was time remaining after the Committee of Supply had completed its business.

On Thursday, May 10, there would be a cross-ministry opportunity in Committee of Supply with Children's Services, Seniors and Community Supports, and Education, and again the same bills available for discussion if there was time remaining after Committee of Supply.

head:

Oral Question Period

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

Affordable Housing

Dr. Taft: Well, thank you, Mr. Speaker. The situation with affordable housing in Alberta is getting worse every day. The government's strategy is not working. For example, today in Edmonton-Rutherford constituency the residents of Yellowbird House received notice of a \$500 rent increase. One of the residents of Yellowbird House is an 80-year-old woman who is clearly in distress because of this, and I'm sure we can all understand why. My question is to the Minister of Municipal Affairs and Housing. What does this minister, who is, after all, responsible for housing, have to say to this elderly woman and the other residents of Yellowbird House?

1:30

The Speaker: The hon. minister.

Mr. Danyluk: Well, thank you very much, Mr. Speaker. There is not an easy solution when you're looking at affordable housing. As the Leader of the Opposition knows, we did have a task force in place, that engaged the Official Opposition and also engaged the third party, to discuss that exact focus. When we talk about affordable housing, we need to make sure that there are affordable houses on the market, that affordable units are on the market.

Thank you very much.

Dr. Taft: Well, Mr. Speaker, maybe the residents of Yellowbird House should all move to the country and then run for office because out-of-town MLAs, including virtually almost every minister of this government, receive \$1,750 a month in temporary residence allowance. That allowance has increased \$450 a month in two years. How can this minister sit there and tell the residents of Yellowbird House and renters across Alberta that there is nothing this government can do when he himself receives a rapidly rising accommodation allowance?

Mr. Danyluk: Well, first of all, Mr. Speaker, the housing allowance that MLAs receive is not a housing allowance of this government; it is an allowance of this House. Secondly, our government has added \$285 million of new funding – \$285 million – to try to address the affordable housing and the homeless challenges that we have in Alberta due to the growth pressures.

Thank you.

The Speaker: The hon. leader.

Dr. Taft: Thank you, Mr. Speaker. This government's plan to deal with the issue of affordable housing in Alberta is clearly flawed, partly because they ignored their own task force. The Alberta Liberal housing plan calls for affordable housing allowances that stay with low-income renters, not with the unit. Portable rent supplements give renters flexibility in a tight market. If it's okay for MLAs to have affordable housing allowances, then it should be okay for other Albertans. To the same minister: will this minister help Albertans and follow the lead of the Alberta Liberals and implement affordable housing allowances and rent supplements that stay with the renter?

Mr. Danyluk: Mr. Speaker, specifically, I referred to \$285 million in new money: \$100 million from the municipal sustainability housing program, \$96 million in enhanced capital to increase affordable housing units, a \$13 million increase in homeless support, a \$3 million increase for provincial homeless initiatives, \$14.3 million increase from the rental supplement and special purpose housing, \$45 million allocated to Wood Buffalo, \$7 million to the new homeless and eviction fund, \$2.5 million to the Alberta transitional housing.

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

Dr. Taft: Thank you, Mr. Speaker. Alberta's housing market is completely distorted, and as a result people are losing their homes. While many landlords do act responsibly, others are using the government's decision not to implement a temporary rent cap to issue rent increases sometimes of hundreds of dollars a month. Thousands of people are getting hurt, sometimes drastically hurt. To the Minister of Municipal Affairs and Housing: what is this minister going to do to help the tenants of Yellowbird House and other renters in the same position before they are booted out of their homes?

Mr. Danyluk: Mr. Speaker, I defer to the President of the Treasury Board.

Mr. Snelgrove: Mr. Speaker, if the people have not received a rent increase in the last year at that apartment, they may be subject to this rent increase. If they have previous to April 24, then under the legislation that we've introduced, the rent increase will not be allowed.

The Speaker: The hon. leader.

Dr. Taft: Thank you. This issue, Mr. Speaker, goes beyond political ideology. It goes beyond right- or left-wing views of market intervention. The heart of this issue is that Albertans need help right now because they are losing their homes, and everybody needs a home. The government's decision to ignore the recommendations

of its task force and refuse rent caps shows how divided this government caucus is on this issue. To the minister of housing: will the minister urge his Premier to put the issue of temporary rent caps to a free vote of this Legislature?

Mr. Danyluk: Mr. Speaker, this government is not ignoring the focus of the task force. We need a balanced approach to providing housing. What happened is that we did not look at one specific item but at a balanced approach to providing housing, which is secondary suites, which is supporting rent supplement, which is supporting new initiatives for building housing; \$285 million of new money to do exactly that.

The Speaker: The hon. leader.

Dr. Taft: Well, thank you, Mr. Speaker. The same minister in this government has made the claim repeatedly that rent caps discourage construction of new apartment units, but the evidence is that that isn't necessarily so. Can this minister explain how it is that putting reasonable rent increase caps for one year on existing properties discourages the construction of new rental properties? How is that? Explain it.

Mr. Snelgrove: Mr. Speaker, one thing that we do know is that the opposition is extremely generous with other people's money. They like to talk about a housing report and why we wouldn't accept all the recommendations in the housing report. One of the recommendations was to build houses out of straw; one of them was to convert container units into houses. If we were to accept all of the recommendations, I can assure you that the people coming to Alberta would probably have questions about the mentality of that entire report. We've approached this on a very balanced and responsible position.

The Speaker: Third Official Opposition main question. The hon. Member for Edmonton-Centre.

Ms Blakeman: Thank you. Mr. Speaker, 211 is an emergency referral service operated in Edmonton by the Support Network. It identifies trends in service delivery gaps by tracking the number and nature of calls for which the hotline was unable to provide an adequate referral. Overwhelmingly, these unmet needs were affordable housing. My question is to the minister of municipal affairs. Desperate Albertans cannot wait two months, two weeks, or even two days for shelter. Can the minister please tell us what options are available for people who desperately need housing today?

Mr. Danyluk: Mr. Speaker, this government has identified the challenges that Albertans have in affordable housing and homelessness. There has been a budget that has addressed those concerns, but we implemented the task force, that was asked to report in 45 days. We responded to those recommendations in 35 days, addressing the concerns and the challenges, and \$285 million does address those concerns to the best ability that we can.

The Speaker: The hon. member.

Ms Blakeman: Thank you. The 211 report also identified two specific areas where service shortfalls can be devastating. It has noted an increased number of calls from people who are seeking transitional housing as they move from detox to addictions treatment and also from women and children moving from emergency to

second-stage shelters. Without affordable housing options these individuals may be unable to escape these dangerous and unhealthy situations. Again to the minister of municipal affairs: why are these groups who are struggling to find transitional housing not a priority for this government?

Ms Evans: Mr. Speaker, could I please respond to the hon. member's question? Last year employment and immigration provided \$100 million for housing and shelter benefits for eligible Albertans with low incomes. This includes over \$10 million for emergency benefits for short-term accommodation, utility arrears, damage deposits, additional housing support for families. If there are people today, if Albertans today are faced with dire circumstances, we are the ones that manage emergency funding for those individuals. We manage second-stage housing, supports for people coming from shelters . . .

1:40

The Speaker: The hon. member.

Ms Blakeman: Thank you. The minister should read the 211 reports.

Mr. Speaker, sadly, these problems extend to all corners of this province. We've also heard from a single mother of three in Lethbridge who has sought refuge in a women's shelter and now requires transitional housing. She has the money for rent, a damage deposit, and moving costs and is still unable to find permanent housing. Is the minister of municipal affairs prepared to tell this mother who is fighting for a fresh start that she must pay the price of prosperity?

Mr. Danyluk: Mr. Speaker, first of all, when we look at the minister's sustainability and we look at the initiative, we have directed I believe it's – let me add the two – \$196 million to municipalities for municipalities to address those concerns. Also, what happened is that we have taken funding and we have delivered the funding to different municipalities for them to make the choice of what they believe is important in their areas.

The Speaker: The hon. leader of the third party, followed by the hon. Member for Edmonton-Manning.

Mr. Mason: Thank you very much, Mr. Speaker. Well, it's not my intent to engage in a one-upmanship game with the Leader of the Official Opposition, but I have a couple of rent increases for people in my constituency of \$1,000, that they've just received – \$1,000. Doreen Fiddler is a 74-year-old widow who's lived in the same apartment for 20 years without any problems. She's received a rent increase. Her rent is going from \$595 a month to \$1,595 a month. There's another one in the same building and some others that have received some smaller increases. My question to the minister. I don't want to hear about all the money you're spending to build housing two years from now because right now she needs some help. Are you going to do something to make sure that people like this woman, this senior, don't have to pay increases of that magnitude? I'm asking the Minister of Municipal Affairs and Housing.

Ms Evans: Mr. Speaker, we established a homeless and eviction fund to look after just such a person. Any one of those 59 centres that are in place in Alberta can help provide to people who face dire straits this kind of support. The hon. members opposite would try to portray this government as an uncaring government. We are the government that has a program, that has been administering a

program over the last several years to support people in dire circumstances.

I would invite the hon. member opposite to provide me the names or the phone numbers. We will certainly check and see whether the 211 group has some addresses, and we will follow up to make sure they get connected.

Mr. Mason: Mr. Speaker, that program such as it is, even if it's as advertised, doesn't kick in for two months. We tried to reach Mrs. Fiddler this afternoon. She's out looking for a new apartment, so we couldn't reach her. This new rent, Mr. Minister of Municipal Affairs and Housing, exceeds her entire pension cheque. Now, if she's lucky, they've already tried to raise her rent once in the last 12 months, and we're researching that. But if not, then she's going to have to pay it or move, and next year she'll be faced with this. If you stop it this year, she'll be faced with it next year. You need to do something, Mr. Minister. Please, stand up and tell people what you're going to do. It's not just an emergency fund. There are thousands . . .

Mr. Danyluk: Mr. Speaker, first of all, if an individual receives a rent increase, that rent increase cannot be brought into effect for three months. Also, when we looked at the challenges of individuals as brought forward by the hon. members from across, if they qualify for a rent supplement, if that is the situation, that is why we're here as well, to help support. If there are individual situations of need, those are also things that we will look at. Please bring us those names, and we will look at the individual cases.

The Speaker: The hon. leader.

Mr. Mason: Thanks very much, Mr. Speaker. Well, the government's program such as it is simply isn't working for thousands and thousands of Albertans. I'll just read from this rent notice.

We feel it's necessary to adjust rents to this new level in order to provide you the best service possible.

The rental adjustment is also due to the general rising of operating expenses such as maintenance, repairs, utilities and property taxes [and new carpets and linoleum].

All for triple the rent. To the minister: is it not the case that the people who are paying the price of prosperity are precisely the people who are not prosperous in this province?

Mr. Snelgrove: Mr. Speaker, it is impossible for anyone, regardless of what party or what affiliation, to magically make this problem go away. It simply can't happen. But when we take into the marketplace and we become very generous with other people's investment dollars, it leads us down a road that you cannot come back from. If we want to follow the policies of failed governments where spending increases and interest increases follow, our housing situation will be far more disastrous than being fair to the landlord and the tenant. It is unreasonable for you to suggest that all landlords in Alberta are irresponsible, that all landlords are out to gouge. There may be isolated cases . . . [interjections]

The Speaker: To all the schoolchildren in the Assembly: this is not normal. This is Thursday before a long weekend. I apologize on behalf of all my colleagues in the Assembly.

Now, hon. leader of the third party, you will have copies made of your document, and I'll ask you to table them at the conclusion of the question period.

The hon. Member for Edmonton-Manning, followed by the hon. Member for Calgary-Hays.

Hydroelectric Power

Mr. Backs: Thank you, Mr. Speaker. Extracting bitumen from oil sands requires large amounts of energy. Many argue that firing electrical cogens with clean-burning expensive natural gas is not sensible, nor is it sustainable. All of the Mackenzie gas pipeline production could be used up for oil sands needs. Other sources of energy may make more sense. Hydroelectric power could be the cleanest of all: no emissions, no sulphur gases, no heavy metals, no mess. My question is to the Minister of Energy. What is the potential for energy generation, and what measures are our Alberta government taking to develop clean hydro from the Slave River rapids?

The Speaker: The hon. minister.

Mr. Knight: Well, thank you, Mr. Speaker. Most certainly the potential of Slave River has been known for a number of years. Initially – I believe it would have been back in perhaps the mid-70s or early '80s – the Slave River was first looked at by government in Alberta and certainly by industry in Alberta. With respect to the potential it appears that there are about 1,800 megawatts of power that could be available on the Slave River in northeastern Alberta.

The Speaker: The hon. member.

Mr. Backs: Thank you. A supplemental to the same minister. Use of geothermal energy systems may provide alternatives for energy needs in further production of bitumen. How is the government encouraging research in the use of alternatives such as geothermal to provide energy needs for oil sands production?

The Speaker: The hon. minister.

Mr. Knight: Well, thank you. Again, Mr. Speaker, what we're doing to encourage alternatives – there's a very broad slate of research and development projects through Alberta Energy Research Institute and others. We have a number of programs, some with respect to gasification, clean coal technologies, the production of hydrogen and syngas from coal, and opportunities like that abound in the province of Alberta. Our mandate to provide a strategy that will include all of the above energy sources is ongoing in the province.

The Speaker: The hon. member.

Mr. Backs: Thank you. A supplemental to the same minister. Many Albertans in the pipeline industry are concerned that the construction of the Mackenzie Valley pipeline is not going to happen. What can the minister tell Albertans in the pipeline construction industry about what Alberta is doing to move this project along or if they will see some work in this project in the near future?

Mr. Knight: Well, Mr. Speaker, again, with respect to the Mackenzie Valley pipeline the member opposite is obviously aware that that particular project is not in the province of Alberta, so we as a government or the province of Alberta as a province have no jurisdiction with respect to the Mackenzie Valley pipeline. However, we're very aware that the proponent continues, and as recently as yesterday one of the major proponents has indicated that they will continue to work to find ways to bring that project to fruition.

The Speaker: The hon. Member for Calgary-Hays, followed by the hon. Member for St. Albert.

1:50 Peace Officer Roles and Responsibilities

Mr. Johnston: Thank you, Mr. Speaker. In December 2005 this government released recommendations following a review of the special constable program to clarify the roles and responsibilities of peace officers. Peace officers are a valuable part of Alberta's law enforcement network. These recommendations resulted in the Peace Officer Act, which came into effect May 1. Unfortunately, there still seems to be some confusion as to what peace officers, in particular traffic sheriffs, can and cannot do to support the excellent work of the RCMP when it comes to improving safety on Alberta's roads and highways. My questions are to the Solicitor General and Minister of Public Security. Can he explain why traffic sheriffs are not permitted to exceed the speed limit with their lights and sirens on while responding to emergency situations?

The Speaker: The hon. minister.

Mr. Lindsay: Thank you, Mr. Speaker. Traffic sheriffs under their mandate can only perform limited functions at an emergency scene. Sheriffs' vehicles rushing down the highway with their lights and sirens on pose a risk to the public, and therefore they do not have that authority under the new Peace Officer Act. It's important that emergency situations be attended by the appropriate authorities with the appropriate equipment and training.

Mr. Johnston: To the same minister: was this issue put on the table during consultations that occurred prior to the new act being put in place?

The Speaker: The hon. minister.

Mr. Lindsay: Thank you, Mr. Speaker. Yes, this issue was discussed at length during the review process. The Peace Officer Act was developed through extensive consultations with stakeholders and research from across Canada and around the world. As you know, we consulted with Albertans, municipalities, law enforcement agencies, and many others to ensure that the act enhanced the delivery of enforcement opportunities in the province of Alberta.

Mr. Johnston: My last question to the same minister: will he agree to future discussions on the act to ensure that peace officers are fully able to support the ongoing work of police in Alberta?

The Speaker: The hon. minister.

Mr. Lindsay: Thank you. Mr. Speaker, as with any legislation we always have the ability to make changes if upon review they feel it is needed. The peace officers are and will continue to be a valued part of Alberta's law enforcement network, which is among the strongest in Canada. The enforcement duties that peace officers perform go a long way to help reduce the pressure on police while delivering high-quality service to the public, and I am confident that the Peace Officer Act provides the legislative framework for them to contribute fully to ensuring that Albertans live in safe and secure communities.

The Speaker: The hon. Member for St. Albert, followed by the hon. Member for Calgary-Bow.

Education Funding

Mr. Flaherty: Thank you, Mr. Speaker. The recent budget proved that this government is not committed to adequately funding Alberta's education system. At a time when inflation is over 5 per cent, the government allocated a mere 3 per cent increase in operational grants to school boards and only a 3.2 per cent increase for operations and maintenance. Alberta's school system is already stretched thin, and this small increase will have a negative effect on education in Alberta. To the Minister of Education: in a time of rapid inflation how can the minister defend a budget that sets Alberta's education system back instead of moving it forward?

The Speaker: The hon. minister.

Mr. Liepert: Well, it's typical, Mr. Speaker. The opposition is always looking on the negative side of things. This government spends almost \$6 billion now on education in Alberta, the highest per capita of anywhere in Canada. I'd hardly call that moving backwards.

The Speaker: The hon. member.

Mr. Flaherty: Well, I think he should get out and talk to the trustees.

The education business plan states that Alberta's goal is to have the best K to 12 education system in the world, but with this budget the government has shown total disregard for the goal. Without adequate funding school boards will be forced to increase school fees, cut programs, and reduce supports for students. This is very unacceptable to trustees and students and parents. To the Minister of Education: how long will this government force school boards to do more with less?

Mr. Liepert: Well, Mr. Speaker, the hon. member gets worked up over not very much. As I said earlier in my remarks, we spend more on education in Alberta than any other province in Canada. I'd be happy to debate the line-by-line expenditures with the hon. member when my estimates come up. We don't quite have the best education system in the world. We're striving. We're almost there, and we're going to get there.

Mr. Flaherty: Well, Mr. Minister, that's very noble.

Currently 30 school districts are in a deficit position in this province. Get out and find out about that. This summer 80 per cent of the school districts will be in contract negotiations, yet this budget gives school boards no room to negotiate reasonable contracts with teachers. This is a short-sighted budget that will have a negative effect on teachers and school boards and students, and we'll be back here in August dealing with it. To the minister: is the minister prepared to take responsibility for any strikes that occur as a result of the government's failure to provide reasonable funding for education in this province? What are you doing about it, Mr. Minister?

Mr. Liepert: Mr. Speaker, I challenge the hon. member to table in this House documents that show me that 30 school boards are in a deficit position. It's not true. [interjections]

The Speaker: No, no, no.

An Hon. Member: It's Thursday.

The Speaker: To the hon. member who reminded me that it is Thursday: it's more than that; it's also a full moon.

The hon. Member for Calgary-Bow, followed by the hon. Member for Edmonton-Ellerslie.

Secondary Suites

Ms DeLong: Thank you very much, Mr. Speaker. Secondary suites provide a way for families to care for extended family members while still preserving their personal, individual living spaces. Secondary suites provide a way for young people to buy their first home made more affordable by rental income. But, most important, secondary suites provide affordable housing. To the Minister of Municipal Affairs and Housing: are there provisions or requirements for secondary suites in the recent affordable housing funding announced for municipalities?

The Speaker: The hon. minister.

Mr. Danyluk: Well, thank you very much, Mr. Speaker. I need to say that the housing response very much deals with municipalities having the choice of doing what's best in their areas. Secondary suites are an immediate measure. They are an economical way to deal and to have more units that are presentable. I very much want to encourage communities to get involved and to look at secondary suites as an answer because it is an immediate answer, and as we heard today from the members opposite, it is an immediate and important issue.

