

Legislative Assembly of Alberta

Title: **Tuesday, May 29, 2007**

7:00 p.m.

Date: 07/05/29

head: **Committee of Supply**

[Mr. Marz in the chair]

The Chair: Good evening, hon. members and officials. I'd like to call the Committee of Supply to order.

head: **Main Estimates 2007-08**

The Chair: The committee has for consideration this evening the budget estimates of the departments of Service Alberta, Finance, and Environment. The chair has been informed that an hour has been allocated for each department.

I invite the hon. Minister of Service Alberta and President of the head: Treasury Board to make your opening comments.

Service Alberta

Mr. Snelgrove: Thank you so much, Mr. Chairman. I want to welcome all of my colleagues here tonight. It's an honour to be able to present to the Leg. the Ministry of Service Alberta. I would like to introduce for the record our staff here, that I've enjoyed to get to know in the past several months. Paul Pellis is the Deputy Minister of Service Alberta. Shirley Howe is the public service commissioner in the personnel administration office. Brian Fischer snuck in under the name of Brian Fischer. Brian is our assistant deputy minister of financial services. Cathryn Landreth is our assistant deputy minister of business services, Service Alberta. Tom Thackeray I'm sure used a different name to sneak in, but Tom is the assistant deputy minister of information services, Service Alberta. Dennis Mudryk, wearing that lovely tie in the second row there, is assistant deputy minister of technology services, Services Alberta. Laurie Beveridge, sitting directly behind me, is assistant deputy minister of registries, then Mary Anne Wilkinson, assistant commissioner of corporate human resource development, and my executive assistant and my boss in the stands, Dwight Dibben and Cathy Kiss.

Since everyone is here, we'll begin. Service Alberta's vision is one government, one employer, one enterprise driving innovation and excellence in service delivery. As we work to achieve this vision, the ministry has 1,855 full-time equivalent employees, who develop and deliver services and programs across Alberta and across government. Service Alberta includes the functions of the former ministries of government services and restructuring and government efficiencies. It also encompasses the personnel administration office.

PAO's vision is Alberta's public service proudly working together to build a stronger province for current and future generations. In support of this vision the PAO collaborates with ministries across government to develop corporate human resource frameworks that assist ministries in attracting, developing, and engaging employees.

The estimates I present today will be for both areas of the ministries. However, Mr. Chairman, as the opposition were not able to question the Treasury Board because of things, we're certainly open to questions about Treasury Board.

Service Alberta has a wide range of responsibilities that support to some extent all of the government's five priorities. To a great extent the work of the ministries is helping government manage growth pressures and improve the quality of life for Albertans. As Minister of Service Alberta my specific priorities as outlined by the Premier are to continue the public service renewal initiatives, which

include addressing the impacts of an aging workforce and strengthening the public services support to elected officials and developing policy; develop a plan for innovative approaches to improve service delivery to Albertans in a variety of ways: in person, by phone, or through the Internet; and accelerate the implementation of a corporate approach to information management and information technology.

Service Alberta's business plan outlines goals for Service Alberta and the PAO that link closely with the priorities assigned to me by the Premier as well as the government's five priorities. The business plan can best describe the work of our ministry through our three core business. First, the ministry provides services to Albertans. These registry and consumer services include registering a car or a house or starting a business. Service Alberta processes more than 17.5 million transactions each year on behalf of Alberta consumers and businesses. The ministry also ensures freedom of information and privacy, and we maximize consumer protection through the marketplace awareness initiative, a ministerial contact centre for enquiries and complaints, and regular reviews of business trends and marketplace practices.

Our second core business is providing services to government. Service Alberta provides corporate and shared services to ministries in a standardized efficient and effective manner. For example, Service Alberta is responsible for the timely delivery of over 22 million pieces of mail each year, and every year the ministry handles the photocopying of more than 39 million documents; 38 million of them are in my office. The ministry works collaboratively across the government to improve the ability of the departments to deliver government programs and services, reducing duplication of services and ultimately better serving the public.

The personnel administration office delivers the department's third core business: develop and promote effective human resource management. It is important that we position our public service to continue doing excellent work as they develop and deliver high-quality programs and services to Albertans. It's not always easy. Our government faces similar challenges as other employers in Alberta in attracting and retaining skilled and knowledgeable employees in a highly competitive labour market. The PAO is building a strong public service by developing and implementing progressive resource strategies, helping to ensure our public service continues to be one of the best in the world.

Service Alberta is structured to help the department accomplish these goals. For the estimates to achieve my mandate and our business plan goals, the ministry needs adequate government investment.

I will now outline the funding we require as I present the ministry's estimates for the '07-08 fiscal year. The overall amount to be voted on for expenses and equipment and inventory purchases is \$383,147,000, as noted on page 297 of the government estimates. Of the overall estimates \$13,762,000 is for the ministry support services. This includes funding for the minister's office, the deputy minister's office, and corporate services.

The estimated budget for the ministry's first core business, Service Alberta, is \$63,580,000. This funding will support registries, which includes land titles, motor vehicles, and other registry services. It also supports consumer services, which include consumer awareness and advocacy and the Utilities Consumer Advocate.

The ministry's second core business is service to government. The estimate for this is \$244,854,000, which will help Service Alberta continue providing efficient and effective services to other government ministries. A key program area is business service, which includes such things as mail and courier service, records

management, payment to vendors and to our employees, air transportation, and vehicle service. The second program area is technology services. This program includes funding for the data centre operations software licences, the running of the SuperNet, and support and security of government computers.

The personnel administration office. This year's estimated budget for the personnel administration office is \$20,140,000. The funding will support government efforts to attract talented people to the public service. Some of this funding will enhance the employee assistance program, a program that assists employees experiencing emotional difficulties in their personal or work lives. The funding will also be invested in continuous learning and development opportunities for employees. The funding will support building leadership capacity, and it will help the ministry provide employees with a healthy and rewarding workplace.

These are the 2007-2008 estimates for Service Alberta. The estimates you will be voting on will support us in our overarching goal to achieve service excellence within and outside of government.

Mr. Chairman, that concludes my formal introduction. I would just say before we start that probably one of the areas we really want to focus on, hon. member, is making sure that the government is brought into one domain, that our computer systems are what any good corporate business would look at as the ability to communicate very quickly with each other, that we're providing Albertans with that opportunity to communicate with us. That has been a priority also. We are very cognizant of the fact that our workforce is aging, and the retirement numbers are very close. It's going to be difficult, but that has certainly been a priority of Shirley. Some of those things we recognize are being faced everywhere, but certainly in the government it's growing and also has an aging workforce.

So with that, we look forward to the questions, and we'll do as best we can.

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

Mr. R. Miller: Thank you very much, Mr. Chairman. It's my pleasure to participate this evening in supply estimates for Service Alberta and, as the minister has outlined, Treasury Board.

I, too, have an introduction to make. It won't take quite as long as the minister's did. It is sort of a historic evening; not only does the minister have officials on the floor with him, but members of the opposition, as you know, Mr. Chairman, are invited to bring officials down as well. I'm pleased to introduce David Kincade, who has been my researcher since day one of my time in this Assembly. I'm probably one of the luckiest Liberal MLAs in that I've managed to work with the same researcher since the beginning. Dave, it's a pleasure to have you here.

The minister has kindly offered to answer some questions or at least receive questions on Treasury Board even though that's not listed on the agenda for this evening. I do have a few quick questions on Treasury Board, so we'll go there first, if it's all right, and then move to Service Alberta. On page 385 of the estimates in the Treasury Board department there are just a number of things that caught my eye, the first being the budget for the office of the internal auditor. I note that the amount that's been requested is nearly \$5 million this year. That's gone up from approximately \$2 million two years ago. So in a period of two years, we've seen a dramatic increase in the budget for that office.

7:10

You'll know that the Official Opposition expressed a great deal of concern last year with Bill 20 that the records of that office are now locked away for 15 years. I have a concern that not only are we not

able to access documents from that office for such a long period of time, but now we're spending ever more money to operate that office. I would ask the minister, I suppose, then, if he could outline why the dramatic increase in the budget for that office.

Likewise, the office of the Controller is showing an estimate this year of \$3 million compared to \$1.9 million the year previous, so a dramatic increase in spending there.

Strategic capital planning, I note, has gone from \$361,000 in '05-06 to \$2.23 million this year.

Likewise – well, actually, not likewise; this one is a little different – the alternative capital financing office, which is a new initiative, I understand, and didn't exist previously, is showing an estimate of \$1.711 million. These may well all be part of the new direction that the President of the Treasury Board has been given, but it is a lot of money and in some cases some dramatic increases. So I'd be pleased if we could hear some explanation as to the dollars that are being asked for there.

Also, I note that the full-time equivalents for staff has gone from 73 last year to 115 this year. That may well have something to do with the fact that that was a partial year, and that might explain the dramatic increase. I'm not sure if that 73 refers only to the period since the ministry was created or not, but an explanation for that would be good, too.

A couple of other things. No, I'm ready to move into Service Alberta.

Mr. Snelgrove: Can I answer the questions?

Mr. R. Miller: Absolutely. If you'd like to do that, Mr. Minister, we'll do that. Great.

Mr. Snelgrove: I may go backwards on the list. The alternative financing existed before in Infrastructure and Transportation, and the plan was that we would move the personnel from Infrastructure and Transportation into Treasury Board. Now, I can't tell you that in entirety that's what will end up happening because what we've learned from dealing with most of the rest of the world is that right now the department of infrastructure does about as good a planning on alternative financing of P3s on roads as any other entity. So if it's working in that thing, I'm not one to mess with it just because it seemed like a good idea. However, there are other opportunities coming forward to look at alternative financing that will be collected underneath there.

The strategic planning committee. I think the hon. member would even acknowledge that things are growing so quickly that it's going to take probably more timely information to be able to look after things like the Industrial Heartland growth and to co-ordinate all of the departments together. You know, with growth comes cost, and collecting the responsibility for co-ordinating all that rests with Treasury Board.

As to the cost increases in the internal auditor or as to the Controller, I'll have to look at the numbers and get back to you about where the increases come from. Whether that's simply in workload or whether it was in bringing different departments in, I don't know.

For the FTE reallocation, they came from several different departments. I think the total increase in numbers of Treasury Board from actual new is 26. I think the rest all came from existing positions within the government.

Mr. R. Miller: Thank you for those explanations, Mr. Minister. I guess the other question I have – and I know it's referenced several times in the budget documents – is the fact that the alternative

capital financing is looking at P3s, and then it mentions other alternatives. I'm quite sure that in the Speech from the Throne there was some reference to that as well. Of course, we're always curious to know what those other alternative financing methods or models might be, so I look forward to learning more about that.

I will move to questions regarding Service Alberta now. The first one I have is regarding payday loans. Of course, you've met yourself with the Canadian Payday Loan Association and other representatives from the industry, as have I, and they're anxious to see some legislation or regulations come forward that will regulate their industry. I think that in both cases members of the Canadian Payday Loan Association and independent members are for the most part looking forward to those regulations coming in as soon as possible. So I'm wondering if you might be able to update us as to where that process is. I believe you're in the consultative process right now, but I'm curious to know whether or not there is legislation or regulations coming some time soon.

Also, Mr. Minister, I believe it was probably the first set of questions I had the pleasure of asking you upon your being named as minister and acting in that capacity in question period, some questions around a \$9 service fee that Albertans pay when they pay their traffic fines online. You know, there were some, if I can call them, flippant answers during question period, but you were kind enough to provide real answers to me the next day. I appreciated that, and I think I told you that I had known the answers at the time. But I'm not completely satisfied, and those people that came to me with the questions are not yet completely satisfied with the explanation.

The concern was that there's a \$9 service fee if you pay online, as you know, but if you mail it in, there's no service fee at all. That was the discrepancy: if you show up at a registry office or if you pay online, there's a service fee. I know the constituents that have approached me certainly are understanding of the fact that there might be a fee paid if you attend a private registry office, but their thought was that an online payment should in theory be more efficient, require less staff, and thereby wouldn't require the service fee or if, in fact, there shouldn't be a service fee for all. Again, I guess what we're looking for is: why is there no service fee for mail-in yet a \$9 service fee for paying online?

On to some broader questions regarding your strategic priorities. Page 266 of the business plan talks about one of the government's five priorities, which is – well, I'm not going to read it into the record because I think the whole world knows it by now. We're talking about governing with integrity and transparency. I'm wondering, in particular, about the sentence that says that “citizens will gain further benefits through enhanced integrity and transparency of the information each ministry provides to Albertans,” whether or not that might mean that this minister would be willing to look at amendments to the Freedom of Information and Protection of Privacy Act, again, particularly as it relates to Bill 20 from last year, which garnered an awful lot of public interest. I would submit to you that had the Legislature sat a couple of weeks longer – the public protests seemed to be just growing at that time – I think that there would have been a real public outcry. I'm curious to know whether or not that's part of the ministry's plans in terms of dealing with that priority to move towards, maybe in a perfect world, reversing the effects of Bill 20, in particular as they relate to ministerial briefings and internal auditors' findings. I'm wondering whether or not the minister is planning on taking any steps to contribute to that, as I say.

On page 268 of the business plan, the performance measure 1(d): “Percentage of Albertans who are satisfied with access to Government of Alberta services and information.” The last actual that's

listed is 75 per cent, and the target for coming years is 80 per cent. I'm wondering whether or not the minister is satisfied that 80 per cent is even high enough or if that might be considered to be some sort of a failure in terms of the government providing services to Albertans. What steps, specifically, is the ministry taking to improve from 75 to 80 per cent if, in fact, that target is sufficient? Would there be improvements to the FOIP Act to accommodate Albertans' satisfaction with access to information?

