

## Legislative Assembly of Alberta

Title: **Wednesday, May 30, 2007** **1:00 p.m.**  
 Date: 07/05/30  
 [The Speaker in the chair]

head: **Prayers**

**The Speaker:** Good afternoon.

Let us pray. Guide us so that we may use the privilege given us as elected Members of the Legislative Assembly. Give us the strength to labour diligently, the courage to think and to speak with clarity and conviction and without prejudice or pride. Amen.

Please be seated.

head: **Introduction of Visitors**

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

**Dr. Oberg:** Thank you very much, Mr. Speaker. Today I'm very pleased to introduce to you and through you to the members of the Assembly His Excellency Dr. Abraham Nkomo, high commissioner for the Republic of South Africa. The high commissioner is accompanied by his wife, Mrs. Marjorie Nkomo, and Ms Mpumi Sibiyi, from the South African high commission in Ottawa. This is the high commissioner's first visit to Alberta, but it's already the second time we have had a visit this year by representatives from South Africa. It was my pleasure to host the high commissioner and his delegation at a luncheon today, and I will add that it's very nice to see another doctor in politics. I would ask them to rise and receive the warm welcome of the Legislative Assembly.

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

**Mr. Mitzel:** Thank you, Mr. Speaker. I rise today to introduce to you and through you to the members of this Assembly someone who is perhaps well known by a few of our colleagues that have been here for some time, Dr. David Carter, the former MLA and former Speaker. He is seated in the Speaker's gallery.

He was elected in March 1979 to the 19th Legislature. He was elected to Calgary-Egmont in the 20th, 21st, and 22nd Legislatures. He was elected Speaker in June of '86 and served until August of 1993.

Mr. Speaker, he resides in my constituency since his retirement not only from government but as the pastor, curator, and owner of St. Margaret's Anglican church in the Cypress Hills. He also is a well-known author, who has written a great book, *Behind Canadian Barbed Wire*, the story about the World War II internment camps, and also an author about RCMP members who resided in the Cypress Hills area.

I'd ask Dr. Carter to rise and receive the warm welcome of this Assembly.

head: **Introduction of Guests**

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

**Mr. Mason:** Thank you very much, Mr. Speaker. I'm delighted to introduce to you and through you to this Assembly Trudy Coady and Jacqueline Dorchak. They're here today on the 264th day of strike at the Palace Casino due in part to the government's unwillingness to enhance labour legislation to protect Alberta workers from unfair employers.

Trudy has worked at the Palace Casino for five years in the slots department. She's a grandmother, who lives with her daughter and son-in-law as she takes care of her granddaughter and grandson while their parents are at work. When she has a moment to herself, she enjoys spending time walking or being in the garden.

Jacqueline has worked at the casino for four years in the coat check. In her off time she loves to garden and also to create paper tole pieces, which can take up to three years to create.

They're joined today by UFCW local 401 bargaining representative Richard Konkin.

I would now ask that they rise and receive the traditional warm welcome of this Assembly.

**The Speaker:** The hon. Member for Calgary-North Hill.

**Mr. Magnus:** Thank you, Mr. Speaker. It's my pleasure to introduce today to you and through you to the members of this Assembly two ladies who are very, very important to me. The first is a lady who has worked for me for six years in this building, and she is by any standards, I think, one of the very best assistants we have got. Her name is Carmen Frebrowski.

The second one is my new STEP student for the summer. Her name is Samantha Mertz. She's in her second year of poli-sci at the University of Calgary, actually just completed it, and we're looking forward to a very good summer together.

They're in the public gallery. I would ask both of them to stand and receive the warm welcome of this Assembly.

head: **Statement by the Speaker**

### *The Centennial Series*

**The Speaker:** Hon. members, earlier today all members received a set of four books known collectively as *The Centennial Series: Legislative Assembly of Alberta*. These four volumes, which took nearly five years to produce, were produced entirely in-house by the Legislative Assembly of Alberta and people associated with the Legislative Assembly of Alberta.

At this point in time I'd like to introduce to you two individuals who played exceptionally large and major roles in overseeing the production of these books. In the Speaker's gallery is the Legislature Librarian, Sandra Perry, who was responsible for leading this five-year project. On the floor of the Assembly is the Clerk of the Legislative Assembly, Dr. David McNeil, who provided the administrative leadership for these past five years. Members may be interested in knowing that on August 1, 2007, Dr. McNeil will be celebrating his 20th anniversary in association with the Legislative Assembly of Alberta.

As Speaker of the Legislative Assembly I am extremely proud of the leadership that was provided to this project by both of these individuals and want to publicly acknowledge their outstanding work in this regard.

head: **Members' Statements**

**The Speaker:** The hon. Deputy Speaker.

### *The Centennial Series*

**Mr. Marz:** Thank you, Mr. Speaker. As you indicated earlier in your introduction of guests, a number of Legislative Assembly Office staff were involved in the production of *The Centennial Series: Legislative Assembly of Alberta*. I have the honour of introducing members of this talented team to you at this time, and I

would ask each of them to stand and remain standing as I mention their names.

In the Speaker's gallery the former Assistant Legislature Librarian, Karen Powell, who coauthored *On Behalf of the Crown*, about the Lieutenant Governors of the North-West Territories and Alberta, and who assisted with the early research on the Premiers book, *The Mantle of Leadership*; Jessica Craig, coauthor of *The Mantle of Leadership*, about the Premiers of the North-West Territories and Alberta, and previously one of the researchers on the Speakers book, *A Higher Duty*; manager, library operations, Valerie Footz, who coauthored the book *A Higher Duty*, about the Speakers of the Legislative Assemblies of both the North-West Territories and Alberta, and who was co-ordinating editor of the Lieutenant Governors and the Premiers books, *On Behalf of the Crown* and *The Mantle of Leadership*; Jody Rempel, co-ordinator on behalf of the Clerk's office of the book *A Century of Democracy*, about the elected Members of the Legislative Assembly of Alberta; Philip Massolin, historian, who was the editor and historical consultant on the Lieutenant Governors, Premiers, and Speakers books; Sharon Bell, librarian and genealogist, who researched and drafted the family history sections of these volumes; Tracey Sales of the communications branch of the Clerk's office, who in consultation with the library was responsible for the beautiful design of these volumes.

In the members' gallery are the following individuals who also worked on the research and the initial drafting of the various sections of these books: Heather Close, Ronald Kelland, Robert Sadowski, Sharna Polard, Greg Morgan, Christine Bouchier, Rose Varkerti, Warren Maynes, Scott Scambler, Stephanie Christensen, Ronda Alberts, Megan Lewis, Anna Scott, Jessica Labbé, Torrie Knoll, Alfred Neitsch, and Kevin Kuchinski.

Mr. Speaker, the work that was done by these individuals was a tremendous accomplishment in researching and compiling the history of our province contained in these volumes and will be appreciated by all Albertans for generations to come. We thank them all for their dedication and efforts.