The Speaker: The hon. member.

Ms DeLong: Thank you very much. To encourage secondary suites provincially, the Alberta government has pared back regulations for secondary suites to only those affecting the safety. What are Alberta municipalities doing to accommodate secondary suites in their communities?

Mr. Danyluk: Well, Mr. Speaker, I'm very encouraged by the municipalities that are taking the lead and that are changing their zoning bylaws to incorporate secondary suites into their municipalities. It is essential, I believe, to have secondary suites, especially when we're in a high-growth area. Zoning is a critical component to having safe and affordable housing. Municipal Affairs has a template that municipalities can use in order to have that accomplished.

The Speaker: The hon. member.

Ms DeLong: Thank you very much, Mr. Speaker. If municipalities choose to allow secondary suites, how many suites could become available immediately for affordable housing?

Mr. Danyluk: Well, Mr. Speaker, that very much depends on, first of all, the municipalities and their acceptance of the zoning. It also depends on communities and their embracement to have secondary suites in their areas. I can say that we have 2,300 people that are on the waiting list for affordable housing in Edmonton. We have 2,600 in Calgary. There are 9,000 in Alberta presently. I want to say that municipalities are now planning for the future to have secondary suites.

To answer your question: how many? It's endless. We need co-operation between municipalities, between communities, and I think with the provincial government, who has helped in the financial aspect.

The Speaker: The hon. Member for Edmonton-Ellerslie. [interjections] Lethbridge-East, do you want to get in first? Did you want to get in first, hon. member?

Ms Pastoor: No.

The Speaker: There seemed to be a lot of movement there. I wanted to . . . [interjections] Well, it's your time in the question period. It's okay. It's going by.

You're sure, hon. Member for Edmonton-Ellerslie, that you're ready to go?

Mr. Agnihotri: Yes.

The Speaker: Okay. Proceed.

2:00 Community Initiatives Program

Mr. Agnihotri: Thank you, Mr. Speaker. Applewood broke the rules, CIP broke the rules, CFEP broke the rules, and the other initiative programs do not even have the rules. Shame. Now the government has launched another program, the major community facilities program. My question to the President of the Treasury Board: why should Alberta taxpayers now trust this government with the new \$280 million grant program?

Mr. Snelgrove: Mr. Speaker, it's not just the CIP and the CFEP grants. The government takes very seriously its responsibility to be accountable to the taxpayers of Alberta. The CIP and the CIP grant process have done tremendous good across Alberta, and the opportunity for us to give more money back to Albertans through the major grant to help with major facilities is one that we feel very honoured to be able to do on behalf of the people of Alberta. I can assure you that the Auditor General and our department will be watching very carefully that the money is spent appropriately and accounted for.

Mr. Agnihotri: I'm talking about the breaking of the rules. I'm talking about accountability, transparency. I'm talking about the trust which this government has lost. My question to the same minister. This government is more concerned about its friends than hard-working Albertans. Does health get a 66 per cent increase in funding? No. Education? No. Environment? No. So why did this department in an election year increase its budget 66 per cent? Why?

Mr. Snelgrove: Well, I don't know for sure.

Mr. Speaker, this party just went through a very exciting if not difficult leadership process. You know what Albertans said to us? We've got a gentleman that's now our leader that has a history of honesty and integrity. This government that's under our new Premier will govern with integrity and transparency and openness, and you'll see it.

Mr. Agnihotri: Well, if that's actually true, why don't you answer my question properly every time?

Anyway, my question to the Minister of Tourism, Parks, Recreation and Culture. This minister has had a full month . . .

Mr. Bonko: How long?

Mr. Agnihotri: A full month.

. . . to find the names of 43 recipients of grants that broke CIP rules. Alberta taxpayers are starting to smell a cover-up. Minister,

for God's sake, please stop making excuses and be accountable. What are you trying to hide? Why don't you disclose those names? Taxpayers want you to disclose the names now.

Speaker's Ruling Referring to a Deity

The Speaker: There are some members who will take strong exception to the phrase "for God's sake." [interjections] No, no, no. I want to make that comment. There may be some histrionics that go on from time to time; there are also some phrases that we use with some degree of respect in this House.

Community Initiatives Program (continued)

Mr. Goudreau: Mr. Speaker, certainly, on the 40 applications that the hon. member is talking about, our staff, as I indicated before, are trying to extract all of those 40 applications. Our initial, preliminary observation is that there were absolutely no rules that were broken. You know, we're going through the over 2,000 applications to try to locate those 40, and that material should be available fairly soon.

The Speaker: The hon. Member for Red Deer-South, followed by the hon. Member for Edmonton-Strathcona.

But before I recognize them, hon. Member for Edmonton-Ellerslie, remember that this is question period, not answer period.

Support for Exhibitions and Fairs

Mr. Doerksen: Well, Mr. Speaker, I do hope I get an answer to my question today.

Growth of the central Alberta corridor and the Red Deer area is putting pressure on services and facilities in this region. One of the facilities facing these growth pressures is Westerner Park. Westerner Park is the third-largest agricultural society and trade exhibition facility in our province. The two larger facilities, Northlands Park and the Calgary Stampede, are receiving significant funding through the new budget to address their growth pressures. However, Westerner Park and other regional fairs and exhibitions did not receive additional funding this year. Mr. Speaker, my first question is to the Minister of Agriculture and Food. What is the formula used to calculate operating grants for fairs and exhibitions?

The Speaker: The hon. minister.

Mr. Groeneveld: Thank you, Mr. Speaker. Thank goodness for the calming influence of agriculture.

Mr. Speaker, each agriculture society receives a yearly base grant. The 286 small societies funded by Agriculture and Food get \$17,500 each. Based on their operations, they may get a second grant. The total available to these societies is \$8.7 million. The seven regions, which include the Westerner, each receive \$280,000. Edmonton and Calgary, who host the internationally recognized Capital EX and Stampede, get \$10 million. The regionals, the two major . . .

The Speaker: Thank you, hon. minister. We'll probably have an opportunity in the supplementary.

Mr. Doerksen: Mr. Speaker, to the minister. The city of Red Deer is growing faster than other major urban centres in Alberta and serves a trading population in excess of 250,000. The Westerner's operating grant, in a rough calculation, amounts to just over \$3 per capita, compared to Northlands and the Calgary Exhibition and

Stampede of more than \$10 per capita. My first supplemental question to the same minister: what plan does he have to make these operating grants more equitable?

The Speaker: The hon. minister.

Mr. Groeneveld: Thank you, Mr. Speaker. Of course, the two major cities are funded through Tourism, Parks, Recreation and Culture. All these societies play an important role in building our local and international ag profile, especially in our rural communities. So we certainly are currently working with the Alberta Association of Agricultural Societies to wrap up a review of the funding formula for the 286 smaller societies. There are a number of issues that must be resolved, including budget considerations and timing of any potential funding issues. I can reassure the people here that my priority is going to be to see that the 286 smaller ag societies are dealt with first, before we get to the rest.

Mr. Doerksen: Mr. Speaker, my final question is to the Minister of Tourism, Parks, Recreation and Culture. Are exhibitions and fairs eligible for the major community facilities grants?

The Speaker: The hon. minister.

Mr. Goudreau: Thank you, Mr. Speaker. The major community facilities program will make funding available to support municipalities, not-for-profit organizations, aboriginal communities with eligible projects that are identified as a priority by their community. The \$140 million program, to be allocated each year for two years, was created to address the requirements of larger capital projects, such as major community sports or recreational facilities, the cultural centres, or family and community wellness facilities. This would also include the agricultural facilities that the hon. member is talking about and facilities that are operated by major exhibitions.

The Speaker: The hon. Member for Edmonton-Strathcona, followed by the hon. Member for Calgary-Currie.

Affordability of Postsecondary Education

Dr. Pannu: Thank you. Mr. Speaker, less than half of all Alberta families believe postsecondary education is within their means. In just three months over 30,000 students who thought a postsecondary education was within their means will get a nasty surprise when they see apartment rents going up by anywhere between \$250 a month to \$1,000 a month. Since they will be new tenants, there is no limit on landlords' ability to raise rental rates. Why has the Minister of Municipal Affairs and Housing failed to recognize that without temporary rent guidelines thousands of students will not be able to afford a place to live this fall?

The Speaker: The hon. Minister of Municipal Affairs and Housing.

Mr. Danyluk: Thank you very much, Mr. Speaker. I want say that I have met with CAUS, and they have brought forward, you know, recommendations that this department is looking at. This is definitely an area where secondary suites can help out the challenge. I'm going to refer to the minister to supplement.

2:10

The Speaker: The hon. minister.

Mr. Horner: Thank you, Mr. Speaker. CAUS made some recommendations to us prior to the budgetary process this year, which

included things like raising the living allowance under the student finance situation, which we did. In fact, we raised it double digit, which is the first ever double-digit cost-of-living increase in the province's history.

The Speaker: The hon. member.

Dr. Pannu: Thank you, Mr. Speaker. The double-digit increase that the minister references for student living allowances won't make up for the astronomical rent that students will have to start paying as they start their new school year in September. This increase that he references will only mean increased student debt and increased financial distress for them. Why will the minister of advanced education not recognize that the government's failure to introduce temporary rent controls will drive postsecondary students into deeper debt and poverty? What happened to the affordability promise that this government made to students?

Mr. Horner: Well, Mr. Speaker, the CAUS recommendations to us included a number of different things under the affordability framework. One was to create new spaces at the universities, and that was their number one priority. Another one was to lower student debt and tuition. But underneath the affordability framework it isn't all debt. Probably half of the assistance that we give to students over a four-year period is actually bursaries and other grants for their postsecondary education. It's not all student debt that this government provides. In fact, under our remission program most of the Alberta portion of the debt is remitted back to the student if they're students in need.

In addition to that, Mr. Speaker, we're improving the rules. We got rid of the archaic car rule, if you will, among a number of other things that we're working with . . .

The Speaker: The hon. member.

Dr. Pannu: Thank you, Mr. Speaker. The minister seems to be oblivious to the scale of the housing problem for students. The University of Alberta and the University of Calgary can only house 12 per cent of their student population, which leaves over 30,000 students to find housing in a market that's failing renters. Calgary's 2000 vacancy rate was .5 per cent, and Edmonton's was 1.2 per cent, and the situation is getting worse. What does the Minister of Advanced Education and Technology propose for those students who won't be able to find affordable accommodation: a room at Super 8, a tent pitched in the quad?

Mr. Horner: Mr. Speaker, we are working to manage the growth pressures in this province, and that includes the student residences. We have a diverse range of learners. It's not factual, quite frankly, to suggest that every student that's going to university is requiring accommodation of some sort. Many students are in the 29-year-old range, are working or attending part time. Some may be living at home. Secondary suites are certainly an immediate option that we're encouraging municipalities to work with. [interjections] The hon. members might be interested in the answer, given the question period.

In Alberta there are additional residency capacities at private university colleges, the Augustana facility of the University of Alberta. Grant MacEwan is opening up, and we are working with the . . .

The Speaker: The hon. Member for Calgary-Currie, followed by the hon. Member for Livingstone-Macleod.

Regional Municipal Planning

Mr. Taylor: Thank you, Mr. Speaker. The Conservatives were asleep at the switch when it came to preparing for growth, and that mistake is costing Albertans billions. They also eliminated the major mechanism for regional planning, a move which has made managing growth much more difficult. One of the remaining tools for regional co-operation is regional service commissions. Greater collaboration on the delivery of services is essential if we want to maintain a high quality of life and keep taxes low. To the minister of municipal affairs. Additional layers of governance require additional accountability measures. Is the minister considering any amendments to the Municipal Government Act to strengthen accountability and transparency requirements for regional service commissions, or is he satisfied they're adequate?

Mr. Danyluk: Well, first of all, Mr. Speaker, I want to say that the budget that this government released has very much focused, especially in municipal sustainability, on the aspect of planning, of collaboration, of working together, of looking at municipalities, addressing their needs of autonomy, looking at the minister's sustainability report that came out, trying to address some of those needs that they have asked for and the recommendations that they have asked for and this government is trying to address and will bring responses for.

The Speaker: The hon. member.

Mr. Taylor: Thank you, Mr. Speaker. That was a wonderful answer. Unfortunately, it had nothing to do with what I'm asking about: regional service commissions. Not only are regional service commissions established by this cabinet, but many commissions also receive substantial provincial grants, sometimes as much as a million dollars in a single year, to support their efforts in regional service delivery. Yet the act allows commissions to operate without bylaws on the administration of the commission. What systems or checks and balances does the minister have in place to ensure that commission funds, which are ultimately taxpayer funds, are used strictly for legitimate commission business?

Mr. Danyluk: Well, Mr. Speaker, I need to say that we have worked with municipalities. We have worked with mayors and councils in trying to address the concerns that they have. We need to work together. Municipalities need that autonomy. I believe that we are going in the right direction.

The Speaker: The hon. member.

Mr. Taylor: Thank you, Mr. Speaker. The Municipal Government Act provides regional service commissions with natural person powers, which give them wide latitude to act unless specifically prohibited from doing so. Yet commissions are established by provincial orders in council by this government with very specific mandates and for specific functions. To the same minister: can the minister assure the Assembly that he could and would intervene to ensure that misused funds are returned so that the interests of the municipal shareholders are protected?

Mr. Danyluk: First of all, I want to try to answer the first part of the question. In the first part of the question I'm not sure if the hon. member opposite is asking the government to restrain or constrain the authority that municipalities or that mayors or that reeves have. I mean, we don't work that way. I guess that we're trying to provide

support as best we can to municipalities, as has been depicted in the budget.

The Speaker: The hon. Member for Livingstone-Macleod.

Bee Colony Collapse Disorder

Mr. Coutts: Thank you, Mr. Speaker. The processed and nonprocessed honey industry in Alberta is dealing with difficulty with healthy bees this year. Alberta Agriculture and Food has traditionally assisted this important industry, providing apiculturists and technologists to deal with bee colonies. With the threat of colony collapse disorder in Alberta it could destroy an industry that provides 40 per cent of Alberta's honey. My first question to the Minister of Agriculture and Food: will the minister commit to more technical help and expert advice to help beekeepers remain in production this summer?

The Speaker: The hon. minister.

Mr. Groeneveld: Thank you, Mr. Speaker. We certainly are concerned about this issue, no doubt. My department is now hiring two additional inspectors to assist our provincial apiculturist and his staff. They will examine and collect samples from bee colonies which have had a higher than normal overwintering kill this spring. These losses are not showing the same symptoms that link to the colony collapse disorder, better known as CCD. Symptoms of CCD have not yet been detected in Alberta, but they certainly are seen in the U.S. Our provincial expert recently met with a U.S. working group on this issue and has the knowledge and the skills needed to identify CCD.

The Speaker: The hon. member.

Mr. Coutts: Thank you very much, Mr. Speaker. I want to thank the minister for that response. But in order to maintain and to grow this important industry in Alberta and in my constituency of Livingstone-Macleod, will the minister commit to preparing preliminary work for prevention purposes to control pests that may affect the industry in the future?

Mr. Groeneveld: Well, certainly, Mr. Speaker, we already have a pest monitoring system designed for early detection of pests of economic importance. Staff in my department are also developing a comprehensive surveillance network specific for crop pests in Alberta. Our information is available to farmers and industry on a timely basis. In many cases this allows them to make a quick decision to control these pests long before losses occur. Our provincial apiculturist and inspectors are working with the beekeeping industry, and appropriate steps certainly will be taken.

Mr. Coutts: Mr. Speaker, then can the minister advise if colony collapse disorder will have any potential health risks related to processed honey when consumers find it on the store shelves?

2:20

The Speaker: The hon. minister.

Mr. Groeneveld: Thank you, Mr. Speaker. Certainly, the U.S. experience hasn't shown any link to the health issues to date. Again, I want to stress that CCD has not been found in Alberta at this time. We are and we will continue monitoring closely for any signs or symptoms related to this disorder. If CCD is found in our province

and poses a health threat to Albertans, appropriate steps will be taken.

The Speaker: Hon. members, that was 78 questions and answers today.

Now, the hon. Member for Edmonton-Strathcona or Edmonton-Calder, have you a document that your leader was to leave with you to table at the conclusion of question period?

Mr. Eggen: I will endeavour to find that document. Yes.

The Speaker: Okay.

Might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

The Speaker: The hon. Member for Edmonton-McClung.

Mr. Elsalhy: Thank you, Mr. Speaker. I apologize. My guests actually found it too much to take for their cardiac health. They actually left the House. I will introduce them when they return, if they return.

Thank you.

The Speaker: Hon. members, yesterday I went and I brought hon. members up to date with a number of events that are occurring in the month of May. There were several that I neglected to mention. One is very significant today. The hon. Member for Bonnyville-Cold Lake, you are in the Chamber, and that's very commendable. This is the day of his 32nd wedding anniversary. He has a very young bride, he says.

Members might also be interested in knowing that on Tuesday, May 22, 2007, there will be a provincial election in Manitoba. On Monday, May 28, 2007, there will be a provincial election in Prince Edward Island.

head: **Orders of the Day**

head: **Committee of Supply**

[Mr. Marz in the chair]

The Chair: I'd like to call the Committee of Supply to order.

head: **Main Estimates 2007-08**

Energy

Mr. Knight: Mr. Chair, do we have five minutes to set up? I understood that we were going to have a few minutes to set up.

The Chair: Okay. We will allow for some time for the minister and his staff to come in while I'm going over some of the rules. Is that acceptable?

Mr. Knight: Thank you, sir.

The Chair: I went over this yesterday, but this is a different department today, so I'll go over some of the new Standing Orders that we're operating under as this is the first week for these new Standing Orders. No member can speak for more than 10 minutes. "A minister and a private Member may combine their respective speaking times for a total of 20 minutes," provided they notify the chair in advance. I would also ask the minister if that would be acceptable to the minister at the time. Quorum does not apply until

the estimates are voted on. Officials “may be admitted to the floor of the Assembly to advise the Minister whose estimates are under consideration.” I would ask the minister to introduce those officials at the time.

On the first day of consideration of the main estimates the first member of the Executive Council to speak shall move the main estimates in their entirety. That was done yesterday.

During the consideration of the main estimates, the Committee of Supply shall meet for a minimum of 3 hours at one time unless there are no [other] Members who wish to speak prior to the conclusion of the 3 hours.

If the Committee of Supply meets for more than 3 hours . . . the time in excess of 3 hours shall be available to any Member who wishes to speak and is recognized by the Chair . . .

During each 15-hour cycle, where the members of a caucus are allotted a particular block of time and those Members no longer wish to speak, then consideration for the entire block of time . . . is deemed to have occurred and any Member may be recognized by the Chair until the Committee rises and reports . . .

When an amendment to a department’s estimates is moved in Committee of Supply, the vote on the amendment stands deferred until the date scheduled for the vote on the main estimates.

I’d like to also remind all ministers that as they are getting prepared to bring their officials in – and this is for the record and for all future days in Committee of Supply . . .

Mr. MacDonald: Point of order, Mr. Chairman, please.

The Chair: So noted. I’ll just finish my comments.

. . . that as soon as the Mace is taken off the table, the minister shall have his staff ready to come into the room and set up.

You had a point of order, hon. Member for Edmonton-Gold Bar?

Point of Order Clarification

Mr. MacDonald: Yes. Thank you. It’s more of a point of information than a point of order. I’m asking for your guidance and clarification. In this schedule that was presented and circulated in the House the other day and is also printed in the Order Paper, when do the Alberta Alliance and the independent member get an opportunity to participate in the budget estimates? I can’t find it here, and if you could guide me, I’d be grateful.

Thanks.