7:20

If I can then jump to what is perhaps one of the favourite topics for the Official Opposition, and that would be the flight logs. In the estimates document, page 302, line 3.1.3 under Equipment/Inventory Purchases, business services, for air and vehicle services the budget for this coming year is \$25.25 million, which is an absolutely whopping increase from \$1.85 million the year before. Again, there may well be an explanation for this. Perhaps it's some budgeting that's been transferred from one of the former departments, or perhaps there's a major purchase that's taken place that I'm not aware of. I don't know if we're replacing the entire fleet of government vehicles. I know we bought two airplanes last year, so I'm going to guess that we're not buying more airplanes, but I would be curious if you could provide an explanation for that in particular.

Mr. Minister, looking at the flight logs that are now posted online, as near as I can tell, there are five airplanes in the government fleet. You may be able to correct me on that, but I did notice five different identification call signs for airplanes. One of the things that caught my eye as well is a number of charter flights that have been taking place over the last several months. I'm curious. If we've got two brand new aircraft in the fleet and at least two or three others that are operating, why we would be chartering to what appears to me to be a great extent? I mean, I could understand that if there was a plane that was down for service for a period of time, we may have to charter, but it appears to me that there's a great propensity to charter over the last couple of months. So I'm wondering if you could account for the sudden appearance of charter flights on the logs. I'm sure there's a great explanation.

On page 303 of the same estimates, line 3.1.3 talks about \$11.73 million. I'm quite sure that that was for the purchase of the two new airplanes last year. That's showing, actually, the forecast for the last business year. So \$11.73 million. I'm quite sure that that was the purchase of the two airplanes, but I just want to make sure. If you could just clarify for me that that was in fact the two new aircraft.

On page 300 of the estimates, then, if we can move to consumer awareness and protection, we have here an estimate this year of \$14.2 million, which is a 13.6 per cent increase from last year's estimates. I know in particular there was an awful lot of talk about land titles, and I don't know if land titles falls into this or not. There was certainly a great deal of concern on our side about consumer advocacy and consumer protection. In fact, our Member for Edmonton-McClung had introduced a private member's bill which would have seen a consumer advocate named. Unfortunately, that was defeated. I believe the member from either Leduc or Whitecourt-Ste. Anne – I can't remember who it is – is doing some work in that regard. Perhaps some of this extra funding is going to support that initiative.

Line 2.2.2 on the same page, 300, shows that the Utilities Consumer Advocate is this year getting \$6.66 million, a 46 per cent increase from last year. Again, I would submit that that's probably appropriate given the concern that this side has had for utilities consumer protection.

Mr. Snelgrove: Oh, where to start, where to start? Good questions and we've got good answers.

The payday loans. We had said that we would wait until the federal government got their legislation done and then we would consult with the industry. Yes, we have met with certainly one component of it, but as you know, there are the other sides of the stories. After we're done the consultation – I think the payday loan industry does need the guidelines to work with.

The \$9 service fee. The registry agents built the site to do it, so they're recovering. Nine dollars may or may not be the right amount, but you know, people do have a choice, to mail it in or to go to a courthouse. If they want to use the system, you know, it's a definite fee for a service that a private group has set up.

Bill 20, in all fairness, as much as the opposition would like to make it out to be a secret thing, was actually making documents available that would previously never, ever have been made available. Do I think Bill 20 will be revisited? No. Are we trying to get around having to make you FOIP all these things? Yes. We're trying to make this information available to you online, through ministers' offices, through the plane manifest because I don't think anybody is served by the work we put our bureaucrats through, our personnel, to try and find out information. If we can put it out there first, we're perfectly happy to do that.

We'll just go a little bit backwards, which may explain some of the things we have from the internal audit services that went from two to five. We will now have enough people to fully staff the office. It is a complement of personnel from the different ministries, and we will be doing more audits.

The controller's office went from two to three. The additional staff will perform and consolidate all of the government's financial statements, that now include the regional health authorities, school jurisdictions, postsecondary institutions, and the operation of the lobbyists registry. So there are some other things there.

The vehicle thing. Yes, we are buying vehicles. We have watched very carefully our costs for the lease and the purchase of them. The number in there, the big increase, is because we are buying vehicles. We're not buying any more airplanes. We do have four airplanes: two six-passenger, a 10-passenger, I think, and then the Dash 8, which flies up to about 40 people. We have five; one is surplus. As you know, we have sold one, and the other one will be sold too.

We do have to charter aircraft. With the small planes, particularly if we're flying ministers to any other part of Alberta, it's impractical to send the Dash 8, and with 18 ministers there are always times when there's a greater call for flights. We do have an individual who closely tries to co-ordinate ministerial travel so that we can encourage a minister that might want to go to Calgary at 2 o'clock and one at 4 to go at 3. We're working and trying to get the information to other ministers that may request a plane to say: "Look. We do have one going at this time. Would you please arrange that?" But if one is going to Grande Prairie and one is going to Fort McMurray, we can't share the plane, so we do have to charter planes.

The \$2.1 million increase in revenue of the consumer advocate is primarily due to a public awareness campaign. The consumer advocate is funded by industry, so they're certainly involved in that.

Land titles. We'll go back a little bit to customer satisfaction. Land titles from January have brought the turn-around time from 28 days down to seven working days. In all fairness, these guys and gals in there have done this, certainly, with encouragement from senior management, but a heck of a lot of it has to be pride in their work. I know that they were working nights and weekends, and I think they developed a very keen drive there to show Alberta that they knew it was a real cost and a drag. Boy, I have to tell you that I can't compliment them enough for the work that they put into it.

We get to the satisfaction we talked about back in some of the early questions. I doubt that you'll ever have a call centre or a department of government that can tell you that people that call in are 100 per cent satisfied simply because human nature is much like question period here. You may ask the same question over and over and over and just not simply like the answer. There can be an answer that you don't like, and very likely that means you're not going to like the response. So I think it's a little bit unrealistic to expect that you would have numbers – and I know that the hon. member's got enough life experience to know that in the real world if you want to ask questions that you want "yes" answers to, you can, and if you want to fool around with polls and that, you can get a higher number. Realistically, I think most business would tell you that when you're in the business of delivering, a reasonable number is probably 80 per cent. I certainly think it's something we'll try for.

7:30

The \$11 million. I can reassure you – and you're aware – that that was for the two planes. Those were ordered and bought under Infrastructure and Transportation. The deal wasn't completed until the restructuring that put the planes under our department. That's why they show up in there. I'm sure that down the road, if the government decides that we need to update or expand the fleet, then it will be a normal budgeted item.

Certainly, the demand to get to the different parts of Alberta is real. I know that it may not seem in Edmonton to be that, but we would normally drive around 80,000 kilometres a year in a vehicle. If you just take that at 100 kilometres an hour, there are another 800 hours that we've spent on the road, going here, there. I know that my good friend, an instructor at Lakeland College – his full teaching component for the year is 740 hours in front of a class. I'm sure the hon. member spends quite a bit of his time running around the country too. I can tell you that the responsibilities in some of the ministries are extreme, that if they weren't able to get an airplane, they probably couldn't do their job in the way that Albertans demand of them.

Got another batch? Let's go again.

The Chair: The hon. member.

Mr. R. Miller: Thank you very much, Mr. Chairman. Just a couple of comments in response to some of the things that the minister said. My colleague from Calgary-Mountain View would never forgive me if I didn't comment on the vehicle purchases. We hope they're hybrids – right? – not Hummers, hon. member, because I'll hear about it if they are.

As far as the land titles and the good work that your staff is doing in terms of improving that turnaround time, I was wondering if you might be able to second some of those people to the passport offices with your federal Tory cousins in the government of Canada because they could certainly use the help.

I'm sure the hon. member knows that I come from a business background. In my business 80 per cent would not be good enough, but I will readily admit that it's a little different than providing services from a government. But in private industry, 80 per cent: I wouldn't be in business very long if that was the best I could do.

I'd like to talk a little bit about registries. Page 266 of the business plan talks about providing safe and secure communities. One of the issues that we've raised in the Official Opposition in the past has to do with the privatization of registry services and the concerns that we've had about that. It's not that long ago, of course, that there was a report in the media that organized crime may have infiltrated some of the private registries in the province, and there

may have been false IDs and that sort of thing floating around out there. The questions I have would be: what steps has the government taken to ensure that employees at the private registries are not being intimidated or bribed for access to Albertans' information? How has the minister resolved the security threats that those private registries may have been faced with? Is he as concerned, I suppose, as we are that some private information may be for sale? Those would be some questions regarding registries. I'm wondering if you could tell us whether or not any private registries have actually had their security breached, and if so, how much of this year's budget would be going to address those concerns? That would be a very real concern for Albertans, I'm sure.

On page 267 of the business plan, goal 1, strategy 1.7 states: "Participate in cross-jurisdictional and inter-ministry initiatives to address identity related issues and propose amendments to legislation, policies and procedures where appropriate." I'm wondering what kind of identity-related issues we are referring to here. I just mentioned that there have been some concerns about drivers' licences and false licences. I also know that it's not that long ago – I think three years ago – when there was concern raised by the Auditor General as to the number of Alberta health care cards that might be out there. It was somewhat more than residents in the province. So whether or not that is also a part of the ministry's goal, to look at health care cards.

I've had several people suggest to me that we should crack down on the use of health care cards both within the province and, interestingly enough, externally, in other provinces. Other jurisdictions have raised concern about health care fraud, with false cards from their provinces being used out of province. I actually asked at Public Accounts when we had the health department up how carefully we investigate claims that are coming in from other provinces to verify that those cards are, in fact, legitimate. I don't know if that's what's being contemplated here or not, but I would be curious to know.

Performance measure 1(b) of the business plan, page 268, refers to the number of clients surveyed that were satisfied overall with services provided by the land titles registry. We talked about that a little bit earlier. The last actual year, '05-06, was 72 per cent, and then, of course, we know that throughout the past year, '06-07, we hit an all-time low of 52 per cent. I think that's what we were talking about, that now that's dramatically improved, but you might wish to elaborate on that a bit more.

I mentioned the land titles, I guess, the 14 per cent increase, to \$15.245 million this year. I was going to ask whether or not you believe that it's sufficient, but I'm going to guess, based on the answer you've already given, that you're probably quite happy with that.

On page 300 of the estimates, line 2.1.3, the budget for other registry services, \$13.1 million is what's shown this year, which is almost a 20 per cent increase from what was forecast for the last year. It's a significant increase, more than \$2 million up from what was needed last year. I'm wondering if you could just elaborate for us what other registry services are receiving this funding support and whether or not any additional money will go towards improving the efficiency of registry services or, for that matter, the security of registry services, as I mentioned a minute ago.

On page 302 of the estimates, line 2.1.3, equipment/inventory purchases, again for other registry services there's a fairly dramatic increase to \$1.445 million, a significant increase. That may well be for technology, i.e. computers; I don't know. I'm wondering if you can let us know and whether or not it's thought that that extra expenditure might actually improve the efficiency and effectiveness of government services to Albertans.

I know that I'm jumping around a little bit here. I hope that's not causing too much trouble for the staff. On page 300 of the estimates, line 3.1.4 is for business services, amortization and consumption of inventory. It shows \$3.419 million for this year. Again, that's a dramatic increase, 128 per cent increase from \$1.5 million the previous year, and \$1.1 million the year before. I'm just wondering if you could explain why the funding had to be doubled for that particular line item.

Then on the same page, 3.2.2, technology services, enterprise services, \$24.33 million. Again a big increase, 24 per cent increase from what was asked last year. I'm wondering if you could even tell us what enterprise services is because, offhand, I don't know. There's nearly a \$5 million increase this year over last year, so I'm curious to know what that's for.

The minister mentioned the personnel administration office and said that it would be all right if I asked a question on that, so I thought I should do so. In the business plan book, page 275, goal 2 talks about an engaged and healthy public service that is positioned to meet emerging and diverse government goals. Performance measure 2(a): percentage of employees who agree they are satisfied with their work as a government of Alberta employee. The last actual was 80 per cent, and the target for this year is 83 per cent.

7:40

Again, those numbers in private business would probably be lower than I would get away with. Perhaps in this current market that's as good as we can expect; I don't know. I'm wondering whether or not you're comfortable. You know, when we say 80 per cent, that sounds good. What that also means is that 20 per cent of the government employees might not be happy with the work that they're doing. That would be a concern for any employer, I think. I'm wondering what factors would be contributing to the 20 per cent other than growth pressures, I suppose, that the entire province is facing, and also what sorts of plans the ministry has to improve that number. Even if we're going to move from 80 to 83 per cent, which is probably a realistic goal, what sorts of initiatives are we taking to try to improve the morale of the public service?

Performance measure 2(b) talks about the percentage of employees who agree that their organization supports their work-related learning and development. The last actual was 71 per cent. Again, to me that seems a little low. I'm wondering how the ministry feels about that and what they're doing to try to improve that as well. As I said, understanding, of course, that I'm from a business background myself, I know how difficult it is in these times, but all sorts of companies across the province are providing all sorts of incentives to try to attract and retain employees and keep them happy.

I made a trip to Grande Prairie earlier this year, and I met with a number of public service employees in Grande Prairie who feel strongly that they should be given some sort of a northern allowance or a living-out allowance to recognize the increased costs of living in Grande Prairie, so that might be an example.

Mr. Snelgrove: Good questions. One that I'm really happy to talk about is the registries and, I think, the willingness of the registries to work. We're entering into discussions with them. In any system there is the opportunity for people to abuse their position. It would be probably irresponsible for me to say that it couldn't happen or it didn't happen or it wouldn't happen, but we monitor these registry offices very, very closely. We have started an initiative that will allow us to move quite quickly in a case or in an area where we find one that has used their information inappropriately.