**The Speaker:** The hon. Deputy Chair of Committees.

#### Commonwealth Parliamentary Association Bursaries

**Mr. Shariff:** Thank you, Mr. Speaker. I am honoured to rise this afternoon to congratulate Allyson Kupchenko, Megan Connors, Emma Maria Van Loon, Amanda Garrow, Rebecca Bootsman, and Annette Kelm. These exceptional young Albertans were recipients of Commonwealth Parliamentary Association bursaries. The CPA bursaries were given to acknowledge Alberta students for their achievements in an essay contest, the Alberta Girls' Parliament, and the TUXIS Parliament. All of these awards focused on recognizing young Alberta students who have taken an initiative to learn and engage themselves in the workings of parliamentary democracy.

**1:10**

As most of us are aware, democracy was formed on the idea of rule of the people and is enhanced by active citizen involvement. This involvement is strengthened by young Albertans who take an early interest in government. I hope that as these young women proceed through their lives, they continue to develop their skills and knowledge about government procedures and policies. As savvy and competent students they will serve as role models for their peers, communities, and this province.

Each of us has a great responsibility to exercise our freedoms and take an active role in the political process. That is what these young Albertans have done, and it is great that we have awarded their

efforts. I wish the recipients well with their endeavours, and I would like to encourage all Alberta students to participate in this capacity.

Thank you, Mr. Speaker.

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

#### Queen's Golden Jubilee Citizenship Medals

**Mr. Prins:** Thank you, Mr. Speaker. On May 17 I had the pleasure of meeting five outstanding young people during an awards ceremony hosted by our Lieutenant Governor and the hon. Minister of Tourism, Parks, Recreation and Culture in Calgary. These inspiring youth are among the eight recipients of the 2006 Queen's golden jubilee citizenship medals. They were chosen from hundreds of other graduating high school students as best exemplifying the qualities and attributes of a model Alberta citizen.

Mr. Speaker, enhancing Albertans' quality of life is a priority for the Alberta government, and each of these students, whether providing leadership or volunteering for a social, political, or humanitarian cause, has contributed positively to Alberta's quality of life. For their efforts each young person received a letter of commendation, a Queen's golden jubilee medallion, and a \$5,000 cheque to continue their personal development and general education.

Mr. Speaker, I'd like to name the recipients of the 2006 Queen's golden jubilee citizenship medal. They are Miles Aronson of Calgary, Atoosa Ghayour of Calgary, Steffen Janzen of Three Hills, Eric Leong of Edmonton, Stephanie Lim of Calgary, Joshua Sealy-Harrington of Calgary, Kali Taylor of Hanna, and Bethany-Anne Woodrow of Lacombe. Congratulations and well done to these young people. I would ask all members of the Legislature to join me in recognizing these great young people.

Thank you.

**The Speaker:** The hon. Member for Edmonton-Mill Creek.

#### 23rd Annual World Partnership Walk

**Mr. Zwodzesky:** Thank you, Mr. Speaker. I rise to salute and thank the Aga Khan Foundation Canada and especially its affiliates here in Edmonton for undertaking the 23rd annual World Partnership Walk this past weekend. This is Canada's largest and longest running annual event dedicated to increasing awareness of and raising funds for combatting global poverty. Local convenor Karim Kanji co-ordinated this year's event with help from numerous Ismaili community members and friends, which included well over 400 volunteers and well over 1,500 walkers, fundraisers, and other helpers from the broader community.

In the end about one-half a million dollars were raised right here in Edmonton alone, bringing the new grand total to about \$40 million Canada-wide. One hundred per cent of all of these funds raised goes directly toward numerous projects in Africa and Asia that address global poverty issues, including health, education, rural development, and strengthening community-based solutions. Many of these projects provide clean drinking water and address safe water collection methods, irrigation, and sanitation matters.

Here in Canada we sometimes take clean water for granted. However, in many countries in Africa and Asia about 50,000 people die every day because of water-borne diseases. The Aga Khan Foundation through its World Partnership Walk has pledged to alleviating these and other major problems stemming from global poverty.

Mr. Speaker, I was privileged to attend this partnership walk again this year along with colleagues from Edmonton-Whitemud and

Edmonton-Glenora. I would also like to thank my personal hosts for the day – Nadir Rajan from Crystal Printing, Karima Bapoo, and Sadru Nazarali – as well as Dr. Moiz Ramji and Nizar Mitha and numerous other volunteers for their enormous efforts this year.

I would urge all members in the Assembly to join me in congratulating all the volunteers for staging and participating in this extremely important initiative of the Aga Khan Foundation, which is a non-denominational and registered charity with an incredibly successful record of project accomplishments.

Thank you.

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

#### Grants to Golf Courses

**Mr. MacDonald:** Thank you, Mr. Speaker. Today I want to point out the facts to the hon. members for Highwood and Calgary-West. They did not believe me when on Thursday, May 17, I pointed out the lavish grants golf courses receive from this Progressive Conservative government. These lavish grants are not a laughing matter. Upon review of the government's blue book detailing grants by payee for the fiscal year ended March 31, 2006, I was able to uncover \$2 million in grants given out to golf courses around the province. In addition, I've prepared spreadsheets detailing these grants through the past three fiscal years for the hon. members' convenience. Total grants by this government to golf courses is \$7.2 million in three years.

Think of the difference \$7.2 million could make to any number of other government programs. For example, this money could secure annual funding for prekindergarten programs at inner-city schools. These programs give a valuable head start to disadvantaged children for only \$250,000 per year. We would be giving children who face potential educational disadvantages the opportunities to play on par with their counterparts in the more affluent areas of the province. We can provide golf courses handouts, or we can do the right thing and provide young Albertans opportunities to foster not only a standard for learning but an enjoyment of and desire for education, culture, and achievement.

All so often in this province we speak of investments, of the Alberta advantage. Why not make the smartest investment of all: an investment in the future? By thinking ahead further than the next round of golf, this government could make a tangible difference not only in the lives of today's children but tomorrow's standard of living. School children need our help a lot more than golf courses.

Thank you.

**The Speaker:** The hon. Member for Lethbridge-East.

#### School Construction in Lethbridge

**Ms Pastoor:** Thank you, Mr. Speaker. Today while I address you there are nearly 900 students from west Lethbridge sitting in crowded classrooms across the city, awaiting the long overdue west side school. The people of Lethbridge do appreciate the funding which has been allocated to the plan, but because of extensive and inexcusable delays to the beginning of the construction on phase 1, this plan is already obsolete. Even if the population were static, there would be roughly 880 high school students living on the west side of Lethbridge in 2009; however, phase 1 will support only 700 of them.

A shovel has not yet touched the soil where a multimillion dollar school should be opening in September of '09, a deadline which was already pushed back a year. There is no doubt that because of

material and wage increases, phase 1 will be significantly over budget. Unless something is done now to make room for phase 2, there will be 180 students, a number which is still growing, who will have to find their education elsewhere. This is unfair to students, parents, and teachers all over Lethbridge.