The Chair: As I pointed out earlier, when the member was busy in the House, occupied with something else, any time more than the three hours, once the three hours have been taken up, any member can speak. Also, there are days on the schedule, if you would look at the cross-ministry days on the schedule – and I hope all members have had some of the schedules – that other members can speak.

So if you have a question specifically, any member can deal with it afterwards with me, and I’ll go over it with them.

Now, is the hon. Minister of Energy ready to start with your introductory remarks?

Mr. Knight: Thank you, Mr. Chairman. It’s a bit early for us, I guess. We haven’t had an opportunity to have the staff in yet. What I’d like to do, if it’s all right, is begin my remarks. I believe I have 10 minutes for remarks, so I’d like to begin my remarks at this point. So, Mr. Chairman, I will begin.

Certainly, Albertans do enjoy prosperity and a high quality of life. I believe that that is thanks in large part to our energy resources. These resources belong to all Albertans, and I’m pleased to be here

today to discuss the Ministry of Energy’s plan and the budget to further build on these abundant energy resources.

2:30

Energy revenue accounts for over one-third of the government’s total revenue and is roughly equal to the amount received from all tax sources. These revenues will continue to help fund priority programs that benefit all Albertans such as health care, education, and social programs.

In order to build a stronger Alberta, it is vital that we invest in the Ministry of Energy in order to build on our strengths. Given the high level of activity that’s taking place, we also need to invest in people, systems, and infrastructure to sustain responsible development and collect revenue from our energy industry.

You will see that our strategic priorities now reflect the three priorities the Premier gave me to address: to develop a comprehensive energy strategy that will guide future development of both renewable and nonrenewable resources and the conservation of energy, to develop a value-added strategy linked with the energy strategy, and to ensure the continuing effective operation of our electricity system to meet the needs of Albertans.

The Ministry of Energy’s business plan has also been expanded to include responsibilities for renewable energy development and for energy conservation and efficiency. We are also now responsible for biofuels development in Alberta. Mr. Chairman, that’s an area that was previously under the jurisdiction, of course, of Alberta Agriculture and Food. Our plan also includes work to support cross-ministry initiatives, including the land-use framework and the royalty review. These changes have been incorporated in our new business plan and are also reflected in our budget.

Operating spending for the Ministry of Energy for 2007-08 is \$300 million, a \$73 million, or 32.2 per cent, increase over the 2006-07 forecast. Of this approximately \$300 million, two-thirds is allocated to the Department of Energy, and the other one-third goes to the Energy and Utilities Board. The increase in funding for the ministry is due to our expanded responsibilities and the priorities outlined in my mandate letter. Spending for the Department of Energy for ’07-08 is more than \$200 million, an increase of \$68 million from the forecasted spending of \$132 million for ’06-07.

Funding increases in ’07-08 include the following. Biofuel initiatives received an increase in spending to \$41 million, up from \$5 million in the ’06-07 forecast. This funding will be invested in bioenergy development projects and initiatives, including biofuel commercialization and marketing, infrastructure development, and producer credits. A credit will be introduced for ethanol, biodiesel, or other biofuels in Alberta. This program is estimated to cost \$128 million over the next three years and will replace the fuel tax exemption.

Another focus of the Ministry of Energy is energy and environmental research. The energy innovation fund initiatives will receive \$18 million in new funding to be invested in research, advanced technology, and other projects focused on energy supply and protection of the environment. This fund will provide a total of \$142 million in ’07-08 and ’08-09, allocated across several departments, for activities such as clean-coal technology pilot projects, groundwater mapping, reclamation research, biofuel development, and biodiversity monitoring.

Mr. Chairman, \$3.5 million has been allocated for the development of an integrated energy strategy, and an additional \$500,000 is being spent to develop a value-added strategy to ensure the continuing effective operation of our electricity system. We’re also working to develop a comprehensive energy strategy to guide the use and responsible development of both renewable and nonrenewable

energy sources. This will include enhancing value-added opportunities, energy conservation, and development of the oil sands.

[Mr. Shariff in the chair]

All of the increased activity in Alberta's energy industry creates more pressures on the Energy and Utilities Board. Spending for the Energy and Utilities Board has increased from the amount forecast in '06-07, from \$149 million to \$159 million. Of this \$159 million 57 per cent of the funding comes from industry and 43 per cent from the ministry. This increase is funded partially by a \$5 million increase in the industry levy. It will be used to promote regulatory compliance and address pressures related to the development of new and unconventional energy resources, including the oil sands. An increase in ministry funding to the EUB of nearly \$5 million to deal with these pressures has been added to the forecast expenses for this coming year.

The EUB has experienced a dramatic increase in applications and in the complexity of those applications, especially those relating to oil sands projects. To give a couple of examples, there have been more well applications, licences, and oil sands projects to review and approve, more agreements to issue and maintain, and more wells and facilities to inspect. I will introduce legislation later this spring, Mr. Chairman, to restructure the EUB. I can discuss this more in detail following my remarks if there are questions.

External factors beyond Alberta's control have a major effect on revenue. Global events, changes in economic conditions, and even weather can significantly affect Alberta's forecasted resource revenue. Resource revenue budget sensitivities change from year to year as they are based on price, production, and a number of other factors. Sensitivities taken into account for Budget '07 are that a dollar change in the price of oil spread over one fiscal year equates to about \$139 million, 10 cents difference in the price of natural gas equals \$98 million, and a 1 cent variance in the exchange rate is equal to about a \$123 million change in revenue.

The Department of Energy benchmarks its oil forecasts with those of a number of private-sector analysts, and the rapid rise in energy prices in recent years was, Mr. Chairman, unexpected. Energy analysts surveyed have indicated that oil and natural gas prices will decline in the following two years. Budget 2007 assumes that natural gas prices '06-07 would average \$6.75 per gigajoule, and oil prices would average \$58 U.S. a barrel for west Texas intermediate.

Budget '07 also estimates that nonrenewable resource revenue would decline over the next three years. Revenue is forecast to decline from \$11.7 billion in '06-07 to \$7.8 billion in '09-10. This decline reflects more than just energy pricing. It reflects expected lower production levels, lower land licence and lease sales, increased production and processing costs, and an increased share of oil royalties paid on bitumen rather than on conventional or synthetic crude.

Alberta's royalty regime is a competitive, comprehensive collection of programs that apply to a wide range of oil, gas, and minerals. Together with Alberta's tax policies our overall royalty regime has been successful in attracting unprecedented investment, ensuring good jobs for Albertans, and bringing record resource revenues of more than \$14 billion to the provincial treasury in '05-06. Amendments were made to four royalty programs last year, and we eliminated the royalty tax credit program on January 1.

The Deputy Chair: Hon. minister, the time allocation has now elapsed. Thank you.

Hon. Member for Edmonton-Gold Bar, can you just advise the

chair as to how you would like us to proceed with regard to timing? Would you like us to deal with a 20-minute chunk, going back and forth, or 10 minutes for you and then 10 minutes response time?

Mr. MacDonald: The hon. minister indicated 10 minutes. If we could have 10 minutes.

That's what you would prefer, sir?

Mr. Knight: That's fine.

The Deputy Chair: Ten and 10?

Mr. MacDonald: Sure.

The Deputy Chair: We'll proceed with that. Go ahead.

2:40

Mr. MacDonald: Okay. Thank you very much, Mr. Chairman. It certainly is with interest that I participate in the budget estimates this afternoon on the Department of Energy. It was with interest that I listened to the opening remarks from the hon. minister. I for one and, I'm certain, the minister don't forget and overlook the importance of this ministry to the balance sheet of the entire province. Sometimes people don't realize that it's this department that collects the royalties that the hon. President of the Treasury Board just loves to count, but it's true. And it is surprising to me: I'm delighted to see this royalty review finally take place, but in reality I think it belongs in the Department of Energy, not in the Department of Finance.

Certainly, when I look at this volume that the minister tabled in the Assembly on April 16 regarding the royalty review that was conducted in the period of time between 2005 and 2006, it is an interesting read. I certainly don't mean to have the only copy that was in the library, but the library saw that there was a great deal of interest in this royalty review, and I understand they have photocopied this document.

The partial disclosure. We talked earlier, Mr. Chairman, about a barrel of oil in this department, but all of us know that when we look at the exemptions that have been whited out in this tabling, the department must be using whiteout by the barrel there because there are a lot of sections that are exempted from public view that I'm certain would be of interest.

When we talk about the reduction in royalties, the hon. minister is correct. The Auditor General for a number of years had suggested that the Alberta royalty tax credit should be eliminated. There didn't seem to be a valid purpose for this tax credit anymore. It's been staged out over time, and it is correct that there has been a small reduction in the royalty holiday programs or incentives or whatever we want to call them. But when you look at the Auditor General's current report, we will see that the amount of revenue that we have exempted from royalties has actually doubled from two years ago to the year ending March 31, 2006. In other words, two years ago there was a \$500 million pool of cash that was not collected. It was a royalty holiday. That has almost doubled, and I think that in the Auditor General's report, if we were to look, we would see that that is in the range of \$950 million. So we're giving away more royalty holidays, not less.

We've also started the ethane program, and that is interesting in itself. We're giving a significant royalty reduction in ethane. I think it's in the range of – and I could stand corrected – about \$154 million annually. Over a five-year period that would be a lot of money. All this is going on at the same time our former Minister of Energy is involved in a political posting in Washington and is indicating to those elected U.S. officials that this government is out

of the business of subsidies and they're not involved in it. I would have the direct quote here, but I have misplaced that document. I meant to table it this afternoon.

When we say that we have eliminated royalty holiday programs, the hon. minister is correct, but there is the rest of the story. We have implemented a program for ethane for petrochemical users, and when you look at the total amount that we're giving in royalty holidays to the energy industry, it has increased in the last two fiscal years from half a billion dollars to almost a billion dollars. I would advise the hon. minister of that information, and I'm certain that he would be aware of this.

We could go through the fiscal plan, and we could see the importance of this ministry to our bottom line. I talked about this before, and the hon. minister is absolutely correct. When we look at what the future holds, where we're going, and we see the decline in conventional crude oil production, and we see the decline in natural gas production – hopefully, that may be reversed with CO₂ sequestration – in the short term we have to be very cautious about our spending because we're not increasing the royalty take on synthetic crude oil.

The hon. minister is absolutely right when he talks about Syncrude and Suncor having the legislated option, the one-time-only option to go from a synthetic crude oil royalty rate to a rate on bitumen, which is significantly less. They've got the one-time right to do that in orders in council that were passed in 1996. I was hoping to get to that in question period at some point, but now may be a good time to discuss why we need that. Those orders in council were passed in '96, and I think the 10 years is coming up – maybe it was '98. I know that the former Premier signed the orders in council. Anyway, Suncor and Syncrude have this option.

Suncor also gets a considerable amount on an annual basis, which they can use to subtract from their royalty amounts, as I recall. I would like to know why at this time this is even necessary. Those were signed deals, and I understand that we have to stick to them, but why they would need to go back to a bitumen royalty is a question that I would be very anxious for the minister to answer in light of the fact that one-third of all our revenues in this province are coming from his department.

The royalty regime up there in the tar sands. In fact, Mr. Chairman, I was looking at the tabling that was presented, and I saw so many other reports that were referenced, including this one I tabled yesterday, Comparison of Selected Oil Resource Taxation Regimes. In here it states – and this was printed in 2000 – that perhaps it would be advantageous if the department had a look, five years into the oil sands regime, at how this program was working and whether it should be continued, improved, or changed or whatever. To my knowledge that has not been done, and I'd like to know why it hasn't been done. It's clear that postpayout with so many of these oil sands projects – and the one that I'm going to be specific with is the Syncrude joint venture – the royalty rate is not near 25 per cent. In fact, I can back that statement up with a report from Mr. Mansell and his colleague, that were part of a think tank or an economic research group associated with the University of Calgary. Our energy researcher Sean Kochan's numbers indicate that with the Syncrude joint venture partners that disclosed their royalty payments, that's the ballpark: between 10 and 16 per cent.

So I think that we have to have another look at this and ensure that we're collecting an adequate amount on synthetic crude oil production in royalty to meet our fiscal requirements. When we consider that over the last 10 years the budget for this government has gone from roughly \$14 billion to now, as we discuss this budget, Mr. Chairman, \$33 billion, we need a lot of sources of revenue if this sort of government spending is to continue in this manner. Hope-

fully, it's not, but certainly when we look at what was prepared by Petroleum Economics Limited, it's of interest . . .

Thank you.

The Deputy Chair: Hon. member, the allocated time has run out.

Hon. minister, would you like to respond?

2:50

Mr. Knight: Well, thank you very much, Mr. Chairman. Certainly, it's going to be a pleasure for me to respond. I think that the open debate that we'll have here with respect to our estimates should turn out very productive on both sides of the floor.

Before we go any further, if I may, Mr. Chairman, I'd like to introduce to you the members of the staff that are here with me. I have the deputy minister with me, Dan McFadyen. Douglas Borland, John Giesbrecht, Barry Rodgers, and Mike Ekelund from the department join us today to assist. There isn't, of course, an answer lodged in my head for every question that people will have with respect to our budget, so there'll be an opportunity here for us, I think, to get the questions answered that members will bring up and want responses to.

With respect to royalty review, again, Mr. Chairman, the royalty review itself that's being conducted now wasn't what the member opposite was alluding to. It talked more about the documents that we've tabled and, certainly, documents that the member has tabled with respect to royalty review. It is crucial to the ongoing budgets and revenues of the province totally and, most certainly, very crucial to us in the Department of Energy.

The ARTC was certainly one royalty review that we have done. We had another one with respect to re-entries. That was perceived to have run its useful life. There were others around tight gas and different programs, of course, and there are a number of programs that continue to be reviewed within the department.

There was mention that the Auditor General has interest in what we're doing there, and again that is as it should be. As you know, the energy industry in the province of Alberta is responsible for about a hundred billion dollars worth of the GDP. The GDP in the province is, you know, give or take, \$200 billion, about a hundred billion of that related to the energy industry directly. So it's crucial that the Auditor General should be interested, and most certainly we work with him, and we will continue to do that.

There was mention made, and I can answer, I hope, the question that the member raised with respect to ethane extraction. The ethane extraction project is one that we've worked on with industry and, certainly, the department since about June 2005. We're coming down to the implementation, I think, shortly. Probably within another maybe 90 days or that kind of a time frame we would have a program in place.

The ethane extraction project is part and parcel of the integrated energy strategy that we have and our value maximization. Again, I think it's important for the members to understand that we're moving a bit forward here with respect to value-added. We really feel that the best fit for Albertans with respect to this resource that belongs to Albertans, of course, is value maximization. Value-adding is a little bit nebulous because it doesn't really tell you what you're going to do or what the range or what the scope is, but value maximization is part and parcel of the ethane extraction project, Mr. Chairman.

What will happen there is that we will be able to assist industries that take an opportunity to add incremental ethane to the petrochemical business in the province of Alberta. So it must – and I will express this again – it must be utilized in the province of Alberta to increase the outcomes from the petrochemical industry and then that program be tied back to the royalty structure so that producers have

an opportunity to be involved in this major business for the province of Alberta. As you know, the petrochemical industry in Alberta is the largest in Canada, and we look very much forward to opportunities to continue supporting the industry and having it grow and be a major part of Alberta's future with respect to energy.

Some mention of the Washington office. Most certainly, Mr. Chairman, I won't get into that. Not particularly relative to my budget discussions. However, I do have to say that we've had very, very good communications from that office into our markets in the United States, our investment community south of the border. I think that up to this point in time most people would agree that that has been a very positive and productive choice of office, and certainly the individual that's there now is, we think, doing a very good job for the people of Alberta.

There was mention a number of times, Mr. Chairman, about holidays. Holidays in the energy business. Holidays and holidays. Royalty holidays. I have to tell you that in the energy industry there are no holidays. We work everyday, 24/7, for the people of Alberta. We don't take holidays. There are no holidays in the energy business, and we will continue to do that.

There were also suggestions made that there is a bit of a play going on here between conventional oil and conventional gas and the fact that it's on a decline. I can remember the first time I was in that business, probably about the mid-1970s sometime, and it was deemed to be on a very, very serious decline at that point in time. I have to say that there was a bit of decline in conventional gas, I think, in the '06-07 era. With the drilling programs that we've had in place recently, we have pretty much kept pace.

Certainly, over time we know that these are finite resources. So will we see declines on the conventional, if you call the old gas and that conventional? Yes, indeed, we'll see that. Serious considerations with respect to making up those revenue dollars? Absolutely. We do have a plan in place to do that, Mr. Chairman. We have replacements with deep tight gas. We have replacements, of course, on the gas side in CBM. I think that, you know, when we look ahead in Alberta, on the oil sand part there's going to be a tremendous opportunity for increased production, more involvement by Albertans, Canadians, and certainly investors from around the world.

The other thing that I should point out is that we are standing on another Alberta. Our conventional resources are something less than 40 per cent produced. We have left in place conventional pools somewhere in the magnitude of 65 to 70 per cent of the resource that was there. Mr. Chairman, as I've indicated in my opening remarks, the technology that we're working with in the province of Alberta will continue to let us have an opportunity to bring those numbers from 70 per cent left behind to 65 to 60, down and down and down, and over the years we would hope that those resources – we know where they are, we know the quality, we know how to handle them, and we certainly think that there's a tremendous opportunity to retrieve a lot more of that resource.

There was mention made of the Crown agreements with respect to two of the major oil sands operators currently. The bitumen royalty option most certainly is in place. The member opposite has asked me: why was it done? I would suggest to you that in 1996 the whole climate, both globally and in North America, was certainly different than it is today. In 1997 there were some adjustments made with respect to the regime and the initial agreements. There were contracts put in place that would allow for a bitumen royalty option for these two players. Why was it done? I believe, actually, that if you looked at it in the context of 1996 or 1997 and you looked forward at what they would have thought would have been the prices that oil would be delivered for in the future, in a 10-year span, and gave them an opportunity, perhaps, out from that to make adjust-

ments, in those days, in those terms it was very likely a valid consideration.

3:00

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

Mr. MacDonald: Thank you very much. When we're talking about those orders in council from 1996 that gave these one-time options for this change from the synthetic crude oil to the bitumen royalty rate, I think it was \$158 million that Suncor could subtract annually, if my memory is serving me correctly. I don't have the order in council with me. I think that was the amount on an annual basis that they could use. If you could clarify as to why that was necessary, I would be grateful.

I would also like to remind at this time the hon. minister that the royalties paid on synthetic crude oil are so much higher than that on bitumen. I know that you and your department officials have worked very hard on that HUTF report. I would like to see every effort made to increase the amount of bitumen upgrading in this province.

The minister is absolutely right whenever he's talking about the potential for further development. In fact, maybe we could put an upgrader out in Vermilion or somewhere like that, where a lot of that heavy oil is, at some point in the future because there is certainly a considerable amount of energy stored in those bitumen deposits that are located under or partially under the constituency of Vermilion-Lloydminster. We could keep the President of the Treasury Board very busy there until his fingers are sore counting the royalty money.

Now, this is a very interesting subject, and we're going to probably run out of time before we get an opportunity to discuss all of the issues in this department and the entire budget, but I would like to get some comments from the minister on some questions in regard to electricity deregulation. Every year now I look in the sort of brag book at the back of the fiscal plan on the economic outlook and everything, and I used to see in here, when I was first elected, a comparative cost on electricity, electricity prices in various places in the country. I don't see that now, and I know what the reason is. It's that this department is embarrassed that the cost of electricity has gotten so high with deregulation that they no longer put the chart in here comparing our low-cost electricity to other jurisdictions. Sometimes you can find a lot in this budget by what you don't see and what you don't read, and that is an example of that.