Without trying to sound flippant, I really can't talk to you about what we know about the security of them or the breaches of them,

but I will say this: the department takes the concerns you expressed extremely seriously – I think as you would expect – and we are working to tighten up and to be able to move very quickly where there is a breach. We have probably the most secure system for drivers' licences in North America, maybe in the world.

An Hon. Member: Not the universe?

Mr. Snelgrove: Maybe the universe.

I had the opportunity to tour the department and see the process we have for verifying the drivers' licences and to authenticate other documents of other sources around. The Alberta government probably would – I mean, they surprise us with what the staff and our departments have done.

With working in the collection, the idea of the health card is something that will probably come, but it is an extremely sensitive issue around just how much information could be on a card. What would it do? You know, what would it mean for tracking? How secure could the card itself and the person be? I'll say this: the system around drivers' licences, the process, I think, probably gives us a leg up on being able to develop that card. That will be a very, very collaborative effort with Health and other agencies that might use an ID card for more than just health information. We've talked about the opportunity maybe to have a card that would allow us to travel, that wasn't a passport.

Really, as a government we're ready to get into the age of identity security probably far ahead of most areas. A lot of that has to do certainly not with my superior planning abilities, but there's a heck of a department that has been working at this for years and years and years, and they've put together an extremely responsible approach to it. So I'm very comfortable as we go into the discussion with whatever department or with whatever province or state we talk to about the ability for us to produce or to secure the cards.

Some of the budget items we've talked about. The amortization on 3.1.4 is an accounting procedure that reduces the cost of capital. It's recorded in there because the amount is a noncash item. The consumption of inventory relates to the air service parts used for maintaining the airplanes, and the \$1.9 million dollar increase in '07-08 is related to the new vehicle purchasing program amortization.

Under 3.2.2 the \$4.8 million increase between the '07-08 and '06-07 budgets is primarily due to a \$3.5 million increase in the government of Alberta migration project, which will consolidate all of the government information technology assets into one standard environment.

The other registries. The program expenses for document control records were previously reported under motor vehicles and have been reclassified as other registries for this season. They include vital statistics, corporate registries, and personal property registries.

The personnel administration office. I agree. I was in private business, as you know, a long time, and we get to measure by the bottom line a lot. You can track it through repeat customers, and you can do all that stuff. It is a little different. But employee satisfaction and also making sure that your employees are working to the level that's engaging – you know, we constantly strive to make sure that they have the opportunity to move up the corporate ladder, if I can say so. If you're not challenged, I don't believe you're a happy employee. I think we all need that, and I think we recognize that. So you have to constantly not only push but provide the opportunity for people to be able to show the abilities they've got to demonstrate, what they can bring to the table in different venues and different opportunities.

Anybody in private business will tell you that that kind of

opportunity in a big corporation or a big company is easier than a small business. Nevertheless, it's the same. You need to make sure that employees are not only working to the taxpayers' satisfaction but to theirs too. We're probably harder on ourselves than other people would be. I can just about tell you that if you wanted to come in and say, "Let's go do a satisfaction thing with all of our employees," I could come back with 95 per cent numbers that wouldn't accurately reflect the challenge we think is there to make sure they really are satisfied. So I'm comfortable with this, our very real, not trumped-up numbers.

What are we doing currently to make sure that this is happening and to attract more? Well, obviously, pay. We're reviewing the pay and benefits right now. We're in negotiations. We are working to be able to provide retention and attract employees to the northern areas. We've dealt with the issue in Fort McMurray with regard to some nurses and some others, but we have to work on a broader scale with them and make sure that all of the government employees up there are treated fairly, although that also needs to be done. It was done based on a formula of rental costs with other communities so that there's a real number so that you could say how much more it costs for you live in Fort McMurray and here's that number.

Now, matter of factly, the rest of Alberta is catching up to Fort McMurray in costs. A single house in Canmore is now selling for an average of \$714,000. So there are going to be numbers that bring the average up and allow us to reduce the support numbers for Fort McMurray. When Fort McMurray and the rest of Alberta kind of get a balance, then that northern support, if it's unnecessary to attract and retain, needs to go away but based on a formula that's transparent and that all employees can see as they head in there.

7:50

Some of the most dynamic people we meet as we go through the government offices are the people that are working on the co-op programs with the educational institutions. I think you can ask the managers, who will tell you that in many ways these new young people bring a whole new life into a department. They're there with all of the laudable goals we had, well, many, many years ago. The co-op program I think is a hidden jewel that the government really needs to set targets extremely high on and to develop kind of a seamless interaction with these institutions.

If you talk to the president of the university, she will tell you that too many students come in already knowing what they're going to do. They spend a couple or three years, and then go: oh, geez, that's not what I wanted. She's talked about how we need to look at that education system, get kids in, expand their education, get them into some of these co-op programs where they can get out and get some experience in the workforce.

Obviously, government has got some pretty exciting things to do too. I certainly don't think the bill of the old sit behind the desk is there. These kids can learn: "God, I really fell in love with that document ID stuff we were doing," or "That work in land titles I found to be, phew, exciting, and I want to redirect into that," or work in our legal departments or transportation and see the engineers. There are so many things that we can help our young people out with by giving them that opportunity to come and learn with us.

The other thing that we need to work on is to be able to move people, and it's to come with a challenge. As governments change and population changes, their demands on people change. You know, to be portable with our workforce and with our experience. I mean, I would love to see a department that said: guess what?

The Chair: Guess what?

Mr. Snelgrove: My time is up.

Mr. R. Miller: That couldn't have been better in terms of timing, Mr. Chairman.

A couple of quick questions since we have the appropriate staff here. I'm curious if you would know or if you could find out for us, Mr. Minister, the ratio of females to males in senior management positions within the public service.

Another question that I have I raised with the former Finance minister. There was a commitment made to move away from verbal contracts, where there was no reporting required and no accountability for taxpayers to look at. I'm curious where that initiative has gone, if, in fact, all departments have now moved away from it. I'm not sure that you're necessarily the minister I have to ask for that, but since you're the President of the Treasury Board and controller of all things financial, I'm guessing you might be.

The last couple of questions I have really relate to responses that you gave to the Member for Airdrie-Chestermere and the Member for Battle River-Wainwright when the government members had their opportunity to question you on – I think this was Treasury Board. Yes, it was. The Member for Airdrie-Chestermere asked about whether or not the manner in which supply support to vulnerable people is, in fact, the best way to support them. We all know that there are always issues around cross-ministry jurisdictional concerns, most recently with the affordable housing situation and the two new help centres that have been established in Edmonton and Calgary to try to sort of fast-track people through the bureaucracy so that we can get them the help that they need when they need it and move away from this sort of traditional model where you're being shunted from one department to another trying to find out where the appropriate programming is.

She was asking you questions about that, and she sort of talked about maybe it would be better if we just had a single method of supporting these people, which sounds an awful lot like a guaranteed income program. The written response that came was that "the proposal to create a single income support program merits further consideration," and then you went on in your written response to outline a number of reasons why it may not work. But just the fact that you did indicate in the written response that it merits further consideration has me intrigued, quite frankly. So I'm curious to know if, in fact, your department is looking at this or what initiatives you might be undertaking to study some sort of a guaranteed income program as opposed to the myriad of programs that we have right now.

Then the Member for Battle River-Wainwright was asking about the business plan that deals with managing expectations. The written response that came back from the ministry was that the portion entitled Significant Opportunities and Challenges within the Treasury Board's business plan refers to managing expectations. It says, "Public values and stewardship, implications of prosperity and population growth, sustainable program spending and infrastructure demands all have managing expectations as a consideration." I'm not one who believes in social engineering, and I'm sure you don't either. I must admit I didn't have time to go check *Hansard*, but I thought it was sort of interesting that we're talking about managing people's expectations and particularly public values and stewardship. I'm curious whether or not that means that there may be advertising campaigns or public relations campaigns that are being used to influence people's expectations of what they should be getting from government. It just kind of twiggged a little red flag for me. So I'm curious, if you have the time, if you could comment a little further on that.

Before I sit down, I would just like to thank the minister for his co-operation tonight and all of the staff because they did a great job providing really timely answers. I'm going to guess that there won't

be a lot that you haven't been able to answer for me already tonight, and I appreciate that.

Thank you.

Mr. Snelgrove: I don't know for sure what the other departments are, female to male, but I think we show pretty good in our senior management team here tonight. I can tell you: don't mess with any of them. I don't know. We'll get back to you.

I'm curious. The other thing that I wouldn't even mind if it was part of your question, because I think it's critically important too, is what about the disabled and other opportunities. It's absolutely essential that we show leadership. It's not just good enough that we make legislation around doing this stuff or that we talk the talk. We need to support it. So when we find out the ratio of females and that, we'll also get back to you with anything on the affirmative action, if you want to call it that, which isn't the right term.

The question around the contracts. I've asked the department to look at another way of even buying goods less than \$10,000 to try and save us some money. But, certainly, from a control point of view all contracts, all reporting – I think that's why there is a separation of Treasury Board and Finance, to make sure that we can solely focus on accountability.

The support to people and one-stop shopping. I would love to have the discussion with our caucus and with the general public about whether it's practical to have so many different names and different support titles and whether really in this day and age, where things happen so quickly and people need support, you would need to have six or seven or eight different ministers providing different supports to the same person or to things.

I used to say that the guaranteed annual income was completely socialist, and now I realize that it might be more organized than we really are. There needs to be a way to address the working poor and the help we give them. It's really problematic to me that people are qualifying. You can seem to take them along, yet lots out there working every day with whatever circumstance they might be in haven't fallen off the table, so we won't be able to pick them up. What I would like to see is a system that encourages people to better themselves and work where they can and do what they can do and support that without barriers in the way that say: well, you know, once we let you wipe right out, then we'll help you up, and then we'll throw you out again. So I'd love to have a discussion about the opportunity to support people as they get along.

Secondly, the expectations. You know, in many ways we create the expectation of Alberta just simply by what has gone on, what we're doing. I mean, I'm obviously very proud to be in Alberta. I live very close, as you know, to Saskatchewan. The expectations that I think the rest of the world has – and I say this to many people: if you stand too close to a magnificent portrait, it just looks like a blob or a smear; if you stand back 20 feet, it's gorgeous. The rest of the world is standing back 20 feet from Alberta and looking at a gorgeous province, and they want a part of it. Sometime we're too close to see how really pretty it is.

I'm getting the nod from the chair that this exciting and stimulating conversation around Service Alberta has come to an end.

With that, we would thank the hon. member for, I would suggest, his thoughtful questions.

8:00

The Chair: You would be correct, hon. minister. If I could invite your staff to retire from the Assembly so that the next group can come in. We'll allow a moment for that to take place if that's agreeable.

The next item the committee has for consideration is the budget

estimates of the Department of Finance. With that, I will ask the hon. Minister of Finance for his opening comments.

Finance

Dr. Oberg: Thank you very much, Mr. Chairman. It certainly is an honour to be here tonight and present the estimates for Ministry of Finance for 2007-2008. With me is Robert Bhatia, my deputy minister; as well as Grant Robertson, the ADM for budget and fiscal planning; and Bonnie Lovelace, the executive director of strategic and business services.

Mr. Chairman, considering that I gave the budget speech and that there was a lot of information in this budget speech, I won't go on at very much length. I would much prefer to take the questions that are going to be very thoughtfully put.

One point that I would like to stress, though, and would like to emphasize in this discussion tonight is that I would like to get into a discussion on the surplus allocation formula. As you know, in this budget we brought forward an allocation formula that put one-third into savings, that put two-thirds into capital, of which at least 50 per cent must be into capital maintenance. I would be more than happy to entertain any thoughts that the hon. members opposite have when it comes to that particular formula. The only thing that I would ask is that if any questions pertain directly to the estimates, you simply provide me with the page number so that I can access those for the numbers.

With that, Mr. Chairman, I'd be more than happy to sit down and take any questions at all.

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

Mr. R. Miller: Well, thank you very much, Mr. Chairman, and I'd like to thank the minister for his opening comments and welcome the staff aboard. I didn't have the luxury of trading my staff in for new staff as we went from one department to the other, but I am pleased to have David Kincade with me this evening, who, I mentioned earlier, has been my researcher since my first being elected and coming down here, so I'm one of the fortunate members of the Official Opposition to have had the same researcher over that period of time. If I have kept some of your staff awake at night over the last two and a half years, blame David.

Thank you very much, Mr. Chairman and Mr. Minister. I'm pleased to participate in the supply estimates for the Department of Finance this evening. We're going to start with a couple of generic questions. I didn't have a chance to ask the minister beforehand if he wanted to do 10 minutes and 10 minutes, more or less, or if you want me to just ask a few and you can come back.

Dr. Oberg: Whenever you sit down, I'll take over.

Mr. R. Miller: Very good. I'll maybe try to pick spots where I think it's relevant to give you a chance, and if I happen to hit the magic 10 minutes, then, obviously, the chairman will ask me to sit down.

Page 161 of the government estimates talks about expense and equipment/inventory purchases. I'm curious at what appears to be a dramatic drop in the overall figure there. We go from a forecast last year of \$1.168 billion to this year of \$124 million. That seems like a dramatic drop. Not that I would necessarily complain that we would be spending less money, but I'm curious whether or not that is, in fact, the case, and if so, why that would be happening.