The idea of the west side school and library should be an attractive one to this government given its level of co-operation and partnership. The school will be a three-way group effort on the parts of the public school district No. 51, the Holy Spirit Catholic school board, and the city of Lethbridge. This school, if ever completed in both phases, will be a shining example of the benefits of the synergy between these three entities. If the future of Alberta's education is to become brighter, let us make an example of Lethbridge and give the students there the facility and the attention that they deserve.

head:

#### Notices of Motions

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

**Mr. Renner:** Thank you, Mr. Speaker. Pursuant to Standing Order 34(3.1) I wish to advise the House that at the appropriate time I will be introducing a motion that written questions and motions for returns appearing on the Order Paper do stand and retain their places.

head: 1:20 **Tabling Returns and Reports**

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

**Mr. Mason:** Thank you very much, Mr. Speaker. I'll have to get back to you on that.

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

**Mr. MacDonald:** Thank you very much, Mr. Speaker. I rise to table today the spreadsheets which I referred to in my private member's statement earlier this afternoon. This is for the fiscal year 2005-06, and it goes through to 2004-05 as well.

Thank you.

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

**Mr. Taylor:** Thank you, Mr. Speaker. I have a number of tablings today: first of all, the requisite copies of an open letter from the mayor of Calgary to all citizens of Calgary.

Also, seven different tablings, all with the requisite copies, of correspondence from Alberta Environment – there's quite a lot of it here – all relating to our request under FOIP for access to documents having to do with the Balzac project. Didn't get any answers, but we got a lot of paper.

Thank you, Mr. Speaker.

**The Speaker:** The hon. Member for Lethbridge-East.

**Ms Pastoor:** Thank you, Mr. Speaker. I rise today to table seven letters and five e-mails. The letters are from Susan Howg, Marlin Howg, Wendy L. Thurston, Patricia Emerson, Ronna McKee, Christine Rogers, and Shanda McKnight. The e-mails are from Kim Orr, David Wetterstrand, Norine Dodge, Craig Brack, and Max Zaugg. These are all teachers, and they all have a common theme of asking and reiterating that there is inadequate and insubstantial funding for school boards and that the unfunded liability debt must be addressed and settled now.

**The Speaker:** The hon. Member for Calgary-Mountain View.

**Dr. Swann:** Thank you, Mr. Speaker. I rise with the appropriate number of copies of a letter from Dr. Chris Ayers, an inner-city physician in Alexandra community health centre in Calgary, raising serious concerns about the lack of AISH funding for many of his patients, who are now being forced into very difficult positions as a result of the cost of living and especially accommodation.

Thank you.

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

**Mr. Backs:** Thank you, Mr. Speaker. I have two tablings today. One is an article from Energy Solutions Alberta lauding the benefits of geothermal energy use in home construction.

The second is a recent press release from the Alberta Building Trades Council. This document offers to assist CNRL's Horizon project by completing its tank farm with qualified, readily available, and competent Alberta tradesmen.

Thank you.

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

**Mr. Mason:** Thank you very much for your patience today, Mr. Speaker. I'm pleased to table a motion which was adopted by the Idaho State Legislature in March of this year. The motion, passed by both Houses of the state, calls on President Bush to withdraw from the security and prosperity partnership agreement of 2005. With this motion Idaho joins 14 other states in opposing the reduction of standards, sovereignty, and democratic oversight entailed by the SPP.

Thank you.

**The Speaker:** Hon. members, I'm going to table in the Legislative Assembly one complete set of the *Centennial Series* books, but there are 17 pounds on your desks already.

head: **Tablings to the Clerk**

**The Clerk:** I wish to advise the House that the following documents were deposited with the office of the Clerk. On behalf of the hon. Mr. Danyluk, Minister of Municipal Affairs and Housing, responses to questions raised by Ms Blakeman, hon. Member for Edmonton-Centre, and Ms Pastoor, hon. Member for Lethbridge-East, on May 15, 2007, Department of Municipal Affairs and Housing 2007-08 main estimates debate; the Petroleum Tank Management Association of Alberta annual report 2006; Alberta Boilers Safety Association annual report 2006. Pursuant to the Safety Codes Act Safety Codes Council 2006 annual report.

On behalf of the hon. Mr. Melchin, Minister of Seniors and Community Supports, responses to questions raised by several Members of the Legislative Assembly on May 15 and 16, 2007, Department of Seniors and Community Supports 2007-08 main estimates debate.

On behalf of the hon. Mr. Knight, Minister of Energy, response to questions raised by Mr. Strang, hon. Member for West Yellowhead, and Mr. Cao, hon. Member for Calgary-Fort, on May 16, 2007, Department of Energy 2007-08 main estimates debate.

**The Speaker:** Before we move on to Oral Question Period, might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

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

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

**Mr. Agnihotri:** Thank you, Mr. Speaker. It's my great honour and pleasure to rise and introduce to you and through you to all members of the Assembly a group of 33 grade 6 brightest students from Meyokumin elementary school from my constituency, accompanied by their teachers Lisa Nachtigal and Shane Grundy. They are all seated in the public gallery. I want to thank them for coming to the Legislature. I request them to please rise and receive the traditional warm welcome of the Assembly.

Thank you.

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

**Mr. Danyluk:** Thank you very much, Mr. Speaker. It is indeed an honour to introduce to you and through you three guests in the visitors' gallery. We have members of the Federation of Alberta Gas Co-ops. We have the president, Bert Paulssen. We have Lyle Kusik. We also have Dareld Cholak. If I could ask them to please stand up and receive the traditional warm welcome of this Assembly.

head: **Oral Question Period**

**The Speaker:** First Official Opposition main question. The hon. Member for Calgary-Currie.

#### Red Deer River Water Transfer

**Mr. Taylor:** Thank you, Mr. Speaker. Albertans don't buy this Conservative government's denials about the deal to take water from the Red Deer River to support the Balzac megamall. You know, the Premier says it's our responsibility to provide the proof of a secret deal. It's not. It's his responsibility to give Albertans real answers and to make public all information he has. To the Premier. The Ministry of Environment has 1,703 pages responsive to our FOIP request, but its release has been delayed. If the Premier wants us to present evidence, will he release that evidence to us?

**Mr. Stelmach:** Mr. Speaker, this member asked the question or something to the effect yesterday. There's a due date of the 7th of June, I believe. According to the kind of rules and regulations under the act, which we must follow, there is some consideration given to asking permission from third parties. All that will be done. The information is to be provided to the opposition by the date, which is June 7.

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

**Mr. Taylor:** Thank you, Mr. Speaker. To the Premier. The Solicitor General's office has 1,500 pages responsive to our FOIP request. The release so far has been 14 of those pages – 14 pages out of 1,500. We've been told we can get 412 more but only after the session and the by-elections are over. Will the Premier release that evidence to us today?