One of the most controversial government policies developed in the last generation in this province certainly would have been electricity deregulation. I know that the hon. minister was in charge on behalf of the government of the latest version of the Electric Utilities Act whenever it was discussed and debated in this Assembly. We have a look at everything that has occurred. We have high prices. We have less service, certainly. We have more add-ons on the bill. Has the minister considered reversing the decision by the former Minister of Energy, who made this decision and overruled the EUB? The EUB wanted to have a roughly 50-50 share of the costs for expanded or upgraded transmission lines shared between the consumers of the electricity and the generators. The Minister of Energy overruled this decision by the EUB and dumped all the costs onto the bills of already frustrated consumers.

Will the government, will this department consider now overruling the ambassador, or whatever you want to call him, in Washington? You don't even have to tell him. Just do it. Don't phone him. Don't ask him for advice. Just overrule that decision that was articulated in Banff overruling the EUB and make the generators pay half the cost. We've seen these costs escalate.

Now, we've got that 500 kV line between Genesee and Langdon, and it's certainly a controversial project, to say the least. But when

we look at that line and when we look at the first needs assessment that was done, the costs for that were roughly \$277 million, and there was a plus or minus in there, I think, of 30 per cent for cost overruns. The AESO website, I believe, is where I saw that. Now costs have almost in two years doubled that. You know, we're going to get the usual excuses of materials and labour and costs of that nature increasing dramatically and that's the reason for the doubling of the prices. But wages haven't doubled. Galvanized steel for those big towers, I don't think that has doubled. So I would be very anxious to see some sort of accounting of this because consumers are going to be handed the bill. AltaLink, of course, is going to be guaranteed a return on their money. They're not the losers in this.

There was a question in the Assembly in regard to Enmax and their proposed – I think eventually it's going to be a 1,200 megawatt modern, natural gas fired generating station right at the edge of the Calgary load. I think that's a good idea: to bring the energy to the generating station and then turn that energy, whether it's natural gas or coal, into electricity at the edge of the load. The demand for the electrical load in Calgary is significant. In fact, it was so significant that I see that the AESO last year put Calgary's internal load right on the current supply and demand page of their website. They've since removed it. I don't know why. I was often going to phone them and say: what about Edmonton? But I thought: well, I wouldn't. It's not there anymore.

When we look at the electricity system and we look at how we need to expand and modernize our transmission lines, I'm curious. As we allow the AESO to have more power, and I'm saying the regulatory ability – we're giving them more power – we're taking power away from the EUB. This order in council from April 11, 2007, would be the document that I would reference because, in my opinion and in the opinion of others that I've consulted, there is a transfer of regulatory authority or power from the EUB to the ISO here. There has been some concern in the past about legal ramifications when we give the EUB 180 days, I believe it is, to make a regulatory decision. There was concern that this would lead to a number of lawsuits.

Now, with the landowners and with all the folks that are going before the EUB in one form or another in Red Deer, is the minister and is the department concerned that the passing of this regulation, this regulation to change the transmission system, this Order in Council 173/2007, recommended by the Minister of Energy under the Electric Utilities Act, section 142 – the date I have on this is April 11, 2007 – will jeopardize the whole regulatory process for that entire kV line? Essentially, the rules have changed halfway through the game. The landowners were certainly looking at issues, and the rules have changed with this transmission regulation.

Thanks.

3:10

The Deputy Chair: Hon. member, your allocated time has now elapsed.

Hon. minister, would you like to respond?

Mr. Knight: Yes. Thank you, Mr. Chairman. I certainly do. I've got to go back a little bit. You know, the member is asking a number of questions, of course, that require, I think, a bit of an expanded answer, so I want to go back.

There was some suggestion on comparisons of royalty and that kind of thing. I think it might be useful for us just to indicate that when you make an economic rent comparison with Alberta and these other jurisdictions that a number of people keep bringing up – Norway being one of them, Alaska, perhaps Venezuela, and others – if you look at the total share that this resource returns to the people

of the province of Alberta compared to Norway, you need to take into account our tax structure, royalty system, bid bonus system, and so on. Well, on the tax side Alberta receives more in the economic rent than do the folks in Norway or Alaska or Venezuela if you consider all of the things involved in the economic rent.

To go back and talk a bit about the bitumen royalty option, and we will get a number for the member, in 1996 what was the expected differential if you moved from SCO to bitumen? I don't have that number with me. Somebody here very well may, but if we don't have it for you here immediately, we'll get it to the member opposite in due course.

Bitumen upgrading capacity: very interesting and certainly very timely. As you know, we've been mandated by the Premier to provide value-added opportunities for Albertans. Of course, when we look at bitumen, most people immediately think that the number one thing you can do with respect to value add is to upgrade. That's not necessarily the only thing to do with bitumen, but it is one of the options and a very important one. So I'll just let the member know that I can give you some numbers that are going to be relatively close. They're not pinpointed, but they're close.

Currently in 2006 we've got about a 680,000-barrel capacity to upgrade bitumen in the province now. Under construction, as we speak, an additional 323,000 barrels a day. That would bring us to, rounds numbers, pretty much a million barrels a day. That's under construction. Announced bitumen upgraders in the province of Alberta: an additional 806,000 barrels a day, and those are the ones that are tied to corporations that are producing bitumen, transporting bitumen, and upgrading bitumen, all considering doing these things inside the province of Alberta. So we do those numbers roughly, and of course we know that some of these things, you know, economics being what they are, may not all proceed. If they did, we're at about 1.8 million barrels just with those. Then, besides that, there are two merchant upgraders, one under construction and one that's been announced, that add an additional hundred thousand barrels a day. So, Mr. Chairman, we're up to about 1.9 million barrels a day of bitumen that can be upgraded in the province of Alberta, given that the information that we have today would come to fruition.

So if we look ahead, between now and I'm going to say 2020 – we're talking about 15 years, so that's probably not out too far – the total capacity to produce bitumen, you know, probably industry experts would indicate that we may be someplace in the neighbourhood of 3 and a half million barrels. We may. If we can upgrade 2 million or 2 and a half million barrels of that and then have a blend of that project, some synbit, some bitumen with diluent, a variety of products that we can put into the export market for consumers in North America and, perhaps, even places around the world, I would suggest that that might be, indeed, value maximization for Albertans.

We have comparison charts, and indeed I would suggest that if we've left it out of the documents that the member opposite is looking at, we can certainly provide some comparisons for him. We certainly do have charts that will compare the cost of electricity in the province of Alberta with other places across the country. Certainly, other than places that are very heavily weighted towards rather low cost and, I might say, to some degree a bit aging and perhaps a little underrated now these days, it appears in certain circumstances, hydro in other parts of Canada, if you compare us with anything other than that, Mr. Chairman, we do very, very well.

In fact, in Regina, I mean, the recent things that we have here, you know, about 83 cents a meg; New Brunswick, 83. If we go to Calgary, it's 85 cents, but if you go to Edmonton, it's only 80 cents. You know, not bad, if you look at us relative to anywhere else in the country. Charlottetown, P.E.I. – and you and I both know a little bit about Charlottetown, P.E.I. – guess what they're doing over there?

Mr. Chairman, 94 and a half cents. We should be arguing for those folks a little bit; they're suffering. Alberta is in middle of the pack.

Transmission costs shared with generators and consumers. Mr. Chairman, let's be very clear on this particular issue. The member opposite knows this well. It's a point that he can make, leading people to misunderstand what happens. With respect to the cost of generating electricity, transmitting electricity, distributing electricity, and retailing electricity, it's borne by whom? The consumers of electricity. Now, isn't that odd. So if we take the cost of transmission, put 50 per cent of it in the hands of the generator, and then in the old system we allowed that generator to take that cost and put it into the mix that they had before they were actually bidding their power on the open marketplace, then the regulator would allow them to take that cost, mark up their cost of managing it, and put it into the cost of generation. Lo and behold, who pays? The same person.

What we did in this province, again: opened up the system, made it transparent, let people see what it is that they're actually paying for. When you pay for your electricity, on your bill it says that you're paying for electricity, Mr. Chairman. You're not paying for the transportation of it. You're not paying to distribute it. You're not paying to retail it. You're paying to generate the electricity and purchase that power.

The cost with respect to transmission: how are these costs managed? Of course, again, the member knows very well that the transmission system in the province of Alberta is completely regulated, absolutely and totally regulated, as it was before any of this started. The restructuring did not change the regulation areas with respect to transmission. Transmission, basically, is monopolistic by its nature, so it requires fairly stringent regulation, and of course we've continued to do that.

Enmax's 1,200-megawatt generator – good news for Alberta; good news for Albertans, generally speaking – however, has nothing at all to do with the transmission system and the fact that the transmission system in the province of Alberta is going to require over periods of time upgrading. It's certainly a robust system that has for the most part served Albertans very well. We're sure that it will continue to do so. Enmax's 1,200 megawatts, Mr. Chairman, will fit very nicely into the 8,000 megawatts that we're going to require over the next 10 or so years.

So is it a piece of the answer to the situation that we're faced with in Alberta? Absolutely. Does it have anything to do with our transmission system in the province? I would suggest not. There are certainly advantages when somebody like Enmax or any other entity that would want to get into the generating business puts something like 1,200 megawatts into the system in the province. It will certainly help to balance the grid. It helps to decrease line losses not only in the region that it's in but most certainly throughout the transmission system across the province.

So we're looking at that very positively but not in the light that people want to . . .

3:20

The Deputy Chair: Hon. minister, the allocated time has now lapsed.

The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Yes. Thank you, Mr. Chairman. The hon. minister did a very eloquent job of trying to defend electricity deregulation, but consumers certainly know that their power bills have more than doubled since this scheme was forced on them late in the year 2000. If our electricity distribution system is so robust, as he maintains, why is it always breaking down? There are lights flickering on and off all the time now, and it's not nearly as robust.

To the hon. minister: with all due respect, there has been no long-term planning of our electricity system. No one would risk their money because they didn't know what the rules would be, and as a result of this we are now trying to force on unwilling landowners a 500 kV line because we need the power. We need the transmission system to be upgraded before we can construct the baseload generation station at Keephills. The landowners are riled up.

This gets back to my further questions on this order in council. This change in the transmission regulation that has recently occurred: how is this going to be enforced, and how is this not going to invite legal action by landowners? As the regulatory process proceeded, the government changed the transmission regulation. Again, significant powers have been given to the ISO. They have been taken away from the EUB. The EUB is a docile servant of the ISO. Talking about administrative costs, in the last couple of annual reports that I looked at, I saw a significant increase in the administrative costs of the ISO. There doesn't seem to be anybody – maybe the hon. minister is going to keep his eye on them. There was concern in the legal community about having this quick turnaround time at the EUB in regard to these matters. Now the EUB in this document is obligated, as I understand it, if they're going to be longer than 180 days, to give an explanation. In the controversy that is surrounding that 500 kV line, we have a lot of upset landowners and ratepayers here. Is changing this regulation in the middle of the process not going to lead to a flood of legal action?

Now, Mr. Chairman, I said this before. Every day we hear from Albertans who are just sick and tired of the high electricity costs that this government has allowed to happen due to the deregulation experiment. This is the same government that forced a deregulated system on Alberta consumers, and they have seen absolutely no benefit to it at all. Now, can the minister tell us why he still supports deregulation when Alberta consumers want it unplugged? I do notice that in this regulation that we passed, for some of the recovery of must-run costs we're on essentially the same system that we unplugged because the compensation for these outfits "must be no greater than an amount that would result in the recovery of fixed, operating and maintenance costs, including a reasonable rate of return." Now, I'll be darned. That wasn't good enough with the old system, but now we have it for must-run costs.

You know, this government again indicates that, oh, they don't pick winners and losers. This is a question that has never been answered. I have never received an answer from the department. I brought this up in previous budget debates, and I have never received an answer to this. This question would be: why are you going to charge a tax on coal-fired units on a per megawatt basis? The generating unit owner's contribution is section 29 of this new transmission regulation. In 29(2) we're talking about upgrading the transmission facilities and a charge of \$10,000 per megawatt. This is nothing more than a tax on further development out here. Now, other people would disagree with me, but it's nothing more than a tax on baseload coal-fired generation, in my mind. If I could have an answer for that from this hon. minister, I would be very grateful because I didn't get it from the previous minister. They promised at that point that they would.

I've got to go back here for a minute and correct the comparison between Alberta and Norway. This is a document – and I would urge all hon. members to have a look at this, Mr. Chairman. This is prepared by Petroleum Economics Limited. A well-known, well-recognized expert – and I got this information from the Internet – has prepared this with his consulting firm. He lists on the website Alberta Energy as one of his clients. His comparison of oil resource taxation regimes – he's got four of them in here. Alberta versus Norway: he's including a lot of things like bonuses, operating costs,

taxation, you name it. Here's what he has to say, and this is for Alberta light. Alberta light is crude oil quality. The taxation percentage is 42 per cent. In Norway it is 48 per cent. And the producer's percentage is the reverse of that, of course: in Alberta it's 58 per cent, and in Norway it's 52 per cent.

He also does the same thing for a comparison between Alberta and Alaska, Alberta heavy and Alaska north slope oil. The taxation percentage in Alaska is 55 per cent; in Alberta it is 47 per cent. Of course, the Alberta producer's percentage is 53 per cent, and for Alaska north slope oil it is 45 per cent. He does the same thing with Venezuela. The taxation rate between Alberta and Venezuela: Alberta is 41 per cent; the Venezuelans are 56 per cent. The reverse would be the producer's take in that. So, you know, we have to be careful whenever we compare Alberta to Norway or Alberta to Alaska. We have to be very careful about that. This is a document that was prepared, and it was referenced in this tabling in a comparable study of Alberta to Norway. In fact, one of your department officials probably wrote the e-mail that I had the privilege of reading. I just had to get that on the record because there are two different views of who pays more, Norway or this province.

Now, getting back to electricity deregulation, why does the government continue along this path of electricity deregulation when it's clear that it's not working? To the minister – again, I offered this to the previous minister – take our plan. You took our stabilization fund plan. The hon. Member for Edmonton-Mill Woods, you took her child care plan, and you ran with that. Feel free to take our electricity deregulation plan as well. I don't understand why you continue to spend money trying to make deregulation work. I would suggest that you should just pull the plug, admit that it was a mistake, and return to a regulated system.

3:30

Now, a constituent of mine brought an issue to my office that I think also warrants further explanation from this government. He pointed out that each month he receives his natural gas bill from Direct Energy regulated services, which includes an enclosure that is promoting Direct Energy essential services. This constituent of mine – oh, we're going to get to this later.

Thank you.

The Deputy Chair: The hon. minister.

Mr. Knight: Well, thank you very much. Again, I would suggest to the member opposite that it's going along reasonably well. We seem to be able to get some exchange going back and forth. However, I did notice that you found my reference note a bit humorous. So we might be able to at some point in time get back to the budget, and that's – you know, the discussion is fine.

So the AESO. Two or three times now there have been suggestions made that in the T-reg or in other adjustments that we've made with respect to restructuring, we've taken away power from the EUB. Nothing – nothing – that we've done in any of those regulations takes any authority away from the EUB.

What you will see there, Mr. Chairman, is that for the EUB there's a deference in the regulation to the AESO's technical and engineering expertise with respect to these issues about needs. So what they're saying, basically, is that we have hired at AESO some of the best technical and engineering expertise that's available. So why would the EUB question them with respect to that unless there's something that appears to be very, very offside, either with respect to the issue around the technical or engineering aspects or perhaps the public interest? So those are the only areas where we're talking about a deference that EUB should give to AESO.

Again, discussions abound. I agree with the member opposite about this business of restructuring the electrical industry in the province of Alberta. Mr. Chairman, I'll repeat this to the member opposite however many times I need to. In the province of Alberta previous to the time we started this, today, or in the future, there will be nothing in this system that is deregulated. It's all regulated.

The only thing we've done differently is we've taken one piece as a vertically integrated system of generating, transmission, distribution, retail: all stacked up there in a nice little stack. No one could figure out who charged who for what because it was all buried inside. We've taken that thing and taken the blocks and laid them out nice and neat. Here they are: regulation here, regulation here, regulation here, regulation over here. However, we've said to the generators: you're doing a piece of business in the open market; you bid into the pool. That's all we've done: restructured the system, not deregulated anything.

There was a suggestion that somehow or another we've added a tax to coal-fired generation. There has always been an access fee. This is nothing more than the access fee. If you're going to generate electricity and you're on a huge scale – a huge scale – 400 megawatts, 500, 800. We don't know. Somebody will come up, I'm sure, with a proposal at some point in time for 1,100 megawatts or 1,200; Enmax maybe. They want to put it in the grid? What's going to happen to the grid? Who should pay? Here's the grid sitting there. It's happy enough doing what it does, and all of a sudden somebody comes along and says: I want to put this thousand megawatts right here. So somebody is responsible to pay for the costs that are going to be incurred for that connection and adjustments that need to be made in that grid that's affecting every other Albertan.

So you have to have a consistent message here. On the one hand you're telling me that generators – right? – should pay for transmission. When we say that there is a piece of transmission that we do believe they should pay for, you say: take that away; they shouldn't pay for that. So all I'm saying to you, hon. member, is that what we've done here isn't anything different than we've done for an awful long time, and that is that the generators would be required to pay a fee because it does affect the rest of the system and the transmission system, generally speaking, serving all Albertans. I think that it's only fair in those cases that generators that are going to tie in with major pieces of load are required to support that system.

Comparisons with Norway. You know, I think that we'll be comparing Norway probably forever. Interestingly enough, we'll get a lot closer to comparisons with Norway because they're here now. They're interested. They realize that what they were doing in certain parts of the world aren't the only places they can do business, and most certainly they're interested in doing business here.

I mean, there are reports and reports and reports. Here's one. This is the one you quoted from prior there, Comparison of Selected Oil Resource Taxation Regimes. There's lots and lots of this stuff. What they're talking about: comparisons made in selected tax regimes. This is what you're talking about; there's a difference here: Alberta's gap narrows significantly when taxation is compared to field price less supply cost. In fact, Alberta and Norway are quite comparable given the accuracy of this assessment.

We can pick pieces – and we've had this discussion. You can take a little snippet from Texas and a piece from here and there and say: we don't do well because these guys over here on this point here are doing better. Yes. And in some circumstances they're doing worse. So, you know, I think that on balance these folks are telling us that Alberta and Norway are quite comparable.

There were questions with respect to transmission regulation. Again, we can't have this thing both ways. We stand accused – not

guilty, accused – of deregulating. Well, could be some truth in some of that in places. We've moved regulations, changed them. We may have. But, you know, we set a system in place, brought in a new Electric Utilities Act, worked on that in 2001-02, and brought it in in 2003. I think it cleared through the Legislature in 2003. Most certainly, when we talked about it when the bill was discussed and so on, I would suggest that there had been some reference to the regulation with respect to that legislation.

We know that when you do something like that and bring in a piece of legislation that's relatively encompassing with respect to something as important as electric utility in the province of Alberta, there would at some point in time be adjustments required. So, Mr. Chairman, what I'd suggest to you is that the regulations that we tabled and moved forward – you know, in the province of Alberta it's a normal course of business and very good business, by the way.

3:40

With respect to any of the hearings or projects that are in the process or coming forward, the relative parts of the new transmission regulation will have, I would suggest, very little, minimal, or no cost attached. However, an important piece that I think that we should point out in those new regulations – there's a lovely little piece in there, and it's a very short little piece in there, and it has to do with landowners, and it has to do with their compensation. Again, you've suggested that we've taken away the EUB powers. Well, we're not taking away EUB powers. [Mr. Knight's speaking time expired]

The Deputy Chair: Hon. minister, you will get your opportunity again.