Another point that I wasn't actually even going to mention as I first started preparing for debate becomes more and more relevant

every day. If we could just direct your attention to page 2 of the fiscal plan. There we're looking at the major fiscal assumptions. Now, I find myself in the unusual situation of not talking about oil prices or gas prices this year but, rather, the exchange rate on the Canada/U.S. dollar. It's shown there that the assumption for this budget year is 86 cents. I believe I heard on the radio this morning that we hit 93 cents. I'm going to guess that this may have some dramatic impact on the fiscal year assumptions. I'm curious whether or not the minister would like to comment on that and whether or not he has any major concerns as to how that might affect the overall fiscal situation of the province.

Specific to the Alberta heritage savings trust fund and the government estimates, page 162. Last year we put a billion dollars into the heritage savings trust fund. That's not in this year's budget, of course, and it does cause me concern. The minister knows very well, I'm sure, by now the position of the Official Opposition and the need to build that fund. I know that there is some move towards that based on surplus dollars – of course, we'll probably have the opportunity later to talk about a resource revenue savings plan – but I'm disappointed to see that that's not there this year. In fact, I've raised concern in the past about the fact that current legislation requires that the net profit generated by that fund actually is moved into general revenue and why we still do that in a time and an economic atmosphere when surpluses in the order of billions of dollars are routine and still forecast over the next period of years. That we're actually taking money out of the heritage savings trust fund causes me a great deal of concern.

If I could flip back to the fiscal plan, page 16, and the issue of cost escalation. I know that the minister has discussed this already with government members, when they did their budget estimates on the Department of Finance, but I think it's worthy of being mentioned on behalf of the Official Opposition as well. Out of the \$4.9 billion increase that's in there over the next three years for capital projects, \$1.3 billion is for cost escalation. I understand as well as every member of this Assembly what's happening in the construction industry right now. I hear numbers quoted of 2 per cent per month inflation. Whether or not that's exactly accurate, I have to admit that I don't know, but certainly there's no question that it is a concern, and that's why it's here in the budget. I'm wondering what steps we're taking to try to mitigate that so that we don't find ourselves, you know, with projects that suddenly cost 50 per cent more than what was originally planned.

I don't have to tell the minister that this has been a long-standing problem for governments throughout history, probably, certainly throughout my lifetime. I can think of several examples. Obviously, it's exacerbated in these circumstances. Some comment on that would be relevant, I'm sure. Whether or not the minister might wish to comment on the application of the P3 model and if, in fact, that is going to address this: I know that in theory it's supposed to, but I think it's a little early in the game still to have determined just how effective that's going to be.

I do have a couple of questions about the Alberta Securities Commission. The Auditor General, after his investigation, you know, made a number of recommendations. To this point there are still a few of those that haven't been fully followed up on. I'm wondering if the minister might like to bring us up to date as to exactly where we're at with the recommendations from the Auditor General regarding the Securities Commission. I know that I could probably ask those questions tomorrow morning in Public Accounts, but I have another plan for tomorrow, so we'll ask those here tonight.

Also, I have concern, and I have constituents and stakeholders expressing concern to me, about what are perceived to be mixed

messages coming from this government as to a single national regulator as opposed to the passport system. I'm going to try not to be too partisan tonight. I don't want to play politics in terms of, you know, the minister's message versus the Premier's message. But there are people out there that have expressed some concern that they're not exactly sure which way the province is moving. I think it's a relevant question. I have expressed concern, Mr. Minister, in the past. With all of the time and resources that have gone into developing the passport system, I would hate to see that lost if, in fact, at some point we do move to a single national regulator. I'm wondering if you could comment on that. Are we, you know, spending an awful lot of time and energy on something that is going to be irrelevant if we do move to a single national regulator, or is this something that we'd be able to transfer over and isn't a complete waste of time and resources? If you could comment on that, I would be appreciative.

8:10

Just a little bit of an editorial comment, I suppose, about automobile insurance and the fact that the Automobile Insurance Rate Board, I believe, is once again about to hold hearings into the cost of premiums for basic coverage. I'd like to ask why we don't offer the same protection to renters. I'm not sure that you can necessarily answer that, but I think it's important to get it on the record.

There was discussion, when the changes to auto insurance first came in in 2004, about monitoring the optional insurance coverages, the comprehensive insurance, and sort of watching the industry to make sure that they weren't making up for the rollbacks on the mandatory part of the insurance by making up the difference on the optional coverages. I'm wondering if you could update us on where we're at with that.

A couple of related questions which may have been more appropriate for the previous minister – and I'll just read them into the record quickly – and that is whether or not there are plans to expand photoradar in the province and whether or not we're considering attaching demerit points to photoradar. I'm going to guess that those might actually be more relevant to Service Alberta. I will give you a chance to respond.

Thank you.

The Chair: The hon. minister.

Dr. Oberg: Thank you very much, Mr. Chairman. I'll address those questions in the 10 minutes that I have. The first question had to do with page 161 and the difference of a billion dollars between the \$1,168,057,000 to \$124,346,000. The answer, quite simply, is: the billion dollars goes into the heritage savings trust fund. It is not budgeted in this upcoming year.

The second question had to do with the dollar amount. As a rule of thumb a 1 cent increase in the Canadian dollar accounts for a decrease in revenue of \$123 million, so if that was annualized over the whole year, it's \$123 million per 1 cent. Obviously, the Canadian dollar today is much higher than our budgeted estimate. We will wait and see. It depends what happens with the Canadian dollar. It is fluctuant, but we will address that in each quarterly report. Each quarterly report will address the difference in the Canadian dollar at that particular point in time.

It's unknown, in reality, what exactly the Canadian dollar is going to do. When you take a look at a lot of people, if they're predicting an increase in interest rates, which David Dodge did not do yesterday, what may well happen is that we may see an increase in the Canadian dollar even further than what we are. You've got decreased housing starts in the U.S., which certainly can be kind of a bellwether for what is happening down there.

The third question was about the heritage savings trust plan, and the question was: why don't we keep all the money in there? We have inflation-proofed the fund this year, so revenue from the fund will go back into it. I believe it's around \$300 million, roughly, this year that will go back into the fund to inflation-proof it. We are going to be addressing these questions. In reality, we do have a much larger issue and a much larger question to address. We have a lot of endowment funds. We have the heritage savings trust fund. We have numerous other funds out there to the tune of around \$40 billion that we have cash in at any one moment. These are dollars that I'm sure we'll be asked about in a little bit but will be moved over to AIMCO for investment.

The question that we're going to be putting to the financial management commission that is going to be coming out in a couple of weeks, is: exactly what is the best way to invest these funds? What is the best way to deal with the endowments? What is the best way to deal with the heritage savings trust fund? I fully expect that part of the recommendations that come back from this commission will actually be the answer to the question that the hon. member just asked.

The fourth point was on cost escalation. Yes, included in this budget is \$1.3 billion on announced projects that have seen an increase in cost. This is something that we have to get a handle on. This is also something that, in reality, it is going to be extremely difficult to get a handle on. What we have to remember when it comes to our capital expenditures is that we typically run about 8 to 9 per cent per year of the expenditures in Alberta. Currently today there's \$107 billion worth of capital expenditures under way in the province of Alberta. Our typical funding is around \$6 billion or \$7 billion. That's the range. In reality, it is very hard for us to determine the market.

Moving into the fifth part of the question, which is the P3s, unfortunately, in the media in Alberta there was very little made about the northeast ring road in Calgary. That – and I commend the Department of Infrastructure and Transportation – was actually a stroke of brilliance how they did that. Not very many people understand how they actually did it. What occurred in the past is that for every project that we put out, we actually put out our estimated cost of what it would be to build. On that particular project no one – no one – knew what it would cost us. What we did is: we put our bid into an envelope, and we opened up the bid of the envelope at the same time as the other bids for that tender. What we found is that we actually saved \$350 million less than our bid. We could have built that for \$350 million more. So on the cost mitigation side of it I do think we have to stop telegraphing how much we think things are going to cost. We do that for budgetary reasons and albeit most of this is in the Treasury Board portfolio, but I do believe that we need to look at a different way of doing that because what we always get is a cost plus as opposed to the actual cost.

The sixth one was about the Alberta Securities Commission, and the Auditor General has noted that we are well on our way to all of the recommendations that the Auditor General put forward. The Alberta Securities Commission has cleaned itself up very nicely and, indeed, is running very well.

The single national regulator: in reality, both the Premier and I have been saying the same thing. What we want is something that is easy for investors, that is easy for capital markets to be brought into, that is easy for companies who go onto the exchange, go onto the public markets, and that is safe, quite simply, that is safe.

There are some stories across Canada that would absolutely curl your socks. One of them, for example, is that just recently there was a gentleman in Vancouver that was convicted of fraud when it came to trading securities. The ironic part about this is that the same

gentleman was kicked out of Ontario in the year 2002 for doing the same thing. He simply uprooted, moved to Vancouver, did the same thing, and defrauded people of \$15 million. In a country of 33 million people that is just simply not satisfactory.

So the question was on the passport system: have we wasted our time? The answer is no. We absolutely have not wasted our time. Indeed, in the passport system it is intended to go down the road towards a single regulator at some point in time. When that point in time will be I don't know, but the passport system and everything that has been done to date, legislative and dealing with the passport system, is completely consistent with moving towards a single regulator, a common regulator, a common enforcement agency. This is something that we have to look at very closely because of what is occurring now in the capital markets. When you take a look at Sarbanes-Oxley in the U.S., when you take a look at what is happening in London, we have a huge opportunity to capture more than our share of the capital markets and bring the dollars into Canada.

When I was down in New York and Toronto a couple of weeks ago, the common theme was simply: "Well, we're scared off because you have 13 securities regulators. We don't want to go there because you have to do it 13 times. We have to pay 13 fees." This is very much of a concern, and again it is very much in keeping with what my earlier comments were, that we want something easy and we want something safe. So that is going to be my directive, and certainly that's the Premier's directive: to get securities regulators that are easy and safe to bring capital dollars into our market.

The other question: I must say, hon. member, that that's the first time I've ever had auto insurance compared to renters. I will say that that's the first time that has ever happened. Quite simply, you have to have auto insurance if you drive a car. You don't have to rent in a house. It's your choice to rent in a house. The optional insurance coverage is about the same thing.

Photoradar we can certainly deal with in a different department. I must say that I know very little about photoradar, so I'd be more than happy to pass that point on to whichever department – I believe it would actually be Infrastructure and Transportation where the issue on photoradar would come in, with a possible for the Sol Gen as well.

I believe I've answered all your questions.

8:20

The Chair: The hon. member.

Mr. R. Miller: Thank you, Mr. Chairman. I'd like to go back to the heritage savings trust fund and the inflation-proofing for a minute, if I can. I'm certainly aware of the fact that legislation calls for it to be inflation-proofed, and in fact that's something that the Official Opposition had been calling for for years. I'm glad that that's being done finally. We're probably about \$7 billion or \$8 billion behind where we would be had we inflation-proofed it since 1987, so obviously that's a step in the right direction.

The minister will know that I was confused by the budget documents and traded some information back and forth with the Member for Airdrie-Chestermere and yourself regarding the way that this was communicated in the budget documents. I'll just point to page 10 of the fiscal plan under the title Surpluses, where it says in the second paragraph, "Surpluses are forecast to be significantly smaller, totalling \$4.5 billion, over the next three years. These surpluses will be used primarily for inflation-proofing the Heritage Fund and addressing capital cash requirements."

I had raised some concern that perhaps there was a change in

direction on behalf of the government. This would lead Albertans to believe that the Alberta heritage savings trust fund would only be inflation-proofed if, in fact, there's a surplus. I know you've told me that that's not the case, and you've pointed to the correct piece of legislation, but I'm wondering if you could clarify for me the budget documents that seem to indicate that the heritage savings trust fund would only be inflation-proofed if, in fact, there's a surplus.

Further down in that same column under the heading Savings it says, "In 2007-08, it is estimated that \$284 million will be added to the Heritage Fund for inflation-proofing," and I think you mentioned that figure yourself. But, again, my concern was that the average Albertan reading this document would draw the same conclusion that I did, and that is that somehow if there's no surplus, there's no inflation-proofing. I'm not sure what happened there, but despite the fact that we traded paper back and forth, I never was completely comfortable with the answer that I was given on that, so if you wouldn't mind commenting on that, that would be great.

I asked the President of the Treasury Board, and I'll ask you too because specifically last year it had to do with the Department of Finance, and it may or may not still to some extent. I'm going to guess that it's probably more on the Treasury Board side now. I had raised concerns over the last couple of years about verbal contracts and the number of contracts that had been let where there was no paper reporting required and no performance evaluations and that sort of thing. I know specifically that the Department of Finance, the previous minister had made a commitment that those practices would end, and I'm wondering if you can just verify for me that that has in fact happened in your department at least, if not across the board with all other departments. As I say, that may be a Treasury Board thing, but certainly I'm sure that you could speak for your department.

I'm wondering: on page 61 of the fiscal plan – and this gets back to the P3 question a little bit, Mr. Minister – it talks about the financing costs for government-owned capital, and then in brackets it says "P3s." That number is forecast to be \$8 million this year. It jumps to \$18 million the next year, and \$22 million is the target for the year 2009-2010. So I'm just wondering: are those P3 contracts that we've committed to, and why are we expecting that number to almost triple?

Dr. Oberg: Which page are you on?

Mr. R. Miller: I'm sorry. Page 61 of the fiscal plan. Debt Servicing Costs is what it says at the top of the page, and then under infrastructure and transportation it shows financing costs for government-owned capital (P3s): \$8 million this year, \$18 million the following year, and up to \$22 million in the third year out.