**Mr. Stelmach:** Mr. Speaker, it's incumbent upon certainly the government to follow the rules and regulations and the laws that have been established by the Assembly. So those are the kind of issues that I mentioned before. We have a responsibility to make sure that we follow the regulations and the act, and there are some third-party considerations. I'm not sure that in this Sol Gen request

we'll be able to do that. Maybe I'll provide more information tomorrow. But with respect to the first one that was raised, that's the information I have. The Minister of Environment may give further detail if necessary.

**Mr. Taylor:** Mr. Speaker, to the Premier. Untold numbers of pages are being withheld, hidden using just about every section of the FOIP Act: section 6(4), a record created to brief a minister for session; section 17, disclosure harmful to personal privacy; section 22, cabinet and Treasury Board confidences; section 24, advice from officials; section 16, disclosure harmful to the business interests of a third party. Will the Premier admit that he has the evidence that his government has backed this project from the beginning and that he's keeping it from Albertans?

**Mr. Stelmach:** Mr. Speaker, this line of questioning has been going on now for most of this session. I've said before that there was no secret deal, as the opposition always alleges. They said that they were going to present evidence a few months ago. We're still awaiting that evidence. Now they're saying: well, we can't present it because we don't have any, but we just said that in the House. This keeps going on and on. All I'm going to say is that we are an open, transparent government. We are doing whatever we can within the law to deliver the kind of request that the opposition wants with respect to government information.

**The Speaker:** Second Official Opposition main question. The hon. Member for Calgary-Currie.

#### 1:30 Calgary Municipal Funding

**Mr. Taylor:** Thank you again, Mr. Speaker. One of the key markers of character is the ability to own up and accept the blame when you're wrong. It's also one of the key markers of leadership. The previous Conservative government had a penchant for blaming the victims. School board gives you grief? Fire the trustees. Elected health boards getting uppity? Go back to appointing them. Today I see that this Conservative government, which actually is nothing more, really, than the rearranging of deck chairs on the *Titanic*, is back to shooting the messenger again. Why? It turns out that their sagging support in Calgary is the fault of Calgary's mayor. How impertinent. To the Premier: will he admit that the mayor of Calgary is right to be standing up for the interests of his city and his citizens?

**Mr. Stelmach:** Mr. Speaker, a number of months ago, when we announced the \$1.4 billion municipal fund, there were comments made by the media in terms of responses from various mayors. I said that the mayor is doing his job, that he's got a responsibility to represent his city. I stand by what I said a number of months ago.

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

**Mr. Taylor:** Thank you, Mr. Speaker. Mayor Bronconnier sent a letter to all Calgarians, which I tabled earlier in the House today, in their property tax bills this week explaining why he can't announce the start of the new west and southeast C-Train lines, more police, fire, and EMS services, more buses and C-Train cars, more expansion and repair of the road network, more parks, more rec centres, more sports facilities. Will the Premier admit that the mayor is correct in saying that Calgary can't build what Calgary needs because this Premier reneged on his no-strings-attached funding promise to municipalities?

**Mr. Stelmach:** Mr. Speaker, in one of the letters I received there was a comment made – I believe it goes back to 1967 – with the construction of the light-rail transit system. In 1967 I was in grade 10. Please don't blame me for something that hasn't been done till today. I wasn't even in government then.

Look, it's \$1.4 billion going to municipalities. It's catching up with a whole bunch of infrastructure that's badly needed across the province of Alberta. This is a 10-year commitment of \$1.4 billion. There's so much opportunity now for planning and catching up with infrastructure both in housing and critical infrastructure that's necessary.

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

**Mr. Taylor:** Thank you, Mr. Speaker. Like the lady, methinks, doth protest too much. The Conservatives like to claim that they've given Calgary all this money, \$5.5 billion this year, although of course only \$42 million of it, barely the cost of one interchange, is available for the city to spend at its discretion on municipal infrastructure projects going forward. I would remind the House that this Premier was part of the government that decided not to do any infrastructure spending for the better part of 15 years. Would the Premier like to explain to Calgarians why, if they really have spent so lavishly on this city, there's so darn little to show for it?

**Mr. Stelmach:** Mr. Speaker, one of the values or the ethics of an opposition leader – of course, he isn't the leader; he maybe wants to be, but he's not the leader – is not to be subversive as an opposition, at least to put the facts on the table. The facts are completely different from what the hon. member has said. There's a considerable amount of money going to the city of Calgary. It's well over \$5 billion, going towards postsecondary, road infrastructure, hospitals. The money will continue to flow not only to Calgary but to other municipalities in this province because they're all important. We're not going to let the opposition try and divide this province into different areas: rural, urban, north, and south.

**The Speaker:** Third Official Opposition main question. The hon. Member for Edmonton-Gold Bar.

#### Temporary Foreign Workers

**Mr. MacDonald:** Thank you, Mr. Speaker. This government allows the exploitation of temporary foreign workers to continue. There are at least 24,000 temporary foreign workers now in the province, and this government wants to speed the process up by fast-tracking at least another 25,000 workers. My first question is to the Premier. Why is the government planning to recruit thousands more temporary foreign workers when yesterday the hon. Minister of Employment, Immigration and Industry warned prospective workers or migrants to this province to stay away?

**Mr. Stelmach:** Mr. Speaker, again, just a mixing up of words. I'll ask the minister to respond to this.

**Ms Evans:** Mr. Speaker, I think that yesterday the House heard the most unfortunate circumstances of people who had been unscrupulously solicited, had to pay money to come. That was wrong, and that's against our laws. I was asked about housing availability. When people come under the terms of temporary foreign workers, the employer has made arrangements for housing. Those rules are in place, and they are followed. We make sure that they are adhered to. But when people come because somebody has recruited them

dishonestly, then we don't know how to protect them because we don't even know who they are.

**Mr. MacDonald:** Speaking of not knowing who they are, to the Minister of Employment, Immigration and Industry, how many temporary foreign worker visas for Alberta have been denied for reasons of espionage, terrorism, or human rights violations?

**Ms Evans:** Well, Mr. Speaker, the federal government deals with safety and security and health, and they do that screening and assessment. Let's be clear: 800,000 people have applied and are on the rolls in Canada today, waiting to come to Canada. The screening that the hon. member is talking about is something that's done federally. The screening that we do relates to labour market opinions relative to the availability of jobs for those workers and employers to place them.

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

**Mr. MacDonald:** Thank you, Mr. Speaker. Again to the same minister: is the minister currently working with the RCMP to protect temporary foreign workers from exploitation as defined in the Criminal Code and the Immigration and Refugee Protection Act?

**Ms Evans:** Mr. Speaker, if one reviews the content of my budget, one sees that there are several people that have been hired this year to protect people, with employment standards, with occupational health and safety. Seventy-two additional people are working in our department primarily to do assessments, to conduct safety checks, to make sure that all Albertans are safe, among these, obviously, the workers that are temporary. May I say that at the immigration ministers' meeting last Friday we talked about just how we can best track temporary foreign workers.