The hon. member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Chairman. Certainly, I must say at this time that the hon. minister's officials in the Department of Energy are much quieter than his colleagues in the House during question period. I don't know if anyone has told them or not, but we can have coffee and other refreshments in here if they find it a little dull.

Certainly, one comparison that I would urge the minister and his officials to look at – and it's been overlooked in the debate over CO₂ sequestration – is the fact that in Norway since 1996 offshore there has been a significant amount of experimentation and development of CO₂ sequestration. That information has to be made available to Albertans, that this project has been going on there for the best part of 11 years, and it seems to be working. There seems to be a great deal of skepticism here over CO₂ sequestration. If we're going to make another comparison about Norway, let's also get that in there.

Before I get to the role of this department in Direct Energy, I'm sorry, but with all due respect, I can't agree with you in regard to the interpretation that the EUB is somehow not affected, and there's not any more regulatory power going to the ISO because if you look at section 5(1) of this regulation and what the board has to do here, all the board rules under section 129(1) of the act must be consistent with the standards and rules under section 5 that the ISO makes under this regulation. I don't know how the hon. minister can say that the EUB is not the loser in this.

We're continuing to facilitate exports, we're continuing to talk about exports of electricity, and we're continuing to expect consumers to foot the cost of these transmission lines. None of this makes sense, and if we look further in this regulation, we will see where the board must not require the ISO to make any statement with respect to the prudence of a transmission facility organization or an electrical distribution system in incurring a cost under another section of this regulation.

So my question would be: if what the hon. minister had stated is true, why is the ISO not responsible for their actions when further on in this regulation the board has to explain its actions in regard to a hearing conducted within a 180-day period or after that 180-day period? In my opinion, again, this makes the board a docile servant of the ISO, and I think it should be the other way around.

Now, getting to my constituent. I understand that the hon. Member for Whitecourt-Ste. Anne is involved in some sort of regulatory process to streamline the entire process. My constituent – and this is in regard to an enclosure that is promoting Direct Energy essential services – points out that the cost of the postage is paid by the consumer, yet Direct Energy essential services is allowed to market itself to consumers for free since the consumer is paying for the postage. So the question that arises is: why are consumers who are paying for a regulated gas service forced to pay the postage for a deregulated company to promote its services? Why has Direct Energy essential services been allowed to have Alberta consumers pay for its marketing campaign?

Now, I do have some questions at this time on the business plan. On page 132 under the heading Challenges: Electricity Generation and Transmission Capacity it states, "Installed generating capacity will need to increase in order to keep pace with Alberta's growing demand for electricity." Again, why does this government continually boast about the increased generation capacity that deregulation has brought to Albertans when clearly that is not the case? If deregulation is so great, as the minister claims, why has it failed to produce sufficient generation or lower our electricity prices? How can this government continue to defend deregulation after all these years when there have been zero benefits for Alberta consumers? Can the minister tell us why deregulation has failed to provide adequate generation capacity as was proven time and again over the past years – we talked about it earlier – whenever Albertans were forced to deal with blackouts.

On page 132 of the business plan also under the heading Challenges: Electricity Generation and Transmission Capacity it states, "Timely regulatory approval will be critical to ensuring adequate future transmission capacity." The 500 kV line hearings are a good example of how the department has failed miserably in regulating this process to date. Landowners in this province deserve better than what this government is providing in terms of a regulatory process. Landowners have no confidence whatsoever in this system.

Now, here it is my view that the department is stating that it is critical that we have timely approval for these projects. If the budget of the EUB is only increased modestly and the workload of the EUB is that they have to work like Trojans over there, all this while the retired EUB chairman has stated that the EUB is suffering from exhaustion, how is this going to work? What is the government's logic here with this budget? Are you just going to run these approvals and rubber stamp them despite the concerns of the landowners? I think the EUB needs help because we're giving them more and more work, more and more files, if I can use that term. I know that people are recruiting their staff, and that's a problem for them. I think we have really failed the landowners of central Alberta and what is affectionately called the western corridor in this whole regulatory process. I don't think that we should be in any way speeding up this regulatory process.

There's also the issue with Mr. Kellan Fluckiger, a contractor that was hired. The last time that I looked on the website of the department, that individual was still employed by the department. He comes from Gray Davis's office in California. The whole issue of conflict of interest and how all this works with the department and the fact that it has been brought to our attention and I believe it's also been brought to the attention of the EUB hearing that this

individual's spouse works for AltaLink – how does all this work? Is it because I'm a contractor to the department that conflict-of-interest rules don't apply? I think that if we had clear standards on all of this, there wouldn't be the lack of confidence that has been expressed by so many landowners in this hearing process to date regarding this 500 kV line.

3:50

Now, on page 139 of the business plan, performance measure 5.a, Power Generation, margin between supply and peak demand for the last actual year, 2005, was 17 per cent. Can the minister explain how we have a 17 per cent margin, yet we continue to experience energy emergency alerts from the Alberta Electric System Operator indicating that we are approaching another blackout? Why can't we keep the lights on in Alberta if we have all this surplus generation? Will the minister finally admit that the reason is because it is not profitable for the industry to keep a healthy surplus available and running in the case of a lightning strike or some other circumstance? Therefore, when such things happen, Albertans lose their power.

Thank you, Mr. Chairman.

The Deputy Chair: Hon. Member for Edmonton-Gold Bar, the chair is able to recognize you again if you'd like to speak.

Mr. MacDonald: Yes. I appreciate that.

The Deputy Chair: You may proceed.

Mr. MacDonald: Thank you. Once again this is an example that deregulation only benefits the pocketbooks of power producers and not Alberta consumers. The minister can talk about his vertical tower all he wants, but the pile of cash at the top of that belongs to the producers, and it's coming from the pockets of the consumers. I still can't understand, Mr. Chairman, when this government will finally recognize that it should be serving the interests of Albertans, the power consumers, and not the rascals like Enron.

I did have the opportunity the other evening to watch *The Smartest Guys in the Room*. I was urged to do that by the hon. Member for Lethbridge-East. It was on PBS, commercial-free, and it was certainly an interesting movie to watch. It was well past 1 o'clock before it was over. It was quite odd because so many of the people that were involved in that movie were also involved with promoting electricity deregulation in this province.

Now, regarding page 138 of the business plan goal 5 states, "Maintain a competitive market framework that provides Albertans with competitively priced and reliable electricity and natural gas." Can the minister tell us how much the price of electricity has risen since deregulation was forced on Albertans compared to the increase or decrease in other jurisdictions? He did a comparison earlier, but I'm sorry; I also did a comparison on electricity farm prices. When you compare the four western Canadian provinces, understanding that they all have different systems of generating electricity, regardless of input costs our costs here in this province are significantly higher than the costs in Manitoba, in Saskatchewan, or in British Columbia. And it's deregulation. Electricity deregulation has caused that.

Why is it the goal of the government to provide competitively priced electricity and natural gas and not the cheapest, most reliable electricity and natural gas? Can the minister please tell us why the new transmission regulation, again, removes accountability from the ISO? I don't agree with the ISO being allowed to determine and approve costs. I don't think this is accountable, and I don't understand why this is going on. It's quite different.

Now, Mr. Chairman, the Auditor General's report. We had a look at that briefly. Hopefully we're going to get to that again, but I want to go back, if you don't mind, please, to royalties and the royalty structure. It's great to see the experts from the department here with the minister today. I think this is a real step forward in the democratic process. I'm glad they're not here during question period, but I'm glad they're here now.

We hear from Albertans frequently, and a lot of the hon. members of this House who were in the race for the Conservative Party leadership also heard people say that they feel as though we're not getting the right amount in royalty. If the Royalty Review Panel recommends changes to the royalty regime, how much of the budget resources that we're discussing this afternoon are set aside for administering these changes?

Albertans feel as though their government has not been open with them. They're suspicious. Even the royalty review documents that were tabled in this House – and we talked about that earlier – are censored significantly. Will any of this year's budgeted money be utilized for reaching out and sharing the information with the resource owners, Albertans. We fight for documents and get quoted ridiculously high prices when this information should all be public to begin with.

Again to the minister: how are you going to improve on your department's openness in terms of royalty information? I would really like the entire contents of this royalty review, you know, instead of just selected pieces of it. Will the minister dedicate any funds to increasing the government's openness in relation to how royalties are collected and how they're calculated, how the whole process is audited?

Now, getting to the process of auditing, the Auditor General again makes recommendations in his 2005-06 report, page 76, recommendation 27. The Auditor General again recommended that the department "complete its risk assessment and evaluate the assurance obtained from the Petroleum Registry System and the Department's controls over well and production data." Have you addressed this recommendation since it is repeated by the Auditor General? How many dollars or how much money have you dedicated to meeting this particular recommendation? Can the minister please tell us if we have lost royalty revenues due to the department's failure to be quicker in addressing this concern?

With that, I don't know if I'm going to have time when I get to the royalty review. You know, we get 10 minutes over there, and I don't think that's enough. The minister lifts his eyes. Yeah, 10 minutes is not very long. The research I've been doing indicates that all the lower 48 states, the ones that are mentioned in here, use the Henry hub price to calculate their royalties. We're very vague about how we collect our royalties here, whether it's the Alberta gas reference price or the reference price, whatever it is. There are some very quiet, if I can use that term, Mr. Chairman, references in the annual report and in the budget about how our royalties are collected. But I really think we should be going to the Henry hub, the spot price.

The American jurisdictions that are discussed in this report are on the Henry hub price, and if we look at the government take in this uncensored version of this Wood Mackenzie report, we will see that there's a significant difference between the government take. Texas is at the top of the list, followed by Louisiana. Alberta is at the bottom of the list. If we were to charge our royalties for natural gas – and I should have been clear, Mr. Chairman – on the Henry hub spot price, I think there would be a significant difference in the amount of royalty we collect in natural gas.

Now, I have had the privilege of having some research provided to me. This research is quite interesting because between the year 1990 and the year 2004 – and this is using EUB production figures

– again, we got a good idea of the amount of natural gas that was produced. We know from natural gas the Henry hub price. We know that that's a different price that's used for the calculations than what we're currently using. We know the total value of their production, which is \$266 billion, and we know that the royalties that have been collected from the hon. minister's own department over the years, starting in 1990 through to 2004, amount to \$41 billion. But if you look at industry revenues and if you look at royalties received, we have received about 15.7 per cent in royalties from our natural gas. If we were to do that in a pie chart, it would be significantly less than what the department is indicating in its annual reports. In fact, what the department is indicating in its annual reports is significantly less again than what is in the documents that had been tabled in the House on the 16th of April. I would like an explanation of that.

4:00

The Deputy Chair: Thank you, hon. member.

The hon. minister.

Mr. Knight: Thank you very much, Mr. Chairman. It may have been noticed by some people and most surely noticed by my hon. colleague opposite that I had to go for coffee somewhere around the Enron part, I think it was. There's just no point, you know. But, yeah, the coffee is good. To get down to answer some of the questions that are relative to what we're talking about, I am prepared to certainly engage in that, and I think that that part can be constructive.

Mr. Chairman, questions around CO₂ sequestration. Most certainly, you know, there are areas globally, Norway being one of them, I understand, but also places in the Middle East and would you believe as close as Red Deer – yeah, we're doing it. We're doing it as close as Red Deer. You know what? Just to show you that this province and this government are extremely interested in and attuned to our situation with respect to greenhouse gas emissions and where we need to go, we have joined with the federal government on a carbon capture and storage task force, and we will explore in depth. We have a blue-ribbon panel of people that are currently looking at that situation and will continue to do that and come up with a report.

I think that if you see what the United Nations climate change panel has published – and I believe, actually, that there's some more documentation that they're releasing, maybe even this week or early next week, with respect to this issue. But carbon capture and sequestration is one of the three things that they suggest that we should do. So we're there, and we'll continue to work with that.

Suggestions made about the royalty structure and the royalty review support and, you know, what are we doing with respect to that, and getting back to our budget where dollars are involved. Mr. Chairman, \$750,000 in this budget is going to support the royalty review. We have \$500,000 looking at the royalty volume reviews, and they're shared between our department and EUB. So, most certainly, you know, we're stepping up to the plate here. We're taking this thing seriously. We're very confident that this review at the end of the day will support a much stronger Alberta as we move ahead.

As far as the business of collecting royalties and the suggestions that somehow or another some jurisdictions have a better way to base a price on which they would collect the royalties, I suggest that with the gas royalties in the United States, it's a net-back to the well. The net-backs to the wells, same thing we do in Alberta. So, Mr. Chairman, I think the answer to that is relatively straightforward. There is not in the overarching part of that business really much of a difference. We use actual sales prices, and I believe that most U.S. states would do the same.

I'm kind of going from the more recent to the more historic

questions here, but back to AESO again. You know, the member has alluded a few times to the fact that the EUB is getting the short end of the stick, that AESO is getting stronger and the EUB has got less responsibility or at least we've taken some of their mandate away. I don't think that I could at all agree with that. Certainly, in the regulations that are being discussed here, there are a number of issues that very clearly will affect both of those bodies. But AESO has been directed, Mr. Chairman, to establish an open, transparent process with respect to its budgeting and its guidelines and that sort of thing.

In the system that we had set up originally, they had to have their budget cleared by EUB, but it won't be too long down the road, Mr. Chairman, that we'll be moving ahead. We'll bring legislation to the floor of the Legislature with respect to separating the EUB, and I think that these regulations and other things that we're going to do with respect to that legislation on this issue will be much stronger when we come out of it. But, most certainly, AESO under the auspices of what we see as the new Alberta utilities commission will play an important role, continue to, but I think the utilities commission, nevertheless, will be mandated and have the task of being the regulator for the province of Alberta.

Mr. Chairman, with respect to that, I would suggest to the hon. member that we're not taking anything away from them, and you can see in our budget numbers, as I'd alluded to in my opening comments, that we're very much interested in additional support for all of the regulators in the province of Alberta. The hon. member has indicated that, you know, the applications coming forward to EUB presently have increased and dramatically. I agree with that, and our support for the EUB I think has also increased. I would suggest that it might not be as dramatic as some of us may have liked, but it's dramatic. On a percentage scale, you know, we're moving ahead. We realize that it's going to take some additional people to continue to handle the volumes of business that Alberta is going to generate now and in the future, so we're certainly supporting that, and that shows in the budget.

From the notes that I've written here, I think I've addressed most of the hon. member's questions with the exception of the one that had to do with a number around that 1996-97 time that had to do with the bitumen royalty option, and we will attempt to isolate that number and provide it for the member on a go-forward basis, most certainly.

I think that attached to that piece of business as well, it would certainly be interesting for all members of the Legislature and most certainly for Albertans, generally speaking, to pay particular attention to these issues that are going to come forward in the royalty review, an absolutely open and public information delivery and gathering system and opportunities for education for Albertans with respect to that issue.

4:10

The bitumen royalty option is one part, and most certainly we're going to work very diligently with respect to that. Also, attached to that there are other issues around bitumen valuation and what this product is actually worth, and we'll continue to work with that. As the member has stated, in certain jurisdictions, certain circumstances they may pick a price here or there. It could be that it's more advantageous to one party or it disadvantages another party. But, you know, we'll continue to work diligently along with the Minister of Finance with respect to that review that's ongoing.

The challenges that are in our business plan, page 132, some questions that the member had relative to the challenges. I don't know that there were specific questions as such with respect to that. However, I think that most of those comments . . .

The Deputy Chair: Hon. minister, the time allocated has now lapsed.

Hon. Member for Edmonton-Gold Bar, just to advise you that there are about seven minutes left in the two hours that we have. If you'd like to use the full seven minutes, that's your choice, or if you wanted the minister to comment – I'm just advising you that there are seven minutes left before we move to Children's Services, and then we'll come back, and the minister could be questioned thereafter again by any other member.

Mr. MacDonald: Okay. Well, I would appreciate a clarification because my records indicate that we got officially started here at 2:30. There were a number of station stops involved, leading up to 2:30 before we actually got . . .

The Deputy Chair: The committee was called to order at 2:20. Yes, there was a delay in the set-up process.

Mr. MacDonald: So why is that?

The Deputy Chair: Well, the committee was called to order, and that's the time the clock starts ticking. What should have happened and will happen from here on in subsequent events is that members of the opposition will be called right away if the minister is not ready to speak.

Mr. MacDonald: Thank you. We will do our best.

Now, certainly the minister is giving some information in regard to royalty rates in other jurisdictions and stuff. At this time, Mr. Chairman, I would like to point out that – and this is in information that was tabled again on the 16th of April. This is an e-mail from department officials, and it's regarding U.S. royalties and bonuses. I'm surprised and delighted to see that the hon. minister, before he became Energy minister – you know, I realize from reading press releases that he was always going about representing the department at various functions in different places. I'm pleased to learn that the hon. minister participated in some of the meetings around Ken Edwards and that company in Dallas, Texas, in regard to the oil and gas royalty regulations that were studied by the department. So I'm pleased to see that you were involved in all of that, and I certainly hope that you realize that Texas is a good comparison with Alberta, as you suggested in the media.

I was going to bring this up in question period, and I thought I'd just do it this afternoon. According to this information that's been provided to the House, you were involved in the studies, and I'm really glad to see that. In this budget year are there any discussions to change how landowners are compensated for surface rights? I would be delighted to hear from the minister in regard to that.

I'd also be very anxious to hear about the royalty recommendations that have been made in the Auditor General's report, because he certainly makes more than one. On page 78 the Auditor General notes that the department "developed a new oil sands project approval process to incorporate risk into the assessment of project applications." The AG states that "the Department plans to start using this new process before March 31, 2007." Can the hon. minister confirm that this process is, in fact, now being used, and has the absence of this process in the past had any effect on Crown royalties? I know that when we're not collecting Texas rates on our royalties, in the last six years we're out over \$16 billion.

Now, in the time I have, Mr. Chairman, I would really like to talk a little bit about biofuels because of the budget increase, the line item increase in biofuels. I think we should have a good debate on biofuels in this Assembly. The Minister of Agriculture and Food

made some interesting comments regarding biofuels recently. Perhaps the Minister of Energy could address the concerns of his colleague here.

The minister of agriculture told the Camrose bureau, and I quote: if there's a dollar to be made, it doesn't take long for the big boys to come in and make it pretty tough for the primary producers. End of quote. I guess the minister is concerned that the biofuel industry in Alberta will not benefit primary producers but, instead, the larger corporations. Does the Minister of Energy agree with his colleague in light of the increase in this budget year for biofuels? Is the government targeting smaller primary producers with the biofuels initiatives, and if so, how will the government prevent the minister of agriculture's belief from coming true?

The minister of agriculture also states that the big boys, the Cargills and the Tysons of the world, are meeting with the government and looking to set up shop in Alberta. Is this the government's biofuel push? Is this coming from these big corporations? The minister of agriculture appears to be suggesting that the big boys are leaning on this government to push the biofuels initiatives. If that's the case, I wonder how the small primary producers will benefit from this initiative. Can the minister tell the Assembly if he's been approached by, quote, these big boys, end quote, as his colleague has suggested? The biofuels industry has a future, but we have to be very careful how it develops. I think the Minister of Agriculture and Food may be onto something. I think those comments that were made publicly are very, very interesting indeed.

You know, significant subsidies are going to go into this industry. Regardless of what you read, whether it's in the *New York Times* or the *Edmonton Journal* or even the *Calgary Herald*, there is lots of interest in this. Some of the farmers that I talk to see this as a way of increasing their farm-gate income. How is all of this going to work? It's not two years ago that the second-last Minister of Energy – and I said this earlier in debate – was talking about how in Alberta we're never subsidizing anyone, that we're out of the business of being in business. This was before some U.S. government committee. So how is all of this going to work?