I would like to sort of go back to that heritage fund, I guess, but more generally to AIMCO and investment strategies. I had asked earlier this year, and the department was kind enough to respond with an indication as to how much money the government has invested either directly or indirectly in tobacco companies. This is particularly timely today since I've heard on the news this evening that the government caucus will be reviewing its tobacco strategy this Thursday, I believe is what I heard. The minister will recall that I had introduced an amendment to Bill 22, the AIMCO bill, asking that we divest ourselves of all tobacco investments. Unfortunately, that amendment was turned down, but I notice in the written response that we received that as of March 15 of this year we had directly invested \$18.1 million in tobacco companies and a further \$39.9 million in indirect investments, for a total exposure of \$58 million.

I'm not so sure that I like the word exposure because I'm not so

concerned about risk, but I am concerned about the ethics of being invested to the tune of \$58 million in a climate where I think we all understand the risks of smoking and the costs that are borne by the government as a result of smoking. I would certainly strongly encourage the government to proceed as soon as possible in divesting itself of those investments, and even more particularly I would like to see an ethical investing policy that would mandate that we just simply stay away from investing in tobacco altogether.

I'd like to ask about the income trust situation. In last year's budget when we had this discussion, I think the answer I received was that Alberta was exposed – and in this case I'll use the word "exposed" – to a potential loss of \$400 million per year if the federal government did not make legislative changes to income trusts. That was last year, and I'm wondering: now that those changes have been made, are we expecting \$400 million in additional revenues as a result of the changes that the federal government made? Will this be offset by other factors? I'm wondering if the minister can just sort of bring us up to date as to what effect the changes that the federal minister has made will have on Alberta's Finance department.

Inflation-proofing the heritage trust fund we already talked about earlier. I'm going to jump back to insurance, and I'll apologize to the staff and the minister if I'm jumping around a bit. Unfortunately, this is sort of the way I've got it laid out. I hope you can keep up, and if not I'm hoping I'll get written answers later.

An issue that's been in the news a little bit recently – and I recall that the Member for Edmonton-Castle Downs asked a question of the minister about this recently – is the situation of fire departments across the province facing liability lawsuits when it's perceived by the party that's suffered a loss or the insurance company that the department didn't do a sufficient job in terms of controlling the fire and the damages. It's widely been reported that fire chiefs, I know, in Edmonton and elsewhere across the province are asking for the government to pass some sort of legislation that would protect them from those lawsuits. I'm wondering if we've made any movement in that regard, if we can expect to see something coming down the pipe fairly soon or not. So if you could bring us up to date on that.

I also note that the Independent Insurance Brokers of Alberta have indicated that they're working hard to hammer out a policy that would accommodate regulators' recommendations on disclosure of financial links between brokers and insurers. This is certainly a conversation that I've had in the past with Jim Rivait and the IBC in terms of protecting Alberta's consumers and full disclosure, something that, you know, we've been hoping would happen for a long time.

It looks like the industry's ready to move on that and indicate that they're hoping that their policy has something that will accommodate what the government is looking for. Again, I'm just wondering if you could bring us up to speed on where that is and if Alberta's consumers can look forward to some movement on that fairly soon.

Another one that I found particularly interesting was reported in *Thompson's*, an insurance industry magazine, recently. That was a situation where the Alberta government was found to be liable for a rental fraud loss, where a rental car company had rented a vehicle to someone who was using stolen identity, and that was unbeknownst to the renter. Subsequently, that renter using the stolen identity was involved in an accident, and it was determined that the province was on the hook and that the money would have to come out of the motor vehicle accident claims fund. With the propensity more and more, it seems, to have stolen identity, I'm wondering what we're doing to address that situation.

8:30

The Chair: The hon. minister.

Dr. Oberg: Thank you very much, Mr. Chairman. First of all, on the inflation-proofing of the heritage trust fund, unfortunately, the language was not 100 per cent clear in this document. Which page was that on again?

Mr. R. Miller: Page 10, I think.

Dr. Oberg: What it stated was: "Surpluses or forecast to be significantly smaller, totalling \$4.5 billion, over the next three years. These surpluses will be used primarily for inflation-proofing the Heritage Fund and addressing capital cash requirements." The reason we said it that way is because we expect around \$700 million in investment income from the heritage savings trust fund as part of that surplus. Certainly, this year \$284 million went to inflation-proofing it, and next year a similar type of amount for inflation-proofing it will come out of the surplus, out of the money from the heritage savings trust fund. Could the language have been a little different? Yeah. I certainly accept that from the hon. member, and we'll look at changing the language next year, but the intent is that it will guarantee that it'll be inflation-proofed.

The second one was on verbal contracts. As a matter of record, Mr. Chairman, the previous Finance minister actually tabled in the House a document about all contracts. So there has been a standardization of the contracts. Verbal contracts are not in. They're not a thing that we like to do for obvious reasons, and they are reviewed by senior members of the bureaucracy as well.

The P3 and the debt-servicing side of it and the contracts. Quite simply, the P3s are being built now. Why you're seeing an increase, for example, the east corner of the Anthony Henday: as the dollars get in, we start making the payments. So why it goes 8, 18, and so on is because the payments are actually accumulating while those roads are being built.

The AIMCO one is an interesting point. We have to decide from a policy point of view when it comes to investing these dollars, and these are very important and very difficult questions: do we want to simply make as much money as possible for the citizens of Alberta, or do we want to put caveats on how we invest? Should we only invest in green energy projects versus other projects? Should we only invest in non tobacco-related industries versus tobacco-related industries? I think those are all very valid questions. My personal belief – and this is nothing new to any hon. member here – I am definitely against tobacco; I'm definitely against smoking. But as Minister of Finance it's also my duty, it is my job to ensure that Albertans realize the most profit possible from the heritage savings trust fund and the numerous investments that we have. That is why this is going to be one of the issues that the financial management commission is going to be dealing with. I think it is a very tough question. It's a very apropos question, and the answer is something that we're going to have to deal with.

If, for example, we say that we don't want to invest in tobacco companies, we don't want to invest here, and we don't want to invest there, then I absolutely will not accept any questions in this House about why our returns were not as high as other funds, because that would be the reason. On the other hand, if we choose to invest in everything, then we can morally be saying that we are being complicit in the funding of tobacco, as one example. So it's a very tough question, something that we're going to be looking at with our financial management commission, and we'll await what they have to say.

The income trust. Our estimates were anywhere between \$400 million and \$450 million. The last estimate was roughly \$450 million that it would save us. We have to remember several things. First of all, income trusts have not been banned yet. Income trusts

are there for another four years and then will gradually start fading out. Second of all, and this is where I believe that the federal government has gone a little bit astray. I'll use, if I can, BCE. BCE is looking to be bought out by a pension fund, which in effect is going to work exactly the same as an income trust in that they will not be paying the income tax. There will be a lot of accumulated debt, which will allow them to not pay the income tax.

It's very difficult for me at this time to speak to the Assembly about what the actual amount of increased revenue will be from the lack of income trusts. We don't know what vehicle these income trusts are going to morph into. We have no idea what is going to happen to them over the next four years. We don't know if another government will come in and change the rules. So all we can simply quite literally say is: wait and see. We've had 11 foreign takeovers of income trusts so far. We don't know how many others are going to be taken over by foreign companies. Regardless of what happens, we recognize that this is a very large issue in Alberta, and it's something that, quite literally, we don't know what the end point is going to be.

When you add on the whole income trust issue, we also have to remember that at one point in time there was \$35 billion worth of capital that evaporated from Alberta, and we have to take that into consideration. So what started off as a very simple question and potentially a very simple answer has turned into something very, very, very complicated. I think the federal government is realizing that as well, that it is becoming a very complicated question and a complicated issue.

The insurance liability for fire chiefs and for the fire departments I believe at the moment is encompassed by the municipal liabilities. It is included in the municipalities' liability protection. It is something we can look at. I must say that I have not been approached since I've been Minister of Finance by the fire departments about this particular issue, but we certainly will take a look at it.

The insurance brokers versus the insurance dealers. Your point that you made is absolutely where we are. We're waiting for the insurance brokers to bring their paper forward. We'll take a look at it and then respond according to what they're saying.

The last point. If I understand your question about the stolen identity and the government being on the hook, there are a couple of issues here. For example, if it was on the hook on the motor vehicle accident claim fund, I don't know the reason for that. But it actually begs the question, if I may – it is something that we're going to be responding to, and this may be a little bit different than what you had actually asked, but it's the whole idea of vicarious liability. As you know – and this is very, very serious when it comes to much of what is being done on vehicle leasing in the province of Alberta – there have been some huge lawsuits in the U.S. and recently some huge lawsuits in Ontario where the actual vehicle lessor has been included in a lawsuit and indeed has been found liable because their name is actually on the ownership of the car. So despite the fact that someone drove the car into a fence post or into a post or into another vehicle, the companies – GMC, Ford Canada, many of the vehicle lessors – have also been implicated in this particular issue.

We are looking at the issue of vicarious liability. We're going to be moving on that, hopefully, in the fall. We're looking at legislation now. Whether it will be introduced this spring is probably very doubtful, but the issue of vicarious liability will be dealt with in the fall. In reality it just is not fair. It's not fair to the people who are the lessors to have them implicated when they had absolutely nothing to do with it.

So I believe those are the questions to date.

The Chair: The hon. member.

Mr. R. Miller: Thank you very much, Mr. Chairman. Let's go back to ethical investing for just a second, if I could. The minister has expressed, first of all, his support for antismoking initiatives, and I appreciate that. I'd just like to point to Yale University, which has a large endowment fund which includes an ethical investment policy, and that fund traditionally vastly outperforms the Alberta heritage savings trust fund. So I would recommend that the folks at AIMCO have a look at that. Clearly, just because you're involved in ethical investing doesn't mean that your investments have to be less than they would be otherwise.

8:40

I'll repeat a concern that I had expressed to the previous Finance minister when it comes to the objective of the managers of the heritage savings trust fund. I can't quote it verbatim, but it pretty much says what you said; that is, to maximize the return to Albertans. My concern with that is: where do you draw the line, then? There are a number of porn sites, for instance, that are legitimate businesses. If they were to be publicly traded, would the Alberta government consider investing in those because they could, you know, generate a tremendous return? There are legalized brothels in the States and overseas that are publicly traded. So there are examples of things that I'm sure the minister and the folks at AIMCO would not invest in. We probably don't need a policy to say that. As you said, it's a difficult issue. At some point I would like to know what is acceptable and what isn't. Where do we draw that line? When do we say that it doesn't matter how good the return is; we're not going to go there? So I hope that, you know, we can continue to raise awareness on that issue and maybe at some point move towards the idea of an ethical investment policy.

I'm going to send over a copy of that particular item regarding the stolen identities so that the minister can read it. As an Albertan who pays taxes here and knowing that these sorts of things do happen and that now we have a ruling from a Court of Queen's Bench justice saying that we're responsible – I don't know how often it happens, but it does cause me some concern.

I'd like to ask about the special broker tax. The minister's office will know that we've asked questions about this before. If I could turn your attention to page 176 of the estimates. Now, in a written response that I had from the minister, he outlined that a special broker is a licensed insurance agent who on application receives a licence authorizing the placement of unlicensed insurance for the agent's clients.

I'm just looking at the revenue to the Department of Finance over the past couple of years. In 2005-06 the actual revenue from the special broker tax was \$6.016 million. Then for some reason we budgeted only \$1.75 million last year, in '06-07, yet the actual forecast now sits at \$5.012 million. I've never been completely clear why we went from an actual revenue of \$6 million down to a forecast of \$1.75 for the last business year. It turned out to actually be \$5 million, which is good but, obviously, a lot more than what was forecast. Then the estimate for this year is \$4 million. Again, it seems that we're expecting to bring in less revenue from this special broker tax than we did last year, yet last year we far outperformed the expectation. I'm still not completely clear on how this works and why we seem to have difficulty forecasting the amount of revenue that's going to be realized from it. So any enlightenment that you might be able to provide on the special broker tax would be appreciated.

I'd also like to ask, then, about page 95 of the Alberta Finance annual report. You may not have this in front of you, so if it's necessary to have a written response later, that's okay. On page 95 of the annual report it talks about dedicated revenue initiatives.

There's a line item there that says "Investment, treasury, and risk management," and it shows a shortfall of \$1.486 million. To my untrained eye that would indicate that we brought in nearly \$1.5 million less in revenue than we were expecting. I may be reading that wrong, but I'm curious. If you could provide an explanation on that.

Here's a question that I've asked previously. Page 45 of the fiscal plan talks about the total liabilities of the Alberta government. I've noted in the past that this number seems to go up from year to year. This year it shows a total of \$20.1 billion in total liabilities held by the government of Alberta. Last year in the same budget document it was listed at \$18.4 billion, and the year before that it was listed at \$15.1 billion. So it does seem that it goes up fairly substantially year after year. I do appreciate that the net financial assets and the net assets of the province go up as well. I mean, we're a booming economy, so I understand that our assets are going up, but it does cause me some concern that our liabilities seem to go up in a fairly dramatic fashion as well. I'm wondering if you could enlighten us as to why these liabilities would be increasing and whether or not you have any concern that they seem to be going up rather dramatically, a 33 per cent increase since 2005-2006.

I'm going to go to page 62 of the fiscal plan, which talks about loans and advances. There's a line item there that shows – well, we talk about Ridley Grain, and we talk about the student loan relief completion payments. But then there's a line that says Other, and it shows \$71 million in allowance for other doubtful loans, advances, implemented guarantees, and indemnities. I'm wondering if you might be able to tell us or give us some sort of a breakdown as to what the Other category would include and perhaps also tell us what the total amount of defaulted loans were in 2005-2006, with a breakdown of that. That's information that I wouldn't expect you to be able to provide tonight, but you might be able to gather that for us, or at least point us in the right direction.