**The Speaker:** The hon. leader of the third party, followed by the hon. Member for Calgary-Lougheed.

### Government Policy

**Mr. Mason:** Thanks very much, Mr. Speaker. This province's overheated economy is making some people prosperous but leaving many people worse off. This might be a surprise to many members of this government, but Albertans are not only aware of the problems caused by the government's inability to plan; they're also increasingly putting the blame exactly where it belongs. The Premier's job is to create and deliver government policy for the benefit of all Albertans, not just those already benefiting from our boom. More and more Albertans are turning to food banks for help, and this is directly related to the Premier's refusal to protect Albertans from soaring rents. If the Premier's claim that he has the right policies for Alberta is true, then why are so many people worse off now than they were a year ago?

**Mr. Stelmach:** Mr. Speaker, the overall economy of the province of Alberta is huge. It's growing. What spills over outside of Alberta's boundaries, of course, is shared by other provinces in terms of job opportunities, provinces like Quebec and Ontario. Definitely, we have more and more people moving to Alberta from other provinces, over 11,000 in the first part of this year. We have others moving from other countries. They're coming here because there are job opportunities. That in itself is a pressure point, and I won't argue it. It's a pressure point with housing, a pressure point with the kind of infrastructure and social programs that are necessary.

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

**Mr. Mason:** Thanks very much, Mr. Speaker. The Premier and his ministers have repeatedly refused to protect Albertans from rent gouging and other price distortions because they have a blind faith in the market. Well, while this government dithers, more and more Albertans are falling behind. Last year 94,689 Calgarians went to the food bank. Alberta has the highest percentage in the entire country of users of the food bank who are employed. People are working harder and still struggling, but this Premier is either unwilling or unable to help. Will the Premier admit that his failure to help the people struggling in this province is resulting in declining popularity for his government?

1:40

**Mr. Stelmach:** Mr. Speaker, this year's budget was an increase of approximately 10 per cent. A lot of that increase went to various social programs to support Albertans. Not only Albertans, you know, whether it be seniors or AISH recipients, but those that are moving to this province, looking for places to live, that are here because they have job opportunities. Mr. Speaker, you're well aware that we're critically short of people to fill many of the job vacancies. These are issues that we're working through. Our policies are good, and we will see that we'll catch up with all of these issues and improve the quality of life for all Albertans.

**Mr. Mason:** Mr. Speaker, more words.

The Premier has refused to touch the brake on our overheated economy, but he obviously doesn't have a grip on the steering wheel either. It only took a few hours for landlords to start jacking up rents after the government announced its response to the housing task force, and the ink wasn't even dry on Bill 34 before landlords spotted the loopholes in the bill and started making economic evictions. Why is this Premier taking Alberta in the direction of more homelessness, more hungry children, and forcing more middle-class families into poverty?

**Mr. Stelmach:** Mr. Speaker, I believe I mentioned this to the House before, but of course this hon. member has most of his life received his salary from the public. There are a lot of people in this Assembly that remember the last time the government touched the brakes, in the '80s. We ended up paying 24 per cent interest rates. Albertans were vacating their homes, abandoning their mortgages, moving out to other provinces because the government did put the brakes on the economy and devastated this province. It took us years of good policy on behalf of this government to recover.

Thank you.

**The Speaker:** The hon. Member for Calgary-Lougheed, followed by the hon. Member for Edmonton-Rutherford.

### Calgary Courthouse

**Mr. Rodney:** Thank you, Mr. Speaker. My first question is for the Minister of Justice. The government of Alberta is building a new and by some accounts overly costly courthouse facility in downtown Calgary at a time when government spending is already high. Can the minister please explain what need justifies the expense of this facility at this time?

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

**Mr. Stevens:** Thank you, Mr. Speaker. The Calgary Courts Centre is actually one of the shining examples of what's going on in

Calgary these days. I noticed earlier in the questions advanced by the hon. Member for Calgary-Currie that he was having difficulty in finding something good that's happening in Calgary. I would suggest that he check out 5th Street between 6th and 7th Avenues, and you will see the Calgary Courts Centre. The Calgary Courts Centre is the place where the Court of Queen's Bench and the Provincial Court will go. It will be the aggregation of five locations at one spot. It is something which has been talked about for over 20 years at this point.

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

**Mr. Rodney:** Thank you. My second question is to the same minister. Some constituents suggest, however, that the facilities we have right now are just fine. I'm hoping the minister can explain the return on investment that taxpayers are receiving for this somewhat considerable expense.

**Mr. Stevens:** Well, the considerable expense is \$300 million. I can tell you, Mr. Speaker, that the \$300 million is what was established as the budget for this particular project when it started some considerable time ago. I can tell you that it is on budget and on time. We will be getting the keys to the buildings at the end of July. The courts will be moving in and operational in full in September of this year.

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

The hon. Member for Edmonton-Rutherford, followed by the hon. Member for West Yellowhead.

#### Heritage Savings Trust Fund Timberland Investment

**Mr. R. Miller:** Thank you very much, Mr. Speaker. On April 17 and 18 in response to questions I asked in this House the Finance minister admitted that an employee in his department had made a mistake which cost taxpayers \$11 million. The minister admitted that his employee failed to hedge the timberland investment against the Canada/U.S. dollar exchange, yet the 2005-2006 second-quarter update of the Alberta heritage savings trust fund reported that "the under-performance is due to the strengthening of the Canadian dollar against the US dollar." My question is for the Minister of Finance. Why didn't the second-quarter report tell the truth about the losses suffered by the timberland investment class?

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

**Dr. Oberg:** Thank you very much. It's great that the hon. member has asked this question again because I believe this morning in Public Accounts he asked the Auditor General this in about eight or nine different ways. The Auditor General told him exactly why. He told him that we had informed the Auditor General exactly when we learned that this had occurred. He told him why he did not put it in his report. He told him what we had done and what we were doing about it. So he got all the answers from the Auditor General first thing this morning in Public Accounts.

**Mr. R. Miller:** Well, Mr. Speaker, this morning at the Public Accounts Committee the Auditor General, in fact, did indicate that all of the relevant pension funds and investment partners had been notified in writing of the circumstances surrounding the loss. They were all advised of what measures had been put in place to ensure that such a mistake did not happen again. That is true. Unfortunately, the most important entity of all, that being the taxpayers of

this province, were never informed why the \$11 million loss took place. Again to the Minister of Finance: will the department live up to this government's claims of openness, transparency, and accountability and make a full public disclosure of all of the details surrounding this loss to the taxpayers, perhaps an addendum to your annual report?

**Dr. Oberg:** Mr. Speaker, included in my budget this year and over the past years, there is a constant compilation of timberland. When you take a look at my budget this year, you see a line item which says "timberland." I think what is very important as well to recognize is that, yes, there was an \$11 million mistake made, and, yes, I did come into this Legislative Assembly and stand here and say that, and, yes, we have made \$61 million on a \$170 million investment. So did we mess up for a bit? Yes. Has it been a good investment? Yes. Have we reported it? Absolutely.