Now, Mr. Chairman, the department is requesting \$41 million for the biofuels initiatives. That's a 720 per cent increase from the 2006-07 forecasts. I think these are very important questions, and I'm very disappointed that the time has run out. I would like to thank the minister.

4:20

The Deputy Chair: Hon. members, just to remind you once again that for the next hour we'll be dealing with the estimates for the Department of Children's Services, following which any member who wishes to participate will be able to do so. Minister, if you need to respond, at 5:20 we will be back where we may be able to deal with your department as well as Children's Services at the same time, and that would go on until 5:45 if need be.

Hon. Minister of Children's Services, you may now proceed. Please introduce your staff to the Assembly.

Children's Services

Ms Tarchuk: Thank you, Mr. Chair. I'm pleased to introduce the ministry staff here with me today. Sitting in the House, we have the deputy minister, Maria David-Evans; assistant deputy minister of community strategies and support, Niki Wosnack; and senior financial officer, Shehnaz Hutchinson. Sitting in the members' gallery are the assistant deputy minister of ministry support services, Gord Johnston; assistant deputy minister of program quality and standards, Mark Hattori; director of the prevention of family violence and bullying, Sheryl Fricke; director of family support for

children with disabilities, Karen Ferguson; senior manager of budget and analysis, Darren Baptista; acting CEO for the central Alberta child and family services authority, Norman Welch; and my executive assistant, Neris Havelock.

These are just a few of the thousands of dedicated staff who work in our ministry, regional authorities, and contracted agencies across the province. Over the last couple of months I've had the opportunity to meet with many of these individuals, and I am impressed with their incredible commitment to improving the lives of children, youth, and families across this province. It truly is their passion and tremendous hard work each and every day that makes our ministry the success that it is.

In 2007-08 we're investing a total of \$972 million towards children, youth, and families in Alberta. It's a budget that will allow us to address the priorities Premier Stelmach set out for our ministry: ensuring parents have access to quality, affordable child care options, continuing to implement the prevention of family violence and bullying initiative, and focusing on improving outcomes for children in care or in need of specialized services, including aboriginal children and children with disabilities.

Today I'd like to highlight some of this year's budget with you. We're investing \$134 million in child care, \$36 million towards the prevention of family violence and bullying, \$4 million to begin implementing a 10-year cross-ministry strategic plan to reduce the impact of fetal alcohol spectrum disorder, \$357 million for child intervention services, \$144 million for foster care, and \$102 million to support children with disabilities and their families.

Since becoming minister, I've made it a priority to try to get a really good understanding of the issues. I've met with parents, child care operators, and other stakeholders in the industry. We've heard interesting ideas on how to enhance the five-point plan. In this year's budget we invest an additional \$16 million to recruit and retain staff, create more spaces, and make child care more affordable. We now have \$7 million for wage top-ups in March to help address challenges with staff recruitment and retention in the child care sector. We'll be providing a 5.6 per cent increase in child care subsidy for eligible low- and middle-income Alberta families. We will also invest \$2 million to cover the start-up costs of creating more child care spaces across the province.

Alberta's child care budget has more than doubled since 2005-06, with our total funding this year being \$134 million, and our investments are making a difference. We have more families accessing subsidies. Wage top-ups and professional development grants are helping operators recruit and retain qualified staff, and more child care programs are demonstrating excellence by achieving accreditation.

Family violence and bullying have devastating consequences. Alberta leads the country in taking action through the prevention of family violence and bullying initiative. I've had an opportunity to visit women's shelters, where I have seen first-hand the tremendous difference that the front-line staff make in the lives of those affected by family violence and bullying. With a budget of \$36.2 million this year, an increase of \$2.6 million, we'll build on awareness and education campaigns, improve services available to people affected by family violence, and enhance community initiatives. Across the nine partnering ministries of this initiative, funding is increasing by nearly \$5 million, meaning the total joint spending will exceed \$46 million.

Alberta will continue to lead the way, providing services to families before they reach a crisis, decreasing the likelihood of child protection services being needed in the future. In 2007-08 funding for child intervention services will increase by \$21 million, for a total of \$357 million. The increase will ease the pressure of a

growing population and support the implementation of a new service delivery model that builds on best practices already in place and improves the way we work with families by connecting them with community resources and focusing more on assessment. The new model is currently being used in 13 pilot sites and will be implemented across the province.

The family support for children with disabilities program provides information and services to help families care for their children with disabilities, services like respite care and aide support as well as assisting with some of the extraordinary costs of raising a child with a disability. Funding for this well-respected program will increase by \$7 million this year, for a total of \$102 million, to meet the growing demand for services and enhanced services in rural areas.

Funding for the fetal alcohol spectrum disorder initiatives will increase this year by \$4 million, for a total of \$10 million. We'll use the funding boost to begin implementing a 10-year cross-ministry strategic plan to reduce the impact of FASD, a leading cause of birth defects resulting in lifelong disabilities. This initiative, led by Children's Services, is a collaboration with nine other government ministries. The new funding will result in better co-ordination of services in three areas – prevention, diagnosis, and assessment and supports for Albertans living with FASD – through virtual service centres throughout the province.

Family and community support services is a very successful partnership between the province, municipalities, and Métis settlements. This year funding to FCSS will increase by \$2.9 million to help these programs respond to population and economic growth and continue to provide services to children and families based on local needs and priorities. This brings total funding for FCSS to \$71.2 million.

With an increase of \$7 million in 2007-08, funding for foster care totals \$144 million. The increase will be used to enhance foster parent training and support for Albertans who open their homes to children in care. We will also work closely with the Alberta Foster Parent Association to recruit more foster parents. The more we have, the better we are able to match children with foster families who best meet their needs. We will take action to find permanent homes for children in care sooner by streamlining adoption processes.

Child and family service authorities will receive \$706 million in 2007-08, 73 per cent of our total budget. With this money they'll continue delivering programs and services to children and families in 10 regions throughout the province.

I appreciate the opportunity to tell you what we're doing at Children's Services. I believe and have witnessed first-hand that the staff at our ministry are doing incredible work, serving children and youth, and are helping build strong families and communities. Making a difference starts with investing in children and families, who we believe are the building blocks of this province.

At this point I'd like to ask the MLA for Calgary-Hays, chair of the Social Care Facilities Review Committee, to provide a quick update, followed by the MLA for Leduc-Beaumont-Devon, chair of the Youth Secretariat, to also provide an update. Afterwards I'll be happy to answer any questions you may have related to the Children's Services budget.

Thank you for your time.

The Deputy Chair: Hon. Member for Edmonton-Mill Woods, just for clarification for the chair, would you like to take the 10 minutes as you speak and then have the minister respond, or do you want to take a 20-minute chunk and go back and forth?

Mrs. Mather: I think we're going to go with the 10-minute block.

The Deputy Chair: Okay. Fair enough.

Mrs. Mather: But I would like to hear from the other two that were going to assist the minister first. Is that all right?

The Deputy Chair: No. It's Edmonton-Mill Woods.

Mrs. Mather: Okay. Thank you.

Thank you for the opening remarks. I want to welcome the staff that are here to help us as we review the budget, a very important budget, that's before us. I'd like to ask now that if there are any unanswered questions, we could have a response, perhaps, within the two weeks. Thank you.

There's nothing more important, in my mind, than Children's Services. I would like to address a number of topics today, and if there's more time, I've got some miscellaneous questions later. The topics I'm going to look at are child care, foster care, child intervention services, family violence, family and community support services, child and youth sexual exploitation, youth addiction, services for children with disabilities, and the Child and Youth Advocate. As I say, hopefully there will be time for some other miscellaneous questions.

First of all, I appreciate the intent of this budget and the fact that a number of the areas that are of grave concern have been addressed. Sixteen million has been added to child care, for a total budget of \$134 million, and that's a 6.1 per cent increase. I understand that this is the department's first priority, linked to improving Albertans' quality of life, and that spending is dedicated to increasing access to affordable, quality child care. This is something that I feel passionate about.

4:30

Now, had the federal child care plan continued, the federal funding alone would have been about \$152 million this year. Given that that revenue is lost from the termination of the federal deal, does the government feel confident that it can still accomplish its goal to increase the number of spaces in Alberta? If so, what strategies are going to be used to make that happen?

We've received numerous letters from Albertans who are unable to find the child care that they need. This is all over the province. How many spaces does the government hope to create, given the current spending, and in what time period?

I do believe that child care is at a crisis in the province, and we need to address the needs there for many reasons. If we have adequate quality child care, affordable child care, we're going to have families who have greater peace of mind, which is only going to contribute to our work productivity as they go to work and have peace of mind about where their children are. Happier families are going to make happier communities.

The Children's Services business plan notes that many families are moving to rural communities to escape the high housing costs, but they lose access to key services. Certainly, one of those key services, one of the basic essentials, is becoming child care. What funding is going to be available to increase the accessibility of services like child care in rural communities? As I visited numerous places over the province, I have to admit that I was rather naive about the need in rural communities, but it is very great. We have more and more people in the rural areas who need to work and who are requiring some good care for their children while they're at work.

We've also heard from numerous stakeholders that recruiting and retaining child care staff is one of the biggest barriers to space creation in Alberta. We know that if we create spaces, which we

desperately need, they're of no value if we do not have the trained staff to work in those spaces. How much of the budget will be dedicated to addressing the child care workforce issue?

I was really pleased to see that the money was announced for a child care bursary program to help with the costs of postsecondary education, a measure that was included in the Alberta Liberal child care policy, because I think it's a wise and prudent move. Again, I'd like to see a breakdown of how that's going to work. I think the figure is \$400,000, is it? Could you just give me some clarity on that?

The business plan shows that the government hopes to more than double the number of child care centres and day homes that are accredited by next year. Doubling these facilities is a wonderful idea. It's an essential idea. But what is this government going to do to help with sustaining those facilities? What kind of funding is going to be there to help them maintain their existence? I'm wondering, for example, about operating allowances, something that used to be there in the early '90s. Have you considered that, and if you haven't, why not?

Another question. We recently talked about the Child Care Licensing Act. How much of the funding that you're talking about in this budget will actually go towards implementing that act? How does that break down?

Now, we have a number of letters. I get them daily from individuals all over this province who are very concerned, upset about the lack of out-of-school care before school and after school. I'm wondering: what plans does the government have regarding funding out-of-school care and for school-age children? I have a number of questions on that, but I'll just ask you this one: have you looked at the out-of-school care funding, especially now that the provincial government has taken over inspections through licensing that was previously done by the city of Edmonton and other municipalities? What is the implication going to be for out-of-school care and for the funding that you've set aside?

I'll go to foster care now because that's also a huge issue. It's just as crucial as the child care I've just been talking about. The funding has increased by \$7 million, for a total of \$144 million. That's a 5 per cent increase. I see that additional funding is earmarked for enhanced training, support for foster parents, and recruitment of foster parents. This is very positive, but we've heard from social services staff that there just aren't enough families to accommodate the number of children in need of safe care. We know about hotel rooms being used, and I know that that's always a very last resort and that you do the best you can to make sure that those children are safe.

Strategy 2.5 suggests that the government will work to improve recruitment, training, and supports for foster families. I salute that statement. It's very positive. It's desperately needed. But when will the strategy be implemented? How many new foster families need to be recruited to meet the demands that we have right now?

We've heard from Alberta foster families that the government does not offer enough support to foster families who are struggling to assist children who often have extensive needs. Now, I'm not talking about financial support here; I'm talking about support workers so that when they've got a child that's out of control and they're at their wit's end, they could call and could actually get a response and some help immediately, not a week or 10 days later.

Strategy 2.5 suggests that the government will work to improve recruitment, training, and supports for foster families as is in your business plan. What new training and supports will be available to foster parents?

The 2001-2004 Children's Services business plan noted that the shortage of foster families has overburdened foster parents and

challenges quality placements. If this knowledge was available six years ago, I'm wondering: why didn't the government act decisively to alleviate the shortage?

Following the death of a foster child in January it was revealed that the practice of overloading, placing more children with a family than should be eligible to care for, is increasing. How common is this practice, and what supports are in place to ensure that foster parents do not become overloaded?

We have heard that foster children are sometimes being housed in hotels to wait until a foster family is available. I know that this is true in Edmonton and in Calgary. Will this additional funding be adequate to address this reality?

In talking about recruitment of foster parents, I'm wondering what you're doing to make that happen. I haven't seen anything that would suggest an advertising program or any kind of information coming out that would maybe alert people that there is a need and that there is assistance in becoming foster families. Of course, when I say foster families, I want to emphasize that it's not just the parents; it's the biological children that are involved in those decisions.

The Deputy Chair: The hon. Minister of Children's Services.

Ms Tarchuk: Thank you. First of all, I want to say to the hon. member that I admire your passion. I think we both have the same passion, and your interest and help in child care is applaudable.

You asked some questions about whether or not we think that we can meet our goals with this amount of money. What I can tell you – and I know that I've said it in the past – is that in the last several months I've spent a fair amount of time with our stakeholder groups. They have identified a number of good ideas. Our number one issue is space creation, and the best way to create the space is by finding, attracting, and retaining staff. I think that the announcements over the last couple of weeks will be exceptionally helpful. The one announcement that we had, attracting skilled child care workers back into the field, has the potential of creating 1,500 new spaces. Most of our announcements over the last couple of weeks really are focusing on attracting or retaining, and when you think of the fact that every time you can attract one person back to the child care industry, that represents space for six children.

4:40

When you asked about what this means for rural communities, I think a few things. I think that when we look at the new Child Care Licensing Act, one thing that it will have the capability of doing is looking at different ways of delivering programs, innovative ways. I know that we had talked about combinations of family day homes, and we know from our experience going into the five-point plan that family day homes have been very popular in the rural areas, so that reason alone.

The other thing that I've found out just talking to stakeholders is that the difference between rural and urban is that in the rural areas quite often they have facilities. It's not so much a facility shortage that they have when they have a shortage of child care; it's staffing. So the bulk of our announcements have been targeted to attracting and retaining staff. I see that as a real benefit to rural Alberta.

The other thing that we've talked about lots in the past year and part of the five-point plan is kin care, hugely popular in Alberta. And, of course, our plans are to carry on with that program.

The out-of-school. I know that I have talked to you before about this. We do know that the province licenses both zero to six and six to 12. We have the policy mandate to provide zero-to-six services. Historically, we have funded family and community support

services. If they deem that out-of-school programming is a local need, then they can go ahead and provide that service.

Having said all of that, you know that we're towards the end of wrapping up an FCSS review which clearly has indicated that FCSS programs are identifying gaps in this particular area across the province. We don't have all FCSSs delivering the programs. Not all of them are offering subsidies. I've also mentioned before in the House that we are close to releasing that report. I have made a commitment that I plan on taking a leadership role in working with all of the stakeholders to find some workable solutions there because I do know that they are experiencing the very same pressures that we've seen in the zero to six, mostly with respect to attracting staff and retaining staff.

As far as foster care, we are always looking for foster care. We know that the more foster families we have, the better able we'll be to match children and to meet their needs. I can tell you that this year we'll be spending \$350,000 on a campaign to increase foster parents. As well as that, we always recruit through the CFSA association.

I think I'll go back to you for more questions. If I've missed anything, I'll either get it after the next round or, for sure, make sure I follow up.

The Deputy Chair: The hon. Member for Edmonton-Mill Woods.

Mrs. Mather: Thank you very much. One of the things I'd like to ask is: when will we be able to see that FCSS review? Is that available to us? We need that information.

Going on to child intervention services, the funding has been increased by \$21 million, for a total of \$357 million, which is a 6.1 per cent increase. I know that the new service delivery model is being piloted in 13 champion sites, I think they're called, and then implemented across the province.

The business plan shows that there is a far higher rate of hospitalization as a result of injury or death for aboriginal children in care than nonaboriginal children in care, and I'm wondering: will there be any initiatives in the coming year to address this imbalance and improve safety for aboriginal children? That's one of the things that I noticed when I was doing the comparisons here.

Strategy 3.1 is directed at the casework practice model, that it requires more time to administrate. Is the minister confident that it can be implemented given the current staff shortages we face in the social services? I am very concerned that we're going to be asking social workers to do more work. We're putting more demands on them. We're not taking anything away. That is a critical issue.

We've heard from union reps that unreasonable workloads are causing experienced staff members to leave, and not enough new people are entering the field. This is making it nearly impossible for remaining staff to keep up. How will the government attract the necessary staff to this profession to ensure that Alberta's families receive the services that they need?

A recent report by the Alberta Association of Services for Children and Families shows that the number one reason given for leaving a position is inadequate salary and compensation. The second reason is that there is no belief that the government will work to rectify the current situation. How will the government take action to restore the faith of these public servants?

In the same report 67 per cent of respondents stated that they were concerned about their ability to deliver contracted services. Does this budget include enough support to ensure that agencies will be able to recruit and retain the staff they need to operate effectively?

Going on to family violence. Funding for prevention of family violence and bullying increased by \$2.55 million. I want to say that

I'm very proud of this initiative and the results that I've seen across this province. Alberta has some of the highest rates of family violence in Canada, and it is critical that we address this issue. The business plan shows that while there was a reasonable increase to funding for prevention of family violence and bullying this year, there will be very small increases in the three years that follow. Does the minister believe that these increases are enough to turn around Alberta's dismal rate of family violence?

Statistics from the Alberta Council of Women's Shelters show that nearly 20 per cent of shelter bed capacity is unfunded by the provincial government. Why won't the government fund that one-fifth of the provincial shelter beds? Why are we not funding them all? Thirteen thousand women were turned away from women's shelters last year due to a lack of space. Does the current budget offer enough funding to fill that gap?

There is a critical shortage of second-stage shelter beds across the province. We've talked about this in the House before. Research suggests that for every crisis bed available, two to three second-stage transitional beds are needed, and Alberta is nowhere near meeting this suggested ratio. How much of the funding in this budget will be dedicated to addressing the shortage of second-stage housing?

The business plan shows that over one-fifth, 23.8 per cent, of children who experience child maltreatment will experience another incident within 12 months. What is the government doing to reduce that number? Is it possible that the Child, Youth and Family Enhancement Act has partially contributed to the increase in repeat offences against children? Have you given any thought to that?

How much funding is the department directing toward preventative services, such as counselling for those convicted of spousal abuse? Again, then, I would talk about the workload for social workers. I don't believe that they can deal with preventative educational roles the way they would like to because they are just dealing with the emergent things and trying to keep on top of them. We need to look at the complex roles that they have and how we can better support them, and that's through more social workers, more support workers.

Looking at family and community support services, FCSS is receiving an additional \$3 million, for a total of \$71.2 million, a 4.3 per cent increase. I really am disappointed to see that FCSS is not receiving a more substantial increase this year. FCSS is a crucial organization that helps to improve Alberta's social infrastructure. A more significant financial commitment from this government would help to improve the already incredible preventive social service network that FCSS supports and contributes to in this province.

4:50

Strategy 1.6 involves implementing the recommendations of the FCSS program review. As I said, we haven't seen that review. It's not released. Why has it not been made available? Was the information in that review taken into consideration when this budget was created? We have heard that FCSS is increasingly taking on additional tasks to address shortages of critical social services, especially in rural communities. Does the government have any concrete plans to either improve access to government-operated public services or, at least, provide enough funding to FCSS to manage these additional programs?