I have questions for the minister on the Alberta Society for Pension Reform. I understand that there is an action before the courts, so I know that you can't say an awful lot about that, but I am particularly concerned. I've heard figures upwards of \$3 billion if, in fact, the courts were to find in their favour. I'm concerned about the risk that that puts Alberta's treasury at.

I'm wondering whether or not the Alberta risk management fund would . . . [interjection] Oh, the Alberta Society for Pension Reform. This is a group of retirees representing employees from a number of different jurisdictions. I know the local authorities is included in there, management employees are in there, the Alberta teachers are in there. There are a number of different funds in there. They have an action against the government. They feel that they've been wronged by the government in terms of their pensions. I've been told that that could conceivably amount to a total of some \$3 billion if, in fact, the courts were to find in their favour.

I'm concerned about what steps the Alberta government might be taking to address that if, in fact, the courts were to find in their favour. I'm sure that this is something that will wind its way through the courts over a period of years. It's not likely to happen tomorrow or next week; nevertheless, I am concerned about the liability that the government might face in that situation. As I said, I'm wondering if the Alberta risk management fund would cover that or if there are other thoughts in mind as to how we would address that situation if it were to happen.

I'd like to point out regarding the Fiscal Responsibility Act the fact that we use \$5.3 billion of resource revenue, that we allow ourselves to use that much every year. I'll congratulate the minister because this year for the first time since I've been in this House we didn't go up, and that's a good thing. Some have suggested to me

that we should actually roll it back a little bit. Well, I have a different plan, as you know, which would mandate that we save a certain amount of that money as opposed to mandating that we spend a certain amount of that money. Nevertheless, on top of the fact that the budget documents refer to the \$5.3 billion, there is also a notation in there that on average \$2 billion above the \$5.3 billion is spent on capital projects. So that would indicate to me that it's more like \$7.3 billion in resource revenue that we're spending. I'd ask you if you could clarify a little bit on that. It does cause me some concern if it's actually \$7.3 billion as opposed to \$5.3 billion.

The Chair: The hon. minister.

Dr. Oberg: Thank you very much. I'll start off with the whole ethical investing question. Again, I commend the member because it is an excellent question, and it is something that in the year 2007 we do have to grapple with. But the downside is potentially being in a situation where we're not bringing as many dollars in, albeit that's a very small situation when you're looking at only a \$57 million exposure to tobacco companies both direct and indirect.

8:50

However, it potentially could be a larger question. For example, the downside of ethical investing is that ethics are different to whoever is out there, whoever happens to be in the government of the day, whoever happens to be talking about it. Is nuclear power ethical or unethical? Is coal mining ethical or unethical? These are all the various questions. In order to remain philosophically pure, I believe that one of the points we have made and what we've chosen to do is try to maximize the amount of dollars for Alberta taxpayers.

Again, though, I will reiterate that this is one of the questions that we're going to be asking the financial management commission albeit I believe that, ultimately, if it does come down to ethical investing. If they do put forward an opinion on ethical investing, that is something that should be debated in this House. It is something that should be brought forward and talked about because certainly one person's ethics in ethical investing are completely different than another person's ethics in ethical investing.

The second question was on the special brokers. Quite literally, what that is a special type of insurance, and these are the fees that are collected on that as opposed to the insurance taxes that would be paid otherwise. It's a very small percentage. The reason for the difference from 1.75 down to 4 or up to 5.1 is quite literally that it varies from year to year as to how many actual dollars are needed and how much tax is actually being paid. So it does tend to be very much an estimate, but it's an estimate that is extremely variable.

The dedicated revenue costs – I believe you stated it was down \$1.5 million – those are simply the costs of our investment operations. They're the costs from the pension plans, the heritage fund, et cetera. Simply, if our costs are not as much, then we do not recover as much from the dedicated funds that go out for that.

The liability question about why we're at 20.1. By far, the majority of this is the Alberta Capital Finance Authority, which is lending out money to municipalities for their particular needs. We have seen an increase in the pension obligations, the self-supporting lending agencies such as AFSC, ATB. That is where the difference in the liability comes. It is collected, though, on the asset sheet, and it is in there.

Where are we here? The Society for Pension Reform. Again, that is something that we are looking at. Obviously, we are engaged in a legal action right now, so as Minister of Finance I can't really comment on this in this particular House. It is before the courts. We feel that we're in a very favourable position, but obviously that's ultimately up to the courts to decide.

The \$5.3 billion is the amount of dollars that we use for budgeting. The hon. member is absolutely right; it's exactly the same as last year, which is the first time that that has occurred. It is the maximum amount that we use for our budgeting purpose. Anything over that must be taken into consideration in the surpluses and, subsequently, the surplus allocation formula that is coming forward.

I believe I had one more question. The other loans. Oh, I'm sorry. The allowance for doubtful loans, advances, implemented guarantees, and indemnities, the other components. When you take a look at the top of that particular chart on page 62, what you see are all the various loans that are put out. What the Other is is a compilation of all the risks in those other loans. So it's a risk from the Ag Financial Services, a risk from the Heritage Savings Trust Fund Act: all of these other things that are there. That is the risk amount. It's a culmination of those. The asset amount is at the bottom of the total loans and advances.

So with that, once again, I believe I've answered all of your questions, and I'd be more than happy to go again.

The Chair: The hon. member.

Mr. R. Miller: Thank you very much, Mr. Chairman. Since we're running close to the end of our time, I just want to thank the minister for doing a great job and the staff for providing answers as quickly as you have. I know we're making you work hard, and I appreciate that.

A couple of comments. This afternoon during question period there was a question from a government member, if I remember right, about tax incentives for apartment development and that sort of thing. You indicated that as part of the review that you're undertaking, you will be looking at those. I've had a number of people come to me and talk about a rental tax credit that used to be given to renters back in the early '80s, I believe. I'm wondering if that might also be part of the review that you're doing and if you may consider tax breaks for renters as well. I think that might go a long way towards addressing some of the situations that renters are dealing with right now. I'm pleased to hear that you're looking at incentives on the development side, but let's also look at incentives for those that are renting currently.

We didn't unfortunately have much time to talk about the surplus policy. You know, I'm passionate about that and a resource revenue policy, and I'm hoping that during the appropriation bill debate we can go there. I know that I will, and I'm hoping that you will too because it is a good debate. It's one that I think is long overdue and one that I would hope that somehow we can encourage all Albertans to be involved in and thinking about because it's crucial to the future of this province. I apologize that I didn't have an opportunity to get to it tonight but it's not for lack of interest, that's for sure. As I say, I commit to discussing it during the appropriation debate.

I want to ask very quickly about whether or not we've got any initiatives to increase the financial services sector in Alberta. We all know about the amount of activity that takes place in eastern Canada. Of course, we've got the Alberta Treasury Branch here, and Canadian Western Bank is headquartered here, and the credit unions, which do a great job, but I'm sure that we'd all like to see more involvement from that sector located here in Alberta. I'm wondering what you might have under way to encourage that.

Lastly, just a concern that I expressed previously and you acknowledged – or it may have been the President of the Treasury board that had acknowledged that it's a concern – and that is what implication TILMA will have on Alberta Treasury Branch, in particular, because it's owned by the citizens of this province, but also the others that I mentioned as well, Canadian Western Bank and

the credit unions. I understand that financial institutions are exempted until 2009, if I remember right, but that's not that very far away, so if you could comment on that as well.

Again, thank you for the work that you've done today.

The Chair: The hon. minister.

Dr. Oberg: Thank you very much Mr. Chairman. First of all, when it comes to tax incentives it's very hard for the Minister of Finance to talk about any new taxation policy while we're still debating this year's budget. I do have to be very cautious as to what I say. I will simply say that we are looking at all options for tax reform. Any type of tax reform is a welcome approach and, quite simply, hon. member, we're looking at all different ways to get some tax reform.

The financial services sector. I think by far the single biggest thing that we will do in the upcoming year is AIMCO. By centring a \$70 billion company into Edmonton, Alberta, I feel that we will actually attract financial services here because people are going to want to come and talk to them in their own surroundings. I think that's by far the biggest incentive that we can give to get the financial services sector here. Obviously, we have low taxes and all the other good things that happen for business in Alberta.

The last one is TILMA. TILMA, we must remember, is a negotiation between two governments, of which we are one. I will say that there is nothing that is going to be in there, there is nothing that is going to be negotiated that is going to be detrimental to Albertans. Certainly the Alberta Treasury Branch is something that Albertans hold near and dear to their hearts. Do we have to make some changes to the Treasury Branch? Yeah, probably we do. We're going to look at them. Then we're going to take a very measured response in regard to the Treasury Branch and look at it very carefully, but we will not put forward anything with regard to any part of Alberta in TILMA unless it is beneficial for both of us, which I really feel there's a huge opportunity.

Mr. Chairman, with that, I'd like to thank the hon. member for his very good questions today and thank all the members who are here who happen to be listening. Thank you.

The Chair: The time is such that by the time we have the staff vacate the Assembly and allow for the Minister of Environment staff to come in, we will be ready to proceed right on schedule.

Hon. members, it's also been indicated to the chair that the minister and the private member wish to share the 20-minute speaking times back and forth under Standing Order 59.01(2). The table will just keep resetting the clock in 20-minute increments, so we can just carry on. If you hear it, we'll just reset it if that's agreeable. Do you want to go 10? I guess, then, we go at 10 back and forth because it has to be agreeable to both.

9:00

Dr. Swann: That's what I thought we agreed to.

Mr. Renner: Back and forth.

Dr. Swann: Sure. Whether it's a full 10 or five or eight, just when we're finished, we'll interact, if that works for you.

The Chair: So you want to set the clock for 20 minutes at a time or 10 minutes?

Dr. Swann: I think 10 at the maximum.

The Chair: Ten is the maximum, or 20 if it's allowable. We'll go with the 10.

Mr. Renner: But just so we understand because I'm not so sure that we're all on the same wavelength. Whether we go 10 minutes or 20 minutes or five minutes, my understanding of the agreement was that the hon. member would ask a question, and I would answer it, and then he'll ask another question, and I'll answer it. So where the clock is set is somewhat irrelevant because he's the only member that's going to be asking the questions.

The Chair: The Standing Orders are still the Standing Orders. We'll set the clock every 10 minutes, and if you ask a question that takes one minute and a minute to answer, we'll just keep resetting the clock.

Dr. Swann: I agree.

The Chair: That's the simplest way unless both parties are agreeable to the 20 minutes. That'll work the best.

Mr. Renner: Well, that's my point. I thought we were agreeable to the 20 minutes. That's just the way it has to be implemented, hon. member. So we either have to go for five minutes, and then you go for five minutes, or we can go back and forth for 20 minutes. So that's what I thought we had agreed to.

Dr. Swann: Oh, I see. Okay. That's fine for me.

Mr. Renner: So, Mr. Chairman, I think we have agreed to 20 minutes.

The Chair: I'll set the clock in 20-minute increments.

Mr. Renner: If it doesn't work for the first 20 minutes, we'll do something else for the second 20.

The Chair: Okay. That's what we shall do.

Environment

The Chair: With that, I will invite the hon. Minister of Environment to provide his opening comments.

Mr. Renner: Thanks, Mr. Chairman. I don't have a lot of opening comments, as was discussed with the member opposite. We are going to have an informal dialogue back and forth.

Before we start, I would just like to introduce the members of my staff who have joined me in the House. We have the deputy minister, Peter Watson; along with assistant deputy minister of environmental stewardship, Bev Yee; and assistant deputy minister of environmental assurance, John Knapp. So between the wealth of knowledge that they have at their disposal and in their heads and some that I have managed to pick up by osmosis over the last few months and some of the copious notes I have in front of me, I think we should be able to deal with most of the questions that the hon. member has for us. So at this point I think we'll get started.

The Chair: The hon. member.

Dr. Swann: Well, thank you very much, Mr. Chairman. Welcome friends, staff, and colleagues. It's my honour to speak to the estimates briefing for Environment 2007.

I want to acknowledge, first of all, the progress on issues that has been achieved with Alberta Environment. They're obviously working hard to make very responsible and sustainable decisions for

the province of Alberta on issues, for example, like baseline groundwater testing and mapping; the emergency response team, responding to spills such as we experienced last summer in Wabamun; new funding for Water for Life although infrastructure does appear to be taking the lion's share of this funding; the policy on climate change that was leading the country, and it begins to hold industry accountable for its lion's share of carbon emissions; and the slow progress on air quality criteria standards that's catching up with national standards, in some cases leading national standards. I wanted to acknowledge that there is good work and conscientious efforts by Alberta Environment to address through the budget some of the expectations and responsibilities they've been given.

I'll begin by just making a few comments about three of the five principles the government has articulated – improving quality of life, strengthening Alberta, and creating safe and secure communities – and comment that there is real doubt in Alberta today that our investment in the environment enables these three key criteria to be achieved, especially when one considers a budget of 0.5 per cent of spending in this province, this despite an exponential growth in new and old sites of concern. Albertans are looking to Alberta Environment for capacity to set higher standards, to monitor these standards, to enforce these standards, to force polluters to pay. There is a crisis of confidence at this time in Alberta that they're able to deliver on these expectations.

So with those as preamble, I'll just go specifically to the budget and ask for a clarification about a few of the line items in the budget. Page 142, for example, the line on stewardship is 9 per cent less than was forecast. Maybe you could comment a bit on where that change has occurred and why. Also on 142, the line item on water, a 16 per cent increase in Water for Life. This includes \$100 million, as I understand it, passing on to municipalities to enhance or develop their capacities to treat and distribute high-quality water to their residents.