**Mr. R. Miller:** And, yes, Mr. Speaker, this Assembly approved \$7 million in supplementary supply to pay off the partners that lost money because of your mistake. That's a fact.

Mr. Speaker, a Finance department official has been quoted as saying that the employee was let go not for making the mistake but rather for trying to cover it up. This morning the Auditor General said that he had found no evidence of a cover-up, and the deputy minister, when asked the same question, declined to comment. My question is for the minister. Did Alberta Finance discuss with the Auditor General the human resources issues involved, or was the dialogue . . .

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

**Dr. Oberg:** Thank you very much, Mr. Speaker. As I've stood here before and stated, yes, there was a \$7 million issue that was dealt with. It was dealt with on the floor of the Legislature. It was put here in the budget. And, no, I will not discuss human resources issues in this particular Legislative Assembly.

**The Speaker:** The hon. Member for West Yellowhead, followed by the hon. Member for Edmonton-Glenora.

#### Biodiversity Monitoring Project

**Mr. Strang:** Thank you very much, Mr. Speaker. We take for granted all of the natural features and the living species that bless our province with their presence. Alberta looks at the government to have a plan to manage the biodiversity. My question is to the Minister of Sustainable Resource Development. Since developing the biodiversity strategy for Alberta is one of the Premier's top priorities for his ministry, can the minister please tell the Assembly what the biodiversity strategy is doing to fulfill his priority?

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

**Dr. Morton:** Thank you, Mr. Speaker. I'm pleased to report to the Assembly that the biodiversity monitoring project is moving ahead very well. After three years of developing a prototype, we're moving into the field this year. In this year's budget we committed \$4.2 million to set up an institute that will do the biodiversity monitoring. Over the past several weeks the institute has completed the training of 22 seasonal staff who will do the monitoring. On Monday these researchers began the process of going out and monitoring the collection of information about plant and animal species across Alberta. This information gathered will be used to

build a baseline or a benchmark that will help the government maintain Alberta's valuable biodiversity.

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

**Mr. Strang:** Thank you, Mr. Speaker. My first supplementary question is to the same minister. It all sounds rather complicated. Can the minister please explain for the opposition how it works?

1:50

**Dr. Morton:** Mr. Speaker, I'll try to draw a picture. There will be 1,600 sites in a 20-kilometre grid – 1,600; 20 kilometres. Every five years one-fifth of these will be checked. Over five years we'll develop a baseline. Five years times one-fifth: a whole. That baseline will then allow us to monitor changes going forward.

**The Speaker:** Hon. member, I'm sure there was great clarity in the answer.

Maybe your third.

**Mr. Strang:** Thank you, Mr. Speaker. My second supplementary question is to the same minister: why is biodiversity so important?

**Dr. Morton:** Again, very slowly for the opposition. As a practical matter this will allow us to do the environmental impact statements both for industry and government in a more efficient way. We won't be starting from ground zero, you know, the beginning point. We'll have a baseline to go.

Secondly, the biodiversity will help us with the land-use framework. Most importantly, Mr. Speaker, over the long term the biodiversity monitoring program will help us put together and protect the integrity of our environment, the beauty of this province that makes it the best place in Canada to live, work, and raise a family.

**The Speaker:** The hon. Member for Edmonton-Glenora, followed by the hon. Member for Red Deer-North.

### Affordable Housing

**Dr. B. Miller:** Thank you, Mr. Speaker. City councillors and the people of Red Deer have made a bold commitment to become the first municipality in Canada to eradicate homelessness. In fact, Red Deer has a 10-year plan. This government rejected the housing task force's recommendation of an Albertan 10-year housing plan. The city of Red Deer appreciates receiving money for affordable housing this year, but what about the next year and the year after that and the year after that? My question is to the Minister of Municipal Affairs and Housing. Will you enable Red Deer city councillors to plan for the future, even the next three years, by committing here today to renew their affordable housing funding on a long-term basis?

**Mr. Danyluk:** Well, Mr. Speaker, this government has committed \$400 million to the municipal sustainability initiative this year, \$500 million next year, and \$600 million the year after. We've also committed to funding for housing. The funding for housing for communities that are in need: those municipalities have the ability to decide how they feel their money should be spent and what direction they should take.

**Dr. B. Miller:** Mr. Speaker, the effort to provide affordable housing in this province, which refuses to regulate the market, can sometimes feel like one step forward and two steps back. This year in Red Deer

Monarch house, a 65-unit affordable housing project, was recently sold to a developer for a condo conversion. Monarch house was originally built as part of an affordable housing strategy and, therefore, received funding from both the provincial and federal governments. To the same minister: what is your department doing to protect future affordable housing investments that use provincial dollars from receiving the same fate?

**Mr. Danyluk:** Mr. Speaker, if an agency or a municipality applies for affordable housing and that funding is granted, and if that agency turns their units into condos or into another means, they have to pay back that funding pro-rated.

**Dr. B. Miller:** My final supplementary is to the Minister of Employment, Immigration and Industry. The task force on housing was really concerned about the fact that we'd like to see people flow through the housing continuum, but there's a reverse flow. In fact, we invented a new category, the nearly homeless, who are one rent raise away from being homeless. Apparently, officials in Red Deer and other places have expressed concern that no one knows anything about the homeless and eviction prevention fund. So it's not a question of not only the people in need not knowing, but officials don't know. What steps has your department taken to at least inform municipalities about this program and about the specific guidelines and criteria of this program?

**Ms Evans:** Mr. Speaker, all of the 59 centres plus the two special centres in Calgary and Edmonton were aware of it from the moment it was announced to go to municipalities. I think we could very clearly identify the web page. There are three simple criteria: that they need assistance, that they qualify for some income support, and that they get in touch with us. Very clearly, we've asked for the director to look in every circumstance at the individual needs before adjudicating any of these circumstances. We've had outstanding results, and people are getting served on the basis of the needs they have.

**The Speaker:** The hon. Member for Red Deer-North, followed by the hon. Member for Calgary-Mountain View.

### Diabetes Supplies

**Mrs. Jablonski:** Thank you. Mr. Speaker, we are hearing in the media of a growing incidence of diabetes among children. I have heard concerns from constituents about the considerable costs associated with purchasing diabetic supplies. My question is to the Minister of Health and Wellness. What assistance is available to Alberta families for the cost of diabetic supplies?

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

**Mr. Hancock:** Well, thank you, Mr. Speaker. Assistance for the cost of diabetic supplies is available to lower income Albertans through the Alberta monitoring for health program, which is administered for us by the Canadian Diabetes Association. Alberta monitoring for health is currently assisting approximately 21,000 Albertans with the cost of supplies to manage their diabetes. The program is intended to help people without health insurance and those most in need with some of the costs for diabetic supplies. These supplies include blood glucose strips, injection supplies, and lancets. People who are insulin dependent receive up to \$550 per



year. Those using oral medication receive up to \$250 per year, and people who manage their diabetes through diet receive \$100 per year.