Child and youth sexual exploitation. Funding for protection of children from sexual exploitation has increased to a total of \$6.2 million. That's a .05 per cent increase. I'm wondering how many children and youth are apprehended or receive services through PCHIP annually. How many children and youth who are apprehended through PCHIP voluntarily agree to receive services following their apprehension? It's been reported that PCHIP may

have in some cases driven prostitution underground, making it difficult for individuals providing services to sexually exploited youth to provide the help that is needed. Has the department heard about these concerns, and has anything been done to address them? Research shows that most children who are involved in prostitution have experienced previous sexual abuse. What steps is the department taking to address sexual abuse experienced by children who are not involved in prostitution?

Youth addiction. The crystal meth task force recommended that 300 additional beds be made available for addictions, detox, and treatment. Will this budget do anything to increase the number of beds that are available to youth for these purposes? Representatives from the group called PEP, parents empowering parents, have expressed concerns that families are not involved enough in the process when children are apprehended through PCHAD. What are we doing about that? They've also told us that there are problems for those living in remote communities who would like to access services. There is seemingly no transportation option dedicated to transporting children apprehended through PCHAD. This can put a strain on the other community resources not designed for this purpose. Does the department have any plans or strategies in mind to deal with this issue? Then we know that prevention is a critical part of the equation when it comes to youth addiction. What strategies will the government implement this year to prevent youth addiction?

Services for children with disabilities. We know that they've received a \$6.7 million increase. We have heard that there is a critical shortage of professionals to deal with, for example, autism in this province. Is this the case? How severe are those shortages? What are we going to do about them? I'm concerned about the multidisciplinary teams. Not all members have the experience needed to diagnose and prescribe the necessary support for autistic children. What reviews has the minister done regarding these multidisciplinary teams to ensure that they are making the best decisions in the cases that they review? I'm also concerned about the potential of conflict of interest with some of those panels on the multidisciplinary teams.

The Child and Youth Advocate is receiving a \$1 million budget increase. I'm pleased to see that because of the workload that we're changing now with PCHIP regarding the apprehension of youth being directed to legal representation from the Child and Youth Advocate.

The Deputy Chair: The hon. Minister of Children's Services.

Ms Tarchuk: Okay. I'll take that last comment as a compliment and work backwards. That's great. Those are an awful lot of good questions, so I'll see how many I can get to here. As far as the FCSS report, best guess is that within a couple of weeks you'll have a copy. Why it took long is that it had to go through a government approval process, plus there are recommendations attached for discussion. But I expect in a couple of weeks.

The casework practice model: I just wanted to make a comment about that. You're right. We've got 13 champion test sites going on right now. They were additionally resourced as we were testing out that model. I think I wrote you recently that we're hoping we'll learn from that model and, hopefully, implement it across the province over the next 18 months, and it will be resourced properly as we implement it. The other thing, too, is that this budget does include, if I'm not mistaken – and we'll get that information to you – about 80 new front-line workers. We can get that breakdown. So the budget does come with some staffing complements there.

You made some comments about the agency staffing. Without a doubt, I know that they're facing some staffing issues. It's one of

the reasons why, in the last couple of weeks, we had added a couple million dollars to make it a total of \$20 million over the last two years to help them deal with some attraction and retaining staff costs.

Another thing I wanted to let you know. I think you were referring to a survey that a provincial organization had put out, and I have called the Alberta Association of Services for Children and Families to meet with that organization and go through some of the stats that you had referred to and just learn more about their issues. That meeting is taking place in the next couple of weeks.

The bullying initiative. I agree with you. I think that that's just a fabulous initiative. I think we're sitting fairly well here. When you look at a lot of the awareness, the strategy, a lot of it is technology. The websites are set up. The part that I'm really excited about is how popular they are. I guess the first thing I'd say is that preventing bullying is still a commitment of this government, and certainly I see it continuing to be. When we take a look at our team heroes website, the bully-free website, the bully-free helpline, we are now into millions of hits. Hugely successful. So I appreciate those comments, and we'll monitor that one, but I think that we've given some fairly significant increases there.

I appreciate your comments on the women's shelters, and I appreciate your interest. I, too, have a real soft spot for the incredible work that they do rebuilding Albertans' lives. Similar to how I approached child care, I went through the same exercise with women's shelters. I met with the provincial organizations, tried as quickly as possible to grasp what their top issues are. I have had little think tanks with them. You know, just a couple of weeks ago we gave them \$700,000 to help address child care needs, \$250,000 for five rural shelters, so that was a real help to the complement of women's shelters, money to help support the front-line workers, and then an increase retroactive to last year.

We have finished with the women's shelters review. We sat down with the advisory committee that worked on it and went through each of the recommendations one by one, got confirmation of which ones should be the priorities moving forward. You're right about the second stage. That was highlighted as one that we want to take a more serious look at. The only other thing I can say is that in the next week I will be rolling out a little bit more of what we're doing in this particular area. That information isn't here but will be out in the next week. So I just appreciate your comments. I think this is a very important area for us. The other thing, too, for the women's shelters is the bursary. I know that they really appreciated that. We put in place a \$400,000 bursary for their staff.

I liked your comments about FCSS. I mean, personally, I think it's probably the best example of a successful partnership that exists in this province, bar none. You also got back to the report there. The report will be, like I mentioned, coming out in two weeks.

I just wanted to go back. You had mentioned a comment – and this one always gets a little bit troubling – about people coming in and out of the system. This is always kind of difficult when you're dealing with, you know, the public that sees certain stories in the paper and sees that some families seem to re-emerge and just wonders: what does that mean about someone's judgment? What does it mean about anything?

5:00

What I would say about that is, first of all, to reiterate that our number one mandate is to protect children. I take that absolutely dead seriously, and I know that the individuals in Children's Services do. We also take the privacy of children seriously, and I think we have to. You know, these kids are coming out of some pretty horrible situations, and we don't want to make anything worse for them.

Then I think the next important statement to say is that every single report of abuse or neglect is investigated, always investigated. If a family is willing to make changes, we work with them. We put plans in place, we put on conditions, we put in compliance measures, all of that stuff, because we know that the best place for kids, if the family will make positive changes, is going to be with their families. So you go through that whole process. What you never have with this job are any guarantees. Somebody could have complied with all of the changes, made positive changes for their families, but there are no guarantees a couple of years down the road. You know, something else happens.

What I have seen just in my short period of time here is that I think what we have are dedicated staff every step of the way. They are the front-line workers. They are making decisions on a daily basis in the best interests of children, based on the best information that they have at the time. I'll just say that when you look at this whole area, I've got nothing but utmost respect for what they do. I would just say, you know, that in terms of the budget, we'll make sure that we do what we can to support that whole area.

PCHIP is one I wanted to mention. I know that we've seen some media coverage that PCHIP has driven it underground. I would say that there are a number of factors. It's not going to be PCHIP. There are a number of factors that have driven child exploitation underground. It's the use of technology. We know that this isn't just something here. It's something right across North America. On the other hand, we know that the act is working because the number of children that we have helped is over 770. We'll get you the more detailed answers that you had asked for, but we've helped 770, and the feedback has been very positive. We've also had an increased number of youth that are receiving the voluntary services. I know that you were supportive of the amendments to the act and understand the reasons for changing the name there. It's important to note that PCHIP applies to all instances of sexual exploitation through prostitution regardless of where it's happening.

So I think the issue that we have to deal with is not so much about the effectiveness of the legislation. We have to focus on the education and the training so that our staff, our stakeholders, and even our parents understand that sexual exploitation is changing. We need the public's help. This is what we are intending to do in our business plan. We need the public's help in identifying kids at risk. We need to get information out there and signs to watch for. We're making that information available on our website. Lastly, we're continuing to train our staff and stakeholders in recognizing and intervening with sexually exploited youth.

[Mr. Marz in the chair]

The Chair: The hon. member.

Mrs. Mather: Thank you very much. I wanted to just talk about the training for PCHIP. I believe that that is crucial, and I'm glad to see that you're looking at more training of social workers, I'd assume, for PCHIP. My understanding is that in some of the rural areas they do not have that training. You know, that's something that's obviously very important.

When I read the business plan, the goals, the vision statement, I realize that the fruition of this plan requires a healthy organization in order to meet peak efficiency. You know, there's lots of data and research these days on change fatigue, and it is evident to me that Children's Services has been suffering to some extent from this phenomenon. It's well documented that change fatigue occurs when there are too many changes. I hear it from everybody I talk to in Children's Services, that they just want to do their job, that they

would like this issue addressed. I'm wondering what plans are in place to limit the effect of change fatigue in Children's Services as a whole. Many staff are wondering, "What's coming next?" as opposed to, "Can I just do my job and care about this child or this client?" So I want to bring that to your attention.

Governments should always be endeavouring to improve services to constituents and the people that they serve. Since 1994 Children's Services has been in continual change with untold dollars being expended on many of these changes. I'm wondering: do you have any evidence to show that these changes have actually resulted in improvements? Have the expenditures of huge amounts of money to make the changes resulted in improvements? What has been the cost, and what has been the benefit, and does the community reflect that? How do you know?

I think that new legislation comes each time with great promise to front-line workers, but the end result has been that there hasn't been an adequate budget to fully implement the improvements. The front line has always been expected to do more with less. I'm glad to hear the minister say that you are looking at the hiring of I believe it was 80 new social workers. You know, it's really difficult because it's such a complex job. Social issues are complicated, and there's no clear-cut book or manual telling us how to fix problems.

So I want to question how the budget over the last number of years has been expended and what actually goes directly to the children and families who need the help. How much is going to organizing and reorganizing and to administration, and what was the evaluative criteria used to make the decisions that have been made? You know, given the levels of family violence, the increased drug use by youth, and the dysfunctional state of many families, we need more front-line workers and support workers and appropriate resources if we are to meet the safety standards that will protect children and families. You are absolutely right. Protection of our children and families is the number one priority along with privacy, as you mentioned.

I'd like to mention the concern about the high turnover of staff due to stress and workload issues. I know that the Children's Services mandate is very complex, and it's very difficult to inventory the tasks expected of a front-line worker, but this has huge implications on how the front-line workers do their job, what kinds of resources they access, which is often dependent on the experience of the worker or the supervisor involved. This also means, I'm learning, that you can have a family with the same issue be treated vastly different depending on where they live in Alberta and what, I guess I'd say, the financial picture is of the particular region that they're in, where they're living. This means that the same family might get counselling in one region but not in another.

I've already mentioned youth being placed in hotels, and I know that that's a priority concern for you too.

The other thing that I've learned in my discussions is the instability with contracted services and the impact that has on outcomes for children and families, because these contracted services have often been retendered or cancelled or reassessed as a means to save money. I think regions that maybe have been coming under deficit might play around with these contracts to save money, which, obviously, has an impact on the outcomes. We don't have information disclosure on the nature of these contracts, and I'm wondering: what is the criteria for tendering and then reassessing, et cetera? I think that's an issue that needs to be looked at.

5:10

I believe that there's no true understanding or commitment to provide the resources required to implement the new casework model. I'm hopeful that we're going to learn a lot from these

champion sites and that what will happen is what you said, that you will judge from that experience what the needs are and provide the adequate resources so that the other areas will benefit from that experience of the champion sites.

The other concern I have is the hesitation by regions sometimes to fill vacancies until after a fiscal year as a way to balance the books. I'm hearing about this. That has an obvious impact on children and families.

Here's another one. I don't see a discernable difference on the front line related to cross-ministry initiatives aimed at improving outcomes for children and families, particularly services to children with mental health issues. I believe that we need to do a lot more work there with cross-ministry training and sharing of resources than we do now. I think sometimes the problem is: who's going to pay for this service? But for the family that's in distress, that has the need, being shunted from pillar to post is not helpful. I think it probably just escalates the problems.

Because of the workload I think that we're losing out in terms of the community development or prevention work that many social workers would like to do. Again, I'm glad to hear that you're looking at more front-line workers.

The FSCD program I believe has been overworked and is operating in crisis mode. It seems to me that often they're in the position to provide the funds for families with children with disabilities, but there are no services for them to purchase with the financial support provided. Again this goes to the issue of setting targets and that targets not be the driver of how decisions get made concerning how and what kinds of services are delivered to children and families.

An area that, again, I want to bring attention to within the response system with children and families is the co-ordination of services. I think the current enhancement provisions encourage improved co-ordination of services, but I think huge efficiencies and improvements to response can be made simply by ensuring that all the agencies funded by the provincial government are working together, are monitored regarding these goals, are evaluated, and then appropriate adjustments made. We have many government-funded agencies, programs, and nonprofits whose reason for being is to support children and families, and wouldn't it be wonderful if we could be sure that they're all working co-operatively together, that there's good liaison and understanding of the roles and how they can work together? I'm hearing that before 1994 front-line staff and managers felt encouraged to bring forward systems issues for ongoing review and improvements.

The Chair: The hon. minister.

Ms Tarchuk: Great. Thanks. I just wanted to make a couple of comments. I'll take note of your comments about PCHIP training and take a look at that in rural Alberta.

Some of your questions regarding historical organizational change I don't have much information on. I can say that in my own observation, not just in this period as minister but previously, watching past ministers, this is a department that always represents change but I think for a very good reason. When you make the comment, you know, "Tell us: how does change benefit us?" I think there are lots. The ones that come to mind right away to me are things like the Alberta response model, the case practice model, the enhance act, that whole focus to offer supports to families before they reach crisis. We're seeing such great outcomes from that. I know that with the case practice model on the 13 sites I've heard great feedback from staff, and I'm hoping in the next couple of months, actually, to have an opportunity – they'll have been in place

a couple of months more – to get some concrete examples. But it's pretty positive out there.

All of our strategic plans. When you take a look at the FASD initiative or family violence and bullying, they're recognized across the country as some of the best. So I'm actually quite proud of many of these cross-ministry initiatives that we have. Now being in this position for a couple of months, I've had the opportunity to talk to other ministers. They use Alberta as an example all the time clear across this country. It's a great way to get a perspective from somewhere else, but it's been very enlightening and, actually, kind of rewarding to have all of these other provinces coming here to learn from our programs. So I would just make that comment on this ever-changing environment that we have.

The other comments that you made about staffing agencies: again, I'll be meeting with that organization, and I can use that as valuable information.

I just want to talk about FSCD for a minute. I took from your comments that our programs are based on targets. I would like to say that they're actually based on assessment and not on targets, and anything that I've heard or been part of, that's exactly how it does operate. I want for the record just to make a couple of comments about the program. We are looking at a 7 per cent increase. We think that should accommodate the rate of growth that we'll see in this program. But one of the value statements I want to say: we all know that raising a child with a disability can be very challenging, and I'm so proud to be in a province where we believe that these families need and deserve our support.

Again, it's one of those areas that I hear right across the country, that people use this program as an example. They talk about it being one that has a wide range of services, multidisciplinary approach, as well as we're the only jurisdiction to recognize the needs of children within legislation. But the thing that I hear most often is that our program is not based on labelling but based on assessment. It's based on needs, family strengths, family engagement.

So if you want to continue.

The Chair: The hon. Member for Edmonton-Mill Woods.

Mrs. Mather: How much time?

The Chair: There are still two minutes, so you have another 10 minutes if you wish right now.

Mrs. Mather: Okay. Yes. Boy, you've answered some of my questions really well, and I appreciate that. I've sort of got stuff all over the place here right now. One of the things I'd like to talk about is the housing issue, just to bring it to attention that I'm certainly aware that there are families with children that are unable to find affordable housing right now. Along with the transitional housing and second-stage issue, I'm very concerned about that. I'm wondering if the department has any statistics on this. Is there any way that this department can help with that issue? It's a very great one.

[Mr. Shariff in the chair]

Another thing that I hope I can just mention briefly is worker safety. I talked about this at one time during question period. It seems to me that sometimes social workers are expected to go into homes alone, with limited access to information, perhaps, that sometimes turns out to be that the parents have assaulted police before or, worse, that there might be firearms present. Police don't go into homes unless there is more than one of them. I am con-

cerned about that. Where is the responsibility in terms of, you know, worker safety and protection? I think the workers who work for contracted agencies across this province may be even more at risk, as they often provide more direct service and act in a bigger vacuum of information. So that's one of the other things that I'd like to bring to your attention.

5:20

I know that the Alberta response model has been touted as having many positive aspects and that it's actually, apparently, helped in reducing caseloads. That's a positive outcome, perhaps, for saving budget, but I'm wondering: what is the measure for safety, for well-being, for permanence of our children, youth, and families? Of course, those should be the measures that we would be most concerned about, not the reduction of caseloads. Children's Services manuals speak to the importance of safety and well-being, but I'm wondering: are we enabling the staff to actually pursue this in many cases? I think that in order to meet deadlines, sometimes front-line workers are feeling pressured to return children to environments that may not be as safe as they would like.

So, again, I think this all has to do with the front-line complexity of tasks and the need for more resources to support them so that we don't have superficial involvement. I believe, like you've said, that every individual that chooses this career, it's a calling for them. They want to do their best for the children, and sometimes I believe there is distress because they go home at night thinking: "I didn't do enough. I couldn't. I didn't have enough time. I didn't get to that file that I should have." So I can't emphasize enough that I am hearing over and over again of the need to provide adequate resources and supports for our front-line workers.

I feel committed to trying to improve our response to all of these vulnerable children and their families. I don't believe that it's necessary to dump huge amounts of money, perhaps. It's more a matter of maintaining the focus on the needs of our vulnerable children and families and being clear about what outcomes are important and evaluating all of the programs that deliver services to meet those outcomes. Then we make adjustments to these programs and monitor whether they deliver and make the regular adjustments as necessary.

There are many positives within Children's Services. I think we do have a lot to be proud of. The thing is that when you're better, you're expected to keep being better. I want to see that happen. I'm delighted to hear that you're looking carefully at the champion sites and that that will be a learning experience that will result in the basis for decisions in providing adequate resources for continued good success.

I'll leave it at that.

The Deputy Chair: The hon. minister.

Ms Tarchuk: Thank you. Just a couple of comments. Talking about the kind of indicators that we would need to show that the work or the enhancement is going in the right direction, I think two important results are that 22 per cent of our kids do not need protection services – that's dropped dramatically – and 82 per cent that receive intervention services do not need protection services within a year. So the numbers are quite dramatic, and one of the reasons why the federal government was so interested in coming in and duplicating both the Alberta response model and activating for fully implementing or complying with the enhancement act on our reserves was because of these kinds of figures. Pretty dramatic.

The comment about affordable housing: we don't, outside of offering emergent housing when someone is in a risky situation

or their safety is at risk, particularly with children. Outside of that, we don't.

In some ways I think that we are heavily involved from a whole different angle. When I think about this department, one of the things I'm most pleased about is that it's a pretty significant department in terms of budget. You've got close to a billion dollars. The part that's really exciting: half of it is going into protection services and the other half you had mentioned at the start, all of that really exciting prevention. I'm glad that we as a province value making sure that we have the supports for those that need it but, equally as important, place value on preventing those kinds of circumstances.

The affordable housing issue ties into a much broader issue, which is the booming economy. An added concern, and one that we can pay attention to, is the growth in this province and all of these newcomers. What are they bringing with them? You know, we hear quite often what they're not bringing with them in terms of hospitals, schools, and all of that stuff. What I pay attention to is what are they not bringing? They're not bringing family members, and they're not bringing a social system.

I see that one of the best things we can do on the preventative side of this portfolio is really trying to connect these new Albertans as quickly as possible with their new communities. I see that we are doing that in a number of ways. It starts with the FCSS funding. It starts with parent link centres so they can connect with other parents, get information. I'm very proud of all of our websites, the helplines that we have. There's just no end to the things, and to me they are equally as important as anything else that we do. A little unrelated to affordable housing; however, if you connect them to the communities, you can connect them to the supports, you connect them to the information. It all leads to helping in the other area.

I think that was the last question. Like I said, if we've missed anything, we will get more information to you.