Perhaps I'll just leave it there and allow you to comment on some of those key questions that just emerged from the budget. Thank you.

The Chair: The hon. minister.

Mr. Renner: Thanks, Mr. Chairman. First of all, I'd like to thank the member for his compliments. I think it's a tribute to the people in Environment, who have worked very diligently, and, frankly, I think, also to the hon. member, who as critic for Environment has taken the time to work with us, to become involved and ask intelligent questions and, hopefully, receive intelligent answers as we work together to deal with issues related to the environment.

I want to just briefly talk about the statement that spending on environment is not necessarily commensurate with the need. I've heard that before, and it's something that I find somewhat troubling although I think that it's in the minds of some a legitimate concern. However, I've pointed out on a number of occasions before that I don't share that concern. I believe that it's the role of Alberta Environment to develop the necessary policy, to ensure that we have in place the ability for the people who work in Environment to do their job, to ensure that environmental stewardship is at the levels that Albertans expect. Frankly, I think that it's a case of ensuring that we do have in place the mechanisms to ensure that the policies that we put in place are in fact followed and enforced.

A good example of that is on air emissions. We don't in my opinion need to have literally dozens or hundreds of inspectors on site at every plant, monitoring air emissions on a day-to-day or an hour-to-hour basis. We have very stringent regulations in place that say that if there is any kind of an anomaly, if there is a release of any

kind, there is mandatory reporting by the industry of that release. We see a bigger offence and treat with a far more heavy-handed approach any instances where there is a failure to report than when there is an actual emission. Emissions do occur from time to time. Sometimes they are the result of environmental conditions, an inversion or a number of other naturally occurring events, and sometimes they are unavoidable because there are breakdowns of technology. In those cases, we deal with dealing with the release of hazardous materials.

9:10

Nevertheless, it's, I think, far more efficient for us to have a system like that, with ongoing monitoring unannounced from time to time, than to have an army of people sitting around doing standard monitoring that for all intents and purposes could be done by a machine. So that's an example. It's a bit of an extreme example, but it's an example of how we can do a better job of stewardship without necessarily spending extra many, many millions ensuring that people are in place.

Now, the question on environmental stewardship: the significant change to the budget has to do with the increase in spending due to a \$2 million increase for the ministry's ongoing commitment to aboriginal consultation. There was also an increase in Water for Life; \$3.6 million of the increase in Water for Life is due to an increase from the energy innovation fund, and that will be used for groundwater mapping across the province. There's also a \$440,000 increase to address manpower inflationary pressures.

The Chair: The hon. member.

Dr. Swann: Thank you, Mr. Chair. Two areas that this ministry has taken on, relatively new areas, have to do with the sustainable resource and environmental management collective cross-ministry initiative to try to make better decisions with surface land-use planning and energy impacts. I'm wondering what, if anything, in this budget addresses SREM and your role with SREM. A second one has to do with cumulative impact assessments and the degree to which the department is developing in-house capability and skills to do timely cumulative impact assessments and use those impact assessments in assessing development proposals and approvals.

Thank you.

Mr. Renner: The commitment to SREM is a very real one. Although it may not show up specifically as a line item in the budget, it is a true interministry, cross-ministry initiative. So that each department has the ongoing commitment to SREM, there is a financial contribution because there are some dedicated staff specifically to the cross-ministry initiative, but each department contributes relatively equally to it, that being SRD, Environment, and Energy.

The deputies are getting into a pretty steady routine of meeting on a biweekly basis. Of late the ministers have found it necessary that we have integrated our involvement into an alternate biweekly meeting. We were meeting on an as-required basis and determined that that was simply not going to be as successful as it needed to be. By the time we determined that there was a need for ministers to get together, it was increasingly difficult to work it into everyone's agendas. So we have determined that it's more appropriate for us to meet on a biweekly basis, and it's easier to cancel a meeting than to try and organize one.

The cumulative impact assessment is under way. We have a number of pilot projects that are either up and running or will be very shortly. We intend to have three pilots that will give us an

opportunity to test our thoughts on cumulative impact. One in the Industrial Heartland – and I've talked about that in the House before – will give us an opportunity to work towards regulatory regime for a heavy concentration of industrial development. The other will focus on southern Alberta landscapes. That will be largely a focus on water but not necessarily restricted to that because we also want to talk about the watersheds. We want to talk about how we protect the eastern slopes, which are the headwaters of the South Saskatchewan River basin. We'll be doing that in conjunction with our partner ministries. The third one is in central Alberta. That will be again using a similar model for coal gasification and how we can apply the model of cumulative effect in the development of coal-bed gas.

Interestingly enough, we also have as we speak 12 different EIAs, environmental impact assessments, for a number of different projects. Cumulative impact is part of every EIA although it's in a little bit different focus from what we might think of as cumulative impact from the pilot projects that we're going to be dealing with. One of the requirements of an EIA for the applicant is to show what the cumulative impact will be of this new application, whatever, and how it will have cumulative impact and what the intention of the applicant is to mitigate that cumulative impact. So there already is to some degree cumulative impact.

From a dollar perspective – correct me if I'm wrong – I thought we had at one point discussed a dollar figure of around \$2 million that we've allocated to cumulative impact. Is that correct? It's about \$2 million in our budget that will go to funding these pilot projects in the development of cumulative impact overall.

The Chair: The hon. member.

Dr. Swann: Thank you, Mr. Chairman. Well, I'll move on a little bit, then, to outlining a dozen or so concerns that relate to the loss of confidence in Alberta Environment and ask your indulgence to respond to some of these concerns that I hear on a regular basis, mostly from rural but many urban residents in the province, and the widespread perception, again, that the department lacks the capacity, lacks the technical expertise, and lacks the resources to fulfill its full responsibility in a modern, highly technological, and highly industrialized province where there has been an exponential growth without an exponential growth in your capacities. There is a significant credibility gap that I think you ignore at your peril.

Compounding this is a perception that I heard directly from a senior Environment official at a conference, in which he indicated that, quote, our role is not to advocate for the environment but to mediate the interests of industry with the community. End of quote. To broker decisions between industry and community as if community has the capacity to adequately assess the long-term health and environmental impacts of some of these developments or any sense of cumulative impact with nontechnical, nonscientific volunteer municipal boards and councillors: whether they themselves recognize their inability to do some of these assessments or not, their residents do. In many cases they feel that Environment has abdicated its responsibility or hasn't the resources to adequately support municipal governments to do proper assessments, including cumulative impact assessments, before approvals, to do the science of analyzing all the local activities – agricultural and energy and industry and forestry and roads and residential activities – and put those into the context of a watershed that has limits and that this particular community has to live within.

9:20

They don't want to see the same thing happen as happened in the southern two river basins, where we failed to recognize the limits

until we were already there. They want to see cumulative assessments done before approvals are made so that we're not scrambling with moratoriums and catch-ups. They want to see evidence that the technical expertise exists within the department to do independent assessments of the total impacts on water, for example, or airshed as another example, in the Industrial Heartland, to know that we are not going to exceed limits, that we are going to err on the side of caution, that we're going to use the precautionary principle before approving some of these.

This quotation from one of the senior members of your staff at a conference raised more eyebrows than my own. I would perceive it as a mixed message from the department about what your role is in the province of Alberta.

Perhaps you'd like to just comment on those perceptions.

Mr. Renner: Well, I would say that I would agree with the statement to the extent that it's not the role of Alberta Environment to advocate on behalf of the environment. I don't agree with the second part of the statement, that says: but, rather, to broker the environment with industry. That is absolutely not what the role of Alberta Environment is. Alberta Environment does have a critical role in advising and establishing policy for the government of Alberta on how we are going to protect the environment, how we are going to ensure that we have sustainable development now and into the future.

We do that in a number of ways. We do that by enabling the stewardship of others. I have never been so impressed as I have been of late in travelling around the province and talking to Albertans in the round-tables that we've had on climate change. The one issue that comes out time and time again is the hunger that people have for information. Albertans want to participate. They want to become stewards of the environment on an individual basis, and they feel very strongly that the only way that they can do that successfully is if they have the necessary information at hand to assist them in making some quality decisions.

That is the role of Environment. I choose to define that a little differently than the hon. member may. When I say that I'm not advocating on behalf of the environment, some would take that as being very negative. I say: I'm advocating on behalf of Albertans. I am empowering Albertans to take control on their own, to provide them with the ability to have that local control, make those decisions at the local level from an informed perspective with the resources of Alberta Environment there to assist them because they don't have the technical expertise. Sometimes you need to have at least enough of the basic knowledge to know when you should call upon technical expertise so that you're not just buffaloes, so to speak, by technical expertise without understanding the practical aspects at the same time. So I see that as being very important.

I have been impressed and I continue to be repeatedly impressed by the ability of local groups to take a hold and take ownership of the environment, whether it be through WPACs, the watershed advisory councils, whether it be through local airshed councils, whether it be through what we hope will be a similar kind of a process on cumulative impact, when we start to put all of this together in one package.

The member indicated that he's disappointed that we don't do these impact assessments in advance. Well, that's exactly what we intend to do. We maybe haven't been doing it in the past, but we have every intention of doing it in the future. The process that we're determining right now is how we're going to get there. We want to make sure that we get there by having strong policy that protects the environment, but we just can't put the world on hold. We can't just say: "Stop the world; I want to get off. I've got to do some planning,

and I'll be back in a year or two when we get everything all figured out, and then you can start up again." The world that we live in doesn't operate that way. The world continues to turn. People continue to come to Alberta. We have to make sure that we're planning for the future, putting the necessary plans in place but also ensuring that what we approve today will be compatible with the direction that we're going in the future.

The Chair: The hon. member.

Dr. Swann: Thank you, Mr. Chair. Well, a second area of loss of confidence in Alberta is the fundamental importance of water, both surface and groundwater. The recent reports by both the Radke commission and the Rosenberg forum clearly indicated some serious deficiencies in the way we're monitoring, measuring, and managing our water. As a wealthy province we must do better. We are compromising future generations, especially in the context of climate change. These reports gave some very practical examples and some very practical directions.

There has been a lack of complete and timely baseline testing. The issues of groundwater testing and coal-bed methane have been raised. You and I, Mr. Minister, have discussed isotope testing as the definitive way of establishing cause for gasification in water. I've yet to hear you acknowledge any resource well contamination in spite of a number of resource wells in the Rosebud area that have heavier hydrocarbons, including ethane, propane, butane, and pentane, and isotope evidence that these come from deeper sources.

Not only I but a growing number of rural people are asking: what are you covering up? Why are you not acknowledging either that we are unclear or that there is very clear evidence of contamination and that this is not due to lack of well maintenance, in fact? The five people that presented themselves to this House as little as a month ago all say that there is still lack of resolution in spite of scientific assessment to show contamination. You are simply prolonging the agony and reducing the credibility of your department by failing to acknowledge some of this.

I think that that is an important enough issue to ask you to respond specifically on and perhaps to some of the recommendations of those two reports.

Mr. Renner: Well, with respect to the Radke report much of the reference to Environment is either part of our announced plan to move forward with respect to cumulative impact or is already under way with reference to the IFN. For example, the announcement of in-stream flow needs was almost coincidental with the release of the Radke report, so by the time the Radke report came out, we had dealt with a number of those issues, and we'll continue to deal with those in a similar manner.

With respect to coal-bed methane I have on a number of occasions indicated that from 2004 until 2007, over that three-year period of time, Alberta Environment conducted 95 investigations. That's the number of complaints that we have had drawn to our attention. Of those 95 complaints, every one has been investigated. Seventy-six out of 95 have been closed. They have been closed because there has been conclusive evidence of the cause of the complaint, and it has been resolved to the best of everyone's ability to arrive at a solution to determine what was the cause of the complaint.

It varies across the board. In some cases we simply have to accept the fact that in Alberta there is a long history of having gas in water, and depending upon where you drill a water well, you could well be drilling into the same formation that someone else would drill into were they wanting to create a gas well.

9:30

Seventy-six are closed; 19 are still open. Those 19 we continue to work diligently on. We continue to work with the landowners. Of late, we've had an increase of co-operation from some of the landowners who in the past had been hesitant to allow our inspectors access to their wells for whatever reason. I don't want to judge why, but we have had of late more success in accessing wells.

We continue to work to resolve the outstanding cases. We also have in that period of time had the opportunity to drill significantly more Alberta Energy wells that are used as baseline testing. We will have a much stronger, better system for us to use for the testing of those wells by having the proliferation of new baseline wells in place.

The Chair: Hon. member.

Dr. Swann: Thank you, Mr. Chairman. A third element, relating to water again, that has given evidence of and contributed to a loss of confidence in the department, is the recent approval of waste-water release into the Bow River from the Strathmore development and, again, the reliance on paid consultants and inadequate oversight and independent assessment.

A second, corollary question that is a little bit unrelated but going back to your earlier comments has to do with your developing new capacity in cumulative impact assessment. What budget have you established for that? What new technology and new experts are you contracting to help you to move towards the capacity to do new kinds of cumulative impact assessments? I haven't heard you speak of that. I hear you saying that you are developing the ability to do cumulative impact assessment; I don't see where you're investing to get the appropriate technical support.

Mr. Renner: Well, someday, Mr. Chairman, I would like – in fact, maybe I should make the commitment right here and now to take the hon. member through some of the offices that we have in Environment and let him speak first-hand with some of the people that we have in our department who are world-renowned experts on their own. When he asks where we are going to find the expertise to develop these policies, much of it, most of it is from within. We have got people who are PhDs, who probably could be earning in the private sector three or four times what we pay them but who believe very strongly in what they're doing in Alberta Environment, and those are the people that we rely upon.