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

**Mrs. Jablonski:** Thank you. I'll direct my supplemental question to the Minister of Employment, Immigration and Industry. Could the minister outline the benefits available to Alberta families dealing with diabetes under the child health benefit?

**Ms Evans:** Mr. Speaker, \$23 million to the Alberta child health benefit program benefits 83,000 children who receive supplies, medical benefits through that program as well as 38,000 Alberta families that receive funding through the Alberta adult health benefit. So we look after the families who require income supports for medical needs for diabetes.

**Mrs. Jablonski:** My last question to the same minister, Mr. Speaker. We know that with proper testing and treatment children with diabetes can achieve a good quality of life. As daily costs increase and eat away at family incomes, will the government consider increasing the income threshold for families to qualify for child care benefits?

**Ms Evans:** Yes, Mr. Speaker, we will. The budget and the publication of our business plan this year indicate that on July 1 there will be regulatory changes to increase the income threshold for eligibility, so you will see support increases at that time. We look forward to that. For those that are students, those income benefits will be applied in August, and subsequent to that, if there were requirements, they would also qualify for benefits if they were in that category of need.

**The Speaker:** The hon. Member for Calgary-Mountain View, followed by the hon. Member for Edmonton-Calder.

### Climate Change

**Dr. Swann:** Thank you, Mr. Speaker. On climate change Albertans are far ahead of this government. They understand that climate change is the crisis it is and are looking for leadership. The government's own public consultation on climate change indicated that nearly 90 per cent of people want to move quickly to absolute limits on greenhouse gas emissions, yet this government continues with the discredited intensity targets that favour industry. The Liberal plan would cap emissions by 2012. To the Premier: why did you spend millions of Alberta dollars if you already had a plan?

**Mr. Stelmach:** Mr. Speaker, we took a leadership role as the government of Alberta with respect to climate change, such a leadership role that, in fact, the federal government worked very closely with the province of Alberta to establish a policy that's going to work with all Albertans in managing climate change over the next number of years. It is a good policy. We're going to continue to work in that direction. Other provinces are now looking to Alberta for the kind of legislation that we have and also for the fact that we took a leadership role back in 2002-03 by putting together a plan so that we can at least have a baseline measure, starting from a measurement so that we'll know how much ground we gain over the next few years.

2:00

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

**Dr. Swann:** Thanks, Mr. Speaker. This government prides itself on consulting with Albertans, but the evidence is that they ignore public values when it's inconvenient to government or to business, whether it's housing or FCSS and child services or, now, climate change. Again to the Premier: if not the public interest, the long-term needs of this province, whose interests are we making decisions upon?

**Mr. Renner:** Well, Mr. Speaker, it's important that we clearly put into context the issues that we're dealing with in climate change from the public consultation perspective. I've indicated a number of times in the House that Bill 3 was the culmination of work that began in 2002. We immediately began a consultation with Albertans to develop a forward-looking plan. That forward-looking plan is in its final stages and will be released for initial consumption by Albertans over the summer and be ready for final adoption by government by this fall.

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

**Dr. Swann:** Thank you, Mr. Speaker. The climate crisis is the most serious issue to face the planet this century, and carbon emissions are the most significant contributor. This government has spent millions of public dollars in the last five years convincing Albertans that climate change is just a theory and that serious commitment to this would seriously undermine our economy. Last month this minister boldly announced that climate change is real, but nothing has changed. As with previous Environment ministers it's business as usual in Alberta. Mr. Minister, your job is to protect the environment. Why won't you do your job?

**Mr. Renner:** Well, Mr. Speaker, I thought that's just what I was doing. When I attended a meeting in Toronto with Environment ministers from across the country, I expressed to them exactly what I have expressed to this House. I expressed to the national media the fact that Alberta is the only jurisdiction in Canada that has come forward with legislation. Many of those ministers were interested in what we were doing. Some thought, like the hon. member, that we should just put some kind of a cap in place without any plan on how to get there. Fortunately, I think, for Albertans we don't believe in making promises that we can't keep. We believe in making promises that have a road to get to the goal.

**The Speaker:** The hon. Member for Edmonton-Calder, followed by the hon. Member for Olds-Didsbury-Three Hills.

### West Fraser Timber Co. Ltd.

**Mr. Eggen:** Thanks, Mr. Speaker. What with low prices, trade disputes, mountain pine beetle, and other difficulties our Alberta forest industry has been through some tough times. However, this is no excuse to engage in inefficient and unsustainable practices that do not manage our forest resources in the best possible way. There have been many complaints that the West Fraser forestry management area in the Hinton region has been leaving good timber on the ground and burning fallen timber and then bringing in logs and chips from other FMAs to feed their pulp operations. My questions are to the Minister of Sustainable Resource Development. Will the minister please commit to stopping these inefficient and unsustainable forest practices in the West Fraser management area?

**Dr. Morton:** Mr. Speaker, I appreciate the hon. member's concerns with the men and women who have lost their jobs, but I suggest that he spend a little more time outside of Edmonton and in the forestry

zones. He'd realize that the pictures that he showed to the media today of a few slash piles burning is pretty common in every province and everywhere that forestry is done. I'm afraid he's confused forestry practice with a labour issue. I know that his party pays a lot of attention to unionized workers. I respect that, but he's mixing up two different issues here, sir.

**Mr. Eggen:** Well, Mr. Speaker, I certainly beg to differ. I would encourage the minister to take a look at the pictures and others that we have available on our website, the NDP website.

Certainly, the workers have a vested interest in sustainable resource practices. Workers with 35 years' experience have told us that they've never seen this kind of waste on the ground before. We're looking for resolution, and we're looking for sustainability in this issue. To the same minister: given that West Fraser's forestry management licence clearly states that the company must not waste its wood, why are we allowing West Fraser to continue these unsustainable forestry practices? I'd like him to look into it, please. Thank you.

**Dr. Morton:** Mr. Speaker, I think the hon. member wouldn't know a sustainable forestry practice if it hit him over the forehead like a log.

I've been up to Grande Prairie twice in the last two weeks. I've been out in Kananaskis touring both cut areas and also reforested areas twice in the last two weeks.

**Mr. Martin:** Whatever the companies say. Right, Ted?

**Dr. Morton:** No. What we're concerned about is sustainable forestry. That means that the forest will be there in a hundred years. That's what the companies are concerned about. Their value depends upon a hundred years worth of wood. Sustainability is our goal, and West Fraser is committed to that just as strongly as we are. That's what our FMA requires.

**Mr. Eggen:** Well, Mr. Speaker, I think it's totally irrelevant and certainly not moving forward on this issue just to simply call names. I'm bringing something forward for the attention of SRD. They ignored it before. I'm asking the minister to take a look at this. It's not an unreasonable request. West Fraser is in negotiations with the government for the next 20 years for a forest management agreement. I'm asking him: please, will you ensure that the next forest management agreement will absolutely forbid these types of waste and unsustainability that we've seen thus far? I certainly do know the difference between a cut pile and a big pile of logs that are just wasted on the ground.