Energy

Children's Services

The Deputy Chair: The hon. Member for Cardston-Taber-Warner.

Mr. Hinman: Thank you, Mr. Chairman. It's a pleasure to rise and to ask a few questions of the Minister of Finance. I imagine it will just be written down and responded to in writing.

The Deputy Chair: Hon. member, today we are dealing with Energy and Children's Services.

Mr. Hinman: Energy. Thank you. I'm looking at the finances, but it is on Energy. So thank you. To start off, though, Mr. Chairman, this income that Albertans enjoy because of our energy here is astounding, and we need to probably be the most careful with where our biggest focus is. I've always had the lesson that if you were to drop a whole bunch of money – and we used to have thousand dollar bills here in the country – you'd go after the big ones first; you wouldn't worry about the dollar bills. With that thought in mind, I'm trying to look at the big picture, realizing you only have a few minutes and limited in the questions that we can ask.

I want to start and address the problem with the surface rights versus the mineral rights that's going on in the province and to ask the minister: with the EUB the previous Minister of Energy discussed and felt that it was a viable concern to have surface rights people that were actually part of the EUB, that would have a fairer reflection on some of the decisions that are made there. What happens, Mr. Chairman, is that too often because only one side of

the industry is there, there isn't the co-operation that could and should be there.

I'll give an example. You might have three different mineral rights owners in a given area in a plot that's been up. They've each got their own wells, and they've been successful. Rather than having the EUB saying, "Look, come up with a scheme or a plan that's going to be beneficial to this area," they say, "Well, you have a right to export."

A person with the surface rights often has to contend with two or three pipelines crossing his land. It's something that I feel like we need to move ahead in this century and realize that we should do a better job of managing how we collect or develop new areas as we go in there, rather than just going with the old status quo, that while you're first in, you build your pipeline, someone else builds one, and we don't get the big picture. We really need to address that.

5:30

Everyone seems to think that we don't have enough money for anything. I'm definitely short on staff for doing the research, so I'll ask a few questions that might have simple answers. But Albertans ask me these questions, so it'd be great to have the answers.

Quite often when it comes to natural gas, we see them putting up compressors and sucking the natural gas out when it's from a common pool. The question that I have is: if they're running those compressors and sucking out the gas, that there's a royalty for Albertans, are they being charged for running those compressors, or do they get to run that at Albertans' expense for their profit? I think we really need to address that.

It goes with the same question that I'm not clear yet with Fort McMurray and the amount of gas that's being used there to extract the bitumen. Do we get our royalty on all of that gas that's being burned, or is there some sort of incentive or privilege that they get in order to burn that gas to extract the bitumen? So very concerned on that aspect and how it works.

We get a lot of wells that are drilled down in the south, but they're not viable for putting in a pipeline to extract that gas because of the cost of a pipeline. There are a few things that people have asked me about: could we not put in compressor stations, use that gas to compress it, be able to utilize it in the farming or agricultural industry or other areas, and have it reasonably priced? We're not using the cost of the gas to compress it, which is prohibitive on the current market.

Another question is: could it be used locally and change our situation? For example, if it's in a remote area that isn't viable to tie in with a pipeline, could we look at doing such things as setting up greenhouses and trying to, I guess, be more self-sufficient here in the province and grow more vegetables and other things that we could in a greenhouse environment if, in fact, we have these large, vast amounts of gas reserves, yet they're not economically viable enough to put in pipelines? Could we not look at ways of being able to allow utilizing the full product and value-add to it in the way of, whether it's greenhouses or perhaps, like I say, compressing it and allowing it to be used on farm equipment or whatever else is in those areas?

Another question that is often brought up by the surface rights people is if there shouldn't be some sort of situation where when mineral rights are coming up, the surface rights people should be contacted and let them know that this bid is coming up. Quite often they want to protect their home quarter or maybe their home section, and if they actually knew that that was coming up, they might put that bid in and not have to go through all of the fight and the struggle to protect their home land, which they feel is important. When the royalties often go very cheap and speculative, they could afford that,

but they often don't know, and they don't have the time to be watching for when that happens.

To go a step further on these mineral rights and the auctions that we have on them, this government continues to talk about value-added and saying that it's an important aspect of the development in here. There was a report that came out – I believe it was by the Pembina Institute – that questioned the vast amount of land that's being put up when we don't have the capacity to develop it. The next question is: should we maybe be holding some of this back in reserve to develop it when we have better technology or put it up for bid on the fact that there's a moratorium on the old technology? But if you can be innovative – whether that's biological, maybe it's nuclear that's going to be the answer, or some other new technique for extracting the bitumen – at that point then we'd allow it to go forward.

It's interesting to me that the government talks about putting this land up and that it needs to be available. Yet in the Fort McMurray area they won't put the land up, which they own, for people to buy to build houses on and have created a shortage there in the boom, but they put all of this other land out for oil sands to an already overheated economy. We don't have enough workers to build and develop, yet they put it out there. So many people ask me that and question: do we have our priorities right in doing that?

Another question is that often in sustainable resources when they put up forestry for auction, there's a condition that it must be developed locally. So I'd ask the question: should this be a condition on further oil sands, that it has to be developed locally? I'd like to know the where we're at with the line 4 extension that's going to connect Fort McMurray all the way down to Texas, if that's a go-ahead or, because they say that they're going to value-add, if maybe the brakes are putting on there.

Like I say, most importantly, if in fact they're going to put up, how many acres are going up in the future that have not been leased out yet or that are going to be renewed? If we can't put a contract on there or a condition on those contracts that they need to develop it locally – it seems like an excellent idea. I don't think that we need to try and sell it all in the next 10 or 15 years. If we could extend this development out to the benefit of Albertans and to, I believe, the corporations as well as, to do it maybe at a steady and constant rate instead of just the mad rush that we're currently involved in.

Going over to electricity, some other areas that I often have people ask me questions on are net metering. People want to be innovative, want to use green technology, perhaps put up a windmill, yet it's prohibitive. It just seems like if we really want to move forward, we should be looking at that a great deal. One of the areas that perhaps we have the greatest potential – and it's been brought up several times today – is hydroelectricity. Should we be looking at building those dams to be able to store our water but then be able to let it go through and develop the electricity that we need throughout the province? It's something that, I guess, I'd like to know what the minister's long-term goal is on that and if they're really seriously looking at hydroelectricity and the value that it would add to the province.

The question with windmills: there's the debate on whether there's a cap or not. I think if he could clarify the conditions: you know, are windmills allowed to come on stream, or do they have to have the offset to be able to power up the grid when the wind stops? It seems to be a concern. There's one area, truly conservative values, when it comes to wind power, and I think we could be a little bit more liberal perhaps on that.

The Deputy Chair: Would any other members like to participate? The hon. Member for Edmonton-Mill Woods.

Mrs. Mather: Thank you, Mr. Chairman. I do have some questions that I wasn't able to finish during the allotted time. A few are related to the children's advocate. In other provinces the children's advocate role has been expanded, and it includes monitoring and offering constructive suggestions regarding how the system can be more accommodating to children and youth. I'm wondering if our Children's Services minister has any thoughts about a similar expanded role that I believe could improve the child welfare system in Alberta. Are there any plans to expand the role of Alberta's advocate?

The 2005-2006 Child and Youth Advocate annual report has not yet been released, and I would like to know what has caused that delay and when the report will be issued.

Finally, just a couple of miscellaneous questions. The minister's office is receiving a budget increase of \$85 million. That's a 28 per cent increase from last year's budget. I'm wondering: what is the cause of this increase, and how will the increase improve services to children?

The deputy minister's office has received a big budget increase this year. Funding was increased by \$190 million, a 49 per cent increase. What is the cause of this increase, and how will this increase improve services to children, which is the mandate, which is the most important consideration for this department?

Thank you.

The Deputy Chair: Hon. Member for Cardston-Taber-Warner, we have about four or five minutes, I guess, if you would like to participate still.

Mr. Hinman: Thank you. I didn't think I was going to get a chance, so I've got to get my thoughts back in here now, where I left off. We were talking a little bit about electricity and the need for net metering. I'm wondering if the Minister of Energy or this government has been looking at having a policy. They realized, you know, 15, 20 years ago that in order to develop the oil sands, there was a necessity to put in some good incentives.

5:40

Many Albertans that I talked to would really love to see incentives – they'd have to be of a different nature because there isn't royalty on them – for such things as windmill or geothermal, solar or the different types of biogas. It just seems like it would be a huge benefit if Albertans could actually in some way raise the capital in a way much like they do for the mineral exploration, with flow-through shares or something like that, where people could write off that capital to be put into green programs and not be taxed. I'm wondering if the minister has addressed or looked at any of those options in trying to kick-start, perhaps, more green energy here in the province. It would be of great value if we were to change our current way of thinking, that's just solely around oil and gas, and look at the good incentives that are there, look to see what ways we can enhance it for other areas of energy, whatever they might be, that we find are environmentally friendly.

As I was speaking earlier, the government continues to talk about value maximization. The biggest concern that Albertans are sharing with me is how fast we are developing these things. So once again I would ask: could we perhaps slow it down or put conditions on these different developments, that they're to be done in an environmental way or an innovative way so that we're going to get better value out of it? The big concern is how much we are shipping out of the province versus developing it here. It would be a huge benefit if we were to do that.

There's quite a bit of interest in the biogas industry. I know that we had one company come in here looking at cellulose. I'm

wondering if they're looking at putting in some better incentives again so that they could fully upgrade or looking at capital expenses to get these plants up, that would be to the benefit of all Albertans.

The other thing, too, is that with the electricity there's a lot of talk about being able to bury the lines and the expense of doing that. Are those areas where perhaps we could have some innovation and tax incentives that would allow corporations to bury them? It's a huge problem with the corridors.

Are they going to do something and be proactive finally, after all of the fighting that's going on with these different power lines, to get up some power corridors that people know are there? They're planned out 20 years in the future, and you're not buying a nice little piece of property or have been there a long time only to find out that there's going to be a hearing because some corporation wants to put a line through your property. The people that I talked to in rural Alberta really, really want to have some long-range planning and know what the plans are to meet the needs of these power lines that they say need to go in. Like I say, is it something that we could look at putting in some tax incentives to bring the technology to bury these power lines? I've seen some very interesting numbers on DC power and the ability that we have to transmit it over long distances now.

I'll let the minister answer those. Thank you.

The Deputy Chair: I hesitate to interrupt the hon. Member for Cardston-Taber-Warner, but pursuant to Standing Order 59.02(9)(a) the Committee of Supply shall now rise and report progress.

[Mr. Shariff in the chair]

The Acting Speaker: The hon. Member for Drayton Valley-Calmar.

Rev. Abbott: Well, thank you, Mr. Speaker. The Committee of Supply has had under consideration certain resolutions for the departments of Energy and Children's Services relating to the 2007-08 government estimates for the general revenue fund and lottery fund for the fiscal year ending March 31, 2008, reports progress, and requests leave to sit again.

The Acting Speaker: Does the Assembly concur in the report?

Hon. Members: Concur.

The Acting Speaker: Opposed? So ordered.

Hon. members, before I recognize the President of the Treasury Board, may we briefly revert to Tabling Returns and Reports?

[Unanimous consent granted]

head: **Tabling Returns and Reports**
(*reversion*)

The Acting Speaker: Apparently, there was a matter earlier in the day when the Speaker asked the Member for Edmonton-Highlands-Norwood to table some material, and the hon. Member for Edmonton-Mill Woods would like to table on his behalf. Is that agreeable?

Hon. Members: Agreed.

The Acting Speaker: The hon. Member for Edmonton-Mill Woods on behalf of the hon. Member for Edmonton-Highlands-Norwood.

Mrs. Mather: Thank you, Mr. Speaker. I'm pleased to table a letter

from Doreen Fiddler, who is a resident of Emily Manor in Edmonton, Alberta. She is being told that the rent for her suite in Emily Manor is to increase by \$1,000.

head: **Government Bills and Orders**
Second Reading

Bill 34

Tenancies Statutes Amendment Act, 2007

The Acting Speaker: The President of the Treasury Board.

Mr. Snelgrove: Thank you, Mr. Speaker. I'm pleased to move second reading of Bill 34, the Tenancies Statutes Amendment Act, 2007.

Bill 34 is an omnibus bill that amends the Residential Tenancies Act and the Mobile Home Sites Tenancies Act in order to respond to the recommendations of the Affordable Housing Task Force. Both acts are being amended to provide regulation-making authority to modify the notice period set out in part 1 of the acts, allow a provision in the act to be stipulated as an offence, allow a regulation to come into force retroactively, allow regulation of any other matter considered necessary to carry out the intent of the acts.

The Residential Tenancies Act is being amended to expand the regulation-making authority to regulate the frequency of rent increases for fixed-term tenancies, allow the regulation to clarify that the amount of time referred to is from the start of the tenancy or the last rent increase, whichever is later, make it an offence for landlords who do not comply with the notice period for condominium conversions, with a fine of up to \$5,000 per unit.

The Mobile Home Sites Tenancies Act is being amended to provide regulation-making authority to modify the frequency of rent increases for periodic tenancies set out in the act and regulate the frequency of rent increases for fixed-term tenancies and make it an offence not to comply with the notice period for condominium conversions or conversions for other land uses, with a fine up to \$5,000 per unit.

The above amendments will modify the offence provisions of both acts and enable the government to deal with the rent stabilization and condominium conversions as set out by the Affordable Housing Task Force.

Mr. Speaker, I'd like to adjourn debate.

[Motion to adjourn debate carried]

Bill 33

Town of Bashaw and Village of Ferintosh
Water Authorization Act

The Acting Speaker: The hon. Member for Lacombe-Ponoka.

Mr. Prins: Thank you, Mr. Speaker. I rise today to address a serious situation in rural Alberta. I'll be moving the second reading of Bill 33.

For many years the village of Ferintosh has been suffering with water quality issues and from severe water supply shortages in the summer months. Currently their water is obtained entirely from aquifers in the Middle Horseshoe Canyon, a formation which is in the Ferintosh area of predominantly coal and sandstone beds. However, these wells haven't been able to supply the village's needs. As a temporary measure they have been forced to truck treated water in from the town of Bashaw. Obviously, trucking water is not a feasible or long-term solution. That's why Ferintosh has applied for an interbasin transfer of this treated water.

Mr. Speaker, by allowing this interbasin transfer from Bashaw, that currently provides Ferintosh with treated, trucked-in water, the water needs of both communities will still be adequately met. Because both communities are drawing water from the same geological formation and the transferred water will be treated water, there's little risk of significant environmental impacts. In fact, the only reason this transfer requires a special act is because these two municipalities are in two different river basins, even though in reality this transfer is taking groundwater from the same geological formation, the Middle Horseshoe Canyon formation. Given the stringent nature of our Water Act, interbasin transfers, even if the water is coming from the same geological formation, require special approval from the Legislature.

Interbasin transfers also require thorough scientific studies and public consultation prior to being brought to this Assembly. Mr. Speaker, Ferintosh has done all of that. Their best solution is what we see before us in Bill 33. Without this transfer Ferintosh will run out of water and potentially slowly dry up. I urge all members to support Bill 33.

5:50

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

Mr. MacDonald: Yes. Thank you very much, Mr. Speaker. It's with pleasure that I rise to participate in the debate this afternoon on Bill 33, the Town of Bashaw and Village of Ferintosh Water Authorization Act. I listened with a great deal of interest to the hon. member when he introduced this bill this afternoon, and certainly it's not the first time in the recent memory of this House that we've had a similar piece of legislation. In fact, I think we've had two pieces of legislation previous to this where we were requesting an interbasin transfer of water.

Certainly, it is interesting whenever we talk about the Horseshoe Canyon and the aquifer and the fact that there doesn't appear to be sufficient water anymore, the fact that one of these areas had water trucked in. Unfortunately, Mr. Speaker, it's not going to be the last time that we're going to have to deal with a matter such as this. We've gone through this in the past with the whole argument of an interbasin transfer. Whenever we look at the development of coal-bed methane and we're proceeding along with the development – I think if it was well managed, it would be one thing, but we seem to be proceeding along at what some would say is a reckless pace of development. Hopefully, in the course of the debate on Bill 33 we will determine if the drilling into the Horseshoe Canyon of any coal-bed methane wells has had an effect on the water supply not only for the village of Ferintosh but also the town of Bashaw.

There are significant water transfers already happening in central Alberta. I know there are others that are planned. There is a grand plan for an area to the east of Bashaw. I don't know how that will work. Water and water transfers is a contentious issue. How contentious is it, Mr. Speaker? Well, we look at the Balzac situation, and certainly we have the promoters of the Balzac development. They're looking at Drumheller as a source of water, or they were. Originally it was from Calgary. They were within a half a kilometre, I think, of a line of potable water going from Calgary north to Airdrie, or half a kilometre away.

They could not get that water. I don't know what happened. That's an issue between the government and the city of Calgary. One of the solutions was to go east to Drumheller and pump and pipe the water back to the racetrack in Balzac, and it's at consider-

able expense. This government has already spent close to \$8 million supporting that project. It's been discussed at great length in question period, and I think it will be discussed at even greater length. I understand the project is in freeze-frame mode right now. It's not going ahead until the whole issue is resolved.

That is one example of how contentious water or the source of water can be. Certainly, the former Member for Lacombe-Ponoka, as I recall, sponsored a similar bill, and it was for potable water for different municipal districts. Now, will any of this water be used for purposes other than what is stated in the bill?

Again, to the hon. member who is sponsoring this bill, am I safe in assuming that none of the water that will be involved in this transfer will be used for enhanced oil recovery, that none of it will be used for agricultural purposes such as racetracks? I did not know that these thoroughbred racehorses were that thirsty, but certainly it's in the hundreds of thousands of cubic metres annually that will be needed to satisfy the needs of the shopping centre and the racetrack and the horses that are going to run on the track. Specifically to this bill, can we be guaranteed that this water is for the routine purposes of the village and the town and that none of it will be used for intensive livestock operations or enhanced oil recovery? If I could have those questions answered in due course of the debate, I would be very, very grateful.

Now, also, when we look at this and we look at the amount of water that's to be transferred between the South Saskatchewan River basin and the North Saskatchewan River basin, an amount not to exceed 55.8 cubic decametres annually, how much currently is being used? What's the rate of consumption in both Bashaw and Ferintosh right now? What's the water consumption now in decametres on an annual basis? Is this adequate, or is this more than double their needs?

We talked a little earlier about the number of cubic metres that are needed in Balzac. I don't know whether I'll see it or not, but sometimes I think I'm going to be able to go to that racetrack in Balzac. There'll be an interchange off highway 2. I can guarantee that. I'll be able to cruise down there south on highway 2 and just make a turn and go on an overpass and I'll be in Balzac. Highway 2, or the Queen Elizabeth highway, will be crowded, Mr. Speaker, with Albertans who are going to enjoy the latest race. It'll be called the Balzac boogie, and there'll be thoroughbreds from all over the world coming for the big purse at the Balzac boogie, and win or lose those thoroughbreds will be guaranteed a bucket of water. I don't think a glass would satisfy them. After they go around that track once or twice, it's going to be a bucket or two of water to satisfy them, and people will note with interest the history of that water and its source.

Now, it's possible that it could come at some point from the Bow River. I don't know. It possibly could come from the Red Deer River. It's hard to say. But when we think of that and we think of the issues around the water . . .

The Acting Speaker: Hon. members, the clock is striking 6, and before I call for adjournment, I just want to remind everyone that this weekend there's going to be a model parliament being held in this Assembly. So, please, everyone, remove your laptops and any paperwork on top of your desk.

Hon. members, the House stands adjourned until 1 p.m. on Monday.

[The Assembly adjourned at 6 p.m.]