I indicated that we had allocated about \$2 million to the cumulative impact file. That comes out of what shows in the budget as a \$13 million line item under approvals. That's where the \$2 million will come from.

On the issue of Strathmore the reason that we have the checks and balances in Environment that we have is to ensure that there are opportunities for affected parties to seek a second opinion. That's really the role that the Environmental Appeal Board plays in this case. The fact that there were assessments done by private consultants is not the least bit unusual. That is what every proponent is asked to do when they submit an application. The work that is done by the consultant is then reviewed by the experts that we have in Alberta Environment.

There is no logical reason why, if the Member for Calgary-Mountain View decides that he wants to put an application in for some kind of water-related project, we should go out and do his work for him to answer all of the questions that we are going to need answered in dealing with that approval. It's up to you as an individual or you to hire someone on your behalf to find out the answers to the questions that we ask.

In my understanding what the appeal board ruled was not that there were deficiencies in the questions that were asked. There was some question as to whether enough information was available that would allow for a determination of health risk. Where we stand at this point is that there will be a requirement for a health risk assessment before there will be further release into the Bow.

I have to emphasize – and I have repeatedly on this issue – that this is not the release of untreated municipal sewage. This is the release of treated waste water, treated to exactly the same level as the water that comes from the city of Calgary, the water that comes from the city of Lethbridge, the water that comes from the city of Medicine Hat.

We are very dependent in this province on ensuring that our neighbours are adequately treating their waste water to ensure that we're not affecting the drinking water for our downstream neighbours. In this particular case the issue came down to whether or not the close proximity would allow for a thorough dispersement of the water and whether or not there were sufficient studies and reviews done to determine whether there were any possible health risks. That is what is under way, and that is the ministerial order that I signed that will require that additional study to take place before a significant amount of treated waste water is released into the Bow.

The Chair: The hon. member.

Dr. Swann: Thank you, Mr. Chair. A fourth area of crisis in confidence, I would call it, is the climate change policy and the failure to really lead the country on initiatives that essentially shift incentives for fossil fuels to incentives for energy efficiency and green energy, renewable energy. It is the test for this minister since this is the first time this government has admitted that climate change is real and requires a meaningful, substantive response in terms of government and industry and the public.

9:40

There has been by many accounts, including your own consultations, profound disappointment in the lack of leadership here to set firm limits, to set timelines, to ask legitimately of industry that they take their appropriate share of responsibility and consumers as they are going to have to pay their share as well, and the perennial response that this is going to cost something or that it's going to damage the economy as opposed to seeing this as an opportunity for a new economy in a world that is at war with carbon and that, following the Stern report, we know that we are going to pay. The question is whether we're going to pay a reasonable amount now and forestall a fantastic expense in lives and productivity and future opportunities for our children and our children's children or whether we are going to put all this onto the future generations by our failure and our dithering and our unwillingness to make tough choices as a government.

This is a dilemma for any government to say that everyone is going to pay more, especially industry, but it is precisely what Albertans expect of their government with the new consciousness that we are past due in making the kinds of decisions that are needed on this planet. If Alberta cannot make some of these decisions as the most privileged province in the country, who, then, will start making the tough choices about getting to carbon neutrality in a timely fashion before the ice packs are gone and the water levels have risen to the point of irreversibility?

There's a very serious credibility gap here in this province notwithstanding the fact that we are so dependent on fossil fuels. To show leadership I think would be absolutely vital, and some of the issues in the budget need to reflect that: a commitment to renew-

ables, a commitment to retrofitting buildings and homes, a retiring of old technology, demanding that new carbon-based technology for electrical energy like coal-fired plants must have carbon capture in order to be built. This is very fundamental to making a significant progress on the issues and the lack of extra funding for your own initiative out of Calgary, Climate Change Central, and the kind of leadership that it can take if they're given appropriate resources.

Perhaps you'd like to comment on some of those concerns.

The Chair: The hon. minister.

Mr. Renner: Well, thanks, Mr. Chairman. Let me remind the member that this individual has been the Minister of Environment for five months, and I think in that five months we have a record that we can be proud of. We have advanced the issue of climate change significantly. In addition to that, it's roughly five months from today since I became Minister of Environment, but it was only about two to three months maximum that I was able to be minister before the budget that we're discussing today had to be finalized. There are timelines that are involved. So considering all of those timelines, I am proud of the work that I have done, and more importantly I'm doubly proud of the work that the folks in Alberta Environment have done because they have moved this file forward significantly in an extremely sped-up timeline.

We are the only jurisdiction in North America, not just Canada, that has introduced legislation that will, I'm told – because these guys have been working on it for so long, they now have a count-down – in 32 days come into effect in Alberta. We will be making that difficult decision. We have made that difficult decision. Industry will be paying on July 1, 2007, and it's not an insignificant amount. It's an amount that we feel will drive industry to make the kinds of decisions and kinds of investments that have to be made now so that we can see at some point in the not-too-distant future real reductions in CO₂. Those reductions can't come as a result of simply turning off the engine. That's counterproductive. No Albertan wants that. Nobody wants us to achieve the environmental objectives by simply eliminating the opportunities that Albertans have become so proud of; that is, the opportunities that the economy provides for them.

What we have to do is very much what the member has suggested. We have to turn our economy around so that we are not the resource based, dependent economy but that we do have the alternative kinds of energy that are available, we do have standards for housing, standards for automobiles, standards for the way individual Albertans conserve their water supply. All of those things are very much part of the ongoing consultation that's under way.

The commitment, again, is an extremely short timeline. We've committed to having the first draft of our updated climate change policy, which is an update, by the way, of a policy that was originally in place in 2002. Contrary to popular belief, we have not been in denial for the past 10 years. We've actually had people working on this file. We introduced our first policy in 2002. Our updated policy is in 2007, just five years later. That timeline, again, is tight. The end of June, possibly early July we will have our draft. We will have a verification process, again allow Albertans to comment on that process, and we hope to have a government-approved policy in place by fall of this year.

Why do we need it by fall of this year? It is my sincere belief that a year from now – well, maybe a little bit less than a year from now because I hope we're not here at the end of May next year discussing the budget. When the time comes to discuss budgets, the kinds of issues that the hon. member talks about, the fact that we do have recognition of having the incentives in place that people have been

talking about at our public meetings, that we do have the ability to put in place the necessary building code improvements so that we can build our buildings to a higher standard – all of those things take time.

I believe that the route to get there is Bill 3, the work that's been done under Bill 3 on the industrial side, and then the work that is going into, as we speak, the development of the updated climate change policy, which will then form the basis for our go-forward not only on the industrial but on the individual and transportation industry and small business industry, all of whom need to work together if we're going to deal with this climate change file in an effective manner.

The Chair: The hon. member.

Dr. Swann: Thank you, Mr. Chair. A sixth area of loss of confidence is in the area of the Water for Life strategy and the tremendous dependence on volunteers, the lack of technical support. I met with a number of water planning advisory committees, and there is significant anxiety, especially in the south, that they can deliver on the expectations and the necessity to have a sustainable water management plan in some of these areas.

The budgeted amounts seem to be significant, but they are not adequate, especially in areas where water is already being recognized as in short supply and threatened. With climate change moving in and the moratorium on the southern two river systems, there is a significant amount of dissatisfaction with the failure of this government to deal with water as a priority, as the number one resource that we should be focusing our attention on.

I wonder if the minister wishes to say more about the investment we have or haven't made in getting the scientific assessments, the water conservation objectives done, an integrated plan for all these river systems, especially in the south, and the appropriate technical support for these people to feel confident that they're leaving their children and their opportunities for business in good hands.

Thank you.

9:50

The Chair: The hon. minister.

Mr. Renner: Thank you, Mr. Chairman. As the member correctly pointed out earlier, much of the capital investment side in Water for Life is within infrastructure's budget. But that being said, the budget that is contained within Alberta Environment increased to \$12.5 million this year, up from \$5.5 million last year. So there's a significant increase within Alberta Environment's budget over last year; \$2 million to \$3 million of this increase of \$7 million is devoted to providing additional capacity at the stakeholder level. The member is absolutely right. If we're going to involve the communities, which I believe is the right thing to do, we have to provide them with the necessary tools so that they're not operating in the dark.

But let's also be clear that we are not abdicating the responsibility that this minister has or that the officials have or the directors have within Alberta Environment to make the decisions on behalf of the environment. The groups that we have at the local level are advisory. They're there so that they can provide input on what meets their needs and how to best manage what is a scarce resource on a community-by-community, basin-by-basin basis rather than having the heavy hand of government come down and say: this is the way it's going to be, and if it doesn't fit for southern Alberta, that's just too bad because it fits in central or the north, or vice versa. That's the reason why we have the advisory groups. That's the

reason why people believe that they have a reason to spend the amount of time and energy that they do on these water basin advisory councils, not because they're under any illusion that they are the regulator, that they are the final decision-maker, but because they recognize the importance of having that local voice in decision-making, the ability to formulate a decision that works on the local basis.

The way that they're going to do a better job of that is by us allocating significantly more funding to provide them with the capacity at the local level, the capacity from an administrative perspective and also from a scientific and research perspective. They have to have the ability to get the kinds of studies done that will allow them to make the kinds of positive suggestions and advice that will result in decisions being made that benefit their water basin.

The Chair: The hon. member.

Dr. Swann: Thank you, Mr. Chair. A further area that has eroded the confidence of Albertans in this department is the management of contaminated sites. These raise real concern, especially in rural areas but also in some urban areas. A need for adequate monitoring, timely initiation and timely completion of reclamation, independent assessment, and meaningful fines continue to be sore points with a lot of people that contact me, and also concerns about public liability for some of these sites and questions about how much public money is being spent annually on cleaning up after industry instead of holding industry accountable for some of these issues.

The reclamation processes appear to favour industry, especially since Bill 29 was passed. We now have moved from high-level reclamation/remediation to what's called colloquially risk management. It allows industry off the hook but also low fine levies and no requirements to immediately remediate spills at active sites. As I've indicated, no specific time to begin and end reclamation leaves the public anxious and potentially liable, with long delays in this area. I think a serious level of credibility enhancement would come from shifting, focusing more attention on these sites, and, finally, fulfilling the previous minister's commitment to an industry-funded cleanup fund, that would ensure that all industries share when one abdicates its responsibility and walks away.

Thank you.

Mr. Renner: Before I get to answering the question on contaminated sites, I just want to put on the record something that I should have mentioned when we were talking about water planning. I think it's critical to emphasize the amount of planning that actually has been under way of late. We have the Athabasca River in-stream flow needs study, that has been completed. The South Saskatchewan River basin plan is complete. The Cold Lake/Beaver River plan is complete. The Battle River plan is under way – it should be completed shortly – as is the North Saskatchewan in-stream flow needs. So we've completed a significant amount of work, and we have a number of other programs that are under way.

On the issue of contaminated sites. We have, admittedly, some issues that we need to deal with, but I must emphasize that the assumption that the member made that somehow industry is not held accountable is absolutely false. The basis of everything that we do with respect to contaminated sites is that the polluter pays. Industry is always accountable for paying the costs of cleanup. What we have done that has enhanced our ability significantly – and the member to his credit did acknowledge it in his opening remarks – is set up the ASERT organization. That is now a rapid response

organization that has responded to a number of incidents lately that simply never really made much of a news story because, frankly, the issue was contained and they did an outstanding job of dealing with the issue at the time.

That being said, there is some work that needs to be done on reclamation certificates. It's an area that I have expressed concern to staff, that I believe there's too long a gap from the time that the contamination occurs until the point when a reclamation certificate is issued. Part of that, frankly, is because we don't put the proper incentives in place for the polluter to clean up. Even when a reclamation certificate is issued, we may not actually remove the liability from the polluter. Then what incentive is there in place for anyone to go ahead and do the work when at the end of the day we give them a piece of paper that may or may not be worth anything? If I am industry and I'm trying to do some risk management, why would I spend a whole bunch of money today when I find out tomorrow that everything I did today becomes irrelevant? Because the government in its wisdom has changed the standards, everything that I just did is now irrelevant, and I have to start all over again.

That's where I think we have to accept some responsibility as society, that there comes a point in time when we say that the standards of the day we believe are the best standards. That's the expectation that we have. We want this cleaned up as best as it possibly can be by today's standards, and if tomorrow something miraculous comes along and we find out we could have done a better job, we can't expect everyone to come back and do everything all over again. Frankly, that's part of the problem that we have, and that's the discussion that is under way, and that's the work that needs to be done. Having been the former minister of municipal affairs and seeing contaminated sites as a blight in Small Town, Alberta, across this province, I of all people recognize the need to put the pressure on, get these sites cleaned up . . .

10:00

The Chair: I hesitate to interrupt the hon. minister but will now invite the officials to retire from the Assembly so that the committee may rise and report.

Pursuant to Standing Order 59.02(9)(b) the Committee of Supply shall now rise and report progress.

[The Deputy Speaker in the chair]

Mr. Johnson: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions for the departments of Finance, Service Alberta, and Environment relating to the 2007-2008 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 Deputy Speaker: Does the Assembly concur in the report?

Hon. Members: Concur.

The Deputy Speaker: Opposed? So ordered.

The hon. Deputy Government House Leader.

Mr. Stevens: Thank you, Mr. Speaker. It's my pleasure to move that the Assembly adjourn until 1 o'clock tomorrow afternoon.

[Motion carried; at 10:02 p.m. the Assembly adjourned to Wednesday at 1 p.m.]