**Dr. Morton:** Mr. Speaker, these pictures could be taken everywhere and anywhere. Until we know where they're taken, I don't want to get into it. What I'll tell the Assembly and tell Albertans is that the sustainability of the forestry industry and the jobs you want to protect and the jobs you want to keep in this province depends upon a sustainable forestry. We're committed to that. Our FMAs require it. That's our policy, and we're going to stick to it.

**The Speaker:** The hon. Member for Olds-Didsbury-Three Hills, followed by the hon. Member for St. Albert.

#### Farm Fuel Rebate Program

**Mr. Marz:** Thank you, Mr. Speaker. Recent media reports have implied that there are problems with the Alberta farm fuel rebate

program, and recent numbers released by Stats Canada contrast with the number of farmers receiving rebate in our province. To the Minister of Agriculture and Food: can the minister tell us why there's such a discrepancy in these numbers?

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

**Mr. Groeneveld:** Well, thank you, Mr. Speaker. The farm fuel rebate program is a very important program, indeed, similar to the other provinces. The biggest reason for the difference in the numbers is simple to explain. The rebate is given to individual farmers while Stats Canada numbers show the number of farms. As long as there are separate income tax papers filed, there can be more than one farmer receiving a rebate per farm. In fact, there could be two or three, depending on a corporate farm.

**Mr. Marz:** To the same minister: can the minister tell us, given that the rebate program was flagged by the Auditor General, what he has done to ensure that the problem is being dealt with?

**Mr. Groeneveld:** Well, Mr. Speaker, Alberta certainly has stepped up its efforts on new application. As I indicated in the Committee of Supply, we will be starting an internal audit. We are also doing a review of the different provinces to see if there are any processes or materials that we can use here. We are committed to a good process. Once we've taken a thorough look, we can determine how best to proceed with a full renewal, which we have committed to. This is only a good, common-sense process that we're going through.

**Mr. Marz:** My final question to the same minister: with the rising cost of fuel can the minister assure this House and Alberta farmers that this program will continue to be available to assist farmers in managing their income?

**Mr. Groeneveld:** Mr. Speaker, with today's rising fuel costs this program is probably more timely than ever.

Mr. Speaker, for the Member for Edmonton-Gold Bar to imply in the media that there is widespread abuse of this program is wrong, unfair, and very mean-spirited to Alberta farmers. Let's be clear: the vast majority of the people in this program are still eligible. Claims that there could be \$34 million a year in abuse is both negligent and wrong and unfounded. We will review the eligibility, and we will continue to support the Alberta farmers.

**The Speaker:** The hon. Member for St. Albert, followed by the hon. Member for Leduc-Beaumont-Devon.

#### Education Funding

**Mr. Flaherty:** Thank you, Mr. Speaker. Last week we heard from trustees and school board officials in Edmonton and Calgary about the specific challenges facing school boards in the province. In 2005 the metro school board study provided important recommendations for ensuring that the needs of these unique boards would be met and that the quality of education for students in Edmonton and Calgary would not suffer. To the Minister of Education: how many recommendations from the metro school board study has your department implemented?

**Mr. Liepert:** Well, Mr. Speaker, the hon. member in this session has been so fixated on numbers and twisting the facts and distorting the facts that I thought I'd take some time. This might take me the

answer to the question and a couple of supplementaries, but I thought I'd engage the House and go through the Liberal plan and cost it out for us. So let's start here right now.

This particular hon. member has asked consistently in this House that we implement full-day kindergarten and junior kindergarten. The cost of that, Mr. Speaker, is \$375 million. The hon. member has also called for province-wide school lunch programs, which is \$354 million. We've also heard from the opposition . . . But I'll finish in my next supplementary.

2:10

**The Speaker:** We'll probably get to it.

The hon. member.

**Mr. Flaherty:** Thank you, Mr. Speaker. I'll try and go a little slower. A large part of the problem faced by school boards in Edmonton and Calgary relates to the renewed funding framework, Mr. Minister. When this rural Tory government was developing the renewed funding framework, it recognized that the needs of both the smallest and the largest boards in the province needed to be addressed, yet somehow when the framework was finalized, only the small board administration grant was retained. To the Minister of Education: why did your government choose only to provide support to small rural school boards and ignore the needs of the school boards in Edmonton and Calgary? Can you tell us the answer, sir?

**Mr. Liepert:** Well, Mr. Speaker, again, the hon. member has his facts all wrong, and I'm not even going to respond to them because they're just wrong.

So let me continue on the Liberal plan for funding education, Mr. Speaker. The Liberals have called for a 5 and a half per cent increase in conditional grants, another \$73 million. They want to eliminate school fees. This hon. member wants to eliminate school fees, \$62 million. He also wants to eliminate fundraising, \$68.9 million. The total cost of that plan is over a billion dollars. Then the hon. Member for Calgary-Varsity consistently doesn't want to look at alternative ways of financing new school construction. I'll finish it in my next supplementary.

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

**Mr. Flaherty:** Well, thank you, Mr. Speaker. Hopefully, we'll get this one answered. The school infrastructure debt in Edmonton and Calgary is out of control, Mr. Minister. The schools for tomorrow strategy promised to end the last decade of school infrastructure neglect, sir. But now we learn that the strategy has been shelved. To the Minister of Education: since you have thrown away the latest school infrastructure plan, where is your plan for eliminating the growing infrastructure problem in Lethbridge, Edmonton, and Calgary?

Thank you, Mr. Minister.

**Mr. Liepert:** Mr. Speaker, again, I said earlier: distorting the facts. Nobody shelved anything. The schools for tomorrow document is still there, so let's call facts a fact.

What I said earlier was that this opposition says that we should spend \$3 billion and build all these new schools. And then there's the hon. Member for Edmonton-Rutherford, who wants us to write a cheque for \$2 billion to clear up the unfunded liability. Right now, he says. The total for that, Mr. Speaker, the total cost of the Liberal education plan is \$6 billion. That equates to a 5 per cent sales tax increase. If they want to go out and campaign on a 5 per cent sales tax, let them go ahead.

**The Speaker:** Well, that's certainly innovative: a minister of the Crown outlining to the citizens of Alberta an opposition party's platform.

The hon. Member for Leduc-Beaumont-Devon.

### Recycling

**Mr. Rogers:** Well, thank you, Mr. Speaker. When it comes to protecting our environment, often the small steps we take every day are the most valuable, like using public transportation instead of driving individual cars or recycling used garbage containers. It's been reported in the media that fewer and fewer beverage containers are being returned for recycling every year. My question is to the Minister of Environment. Is this true, and if so, are the rates of recycling declining in Alberta even as more and more Albertans are becoming more environmentally aware?

**Mr. Renner:** Well, unfortunately, Mr. Speaker, it is true on both counts. First of all, small steps can collectively have a huge impact on the environment. But the member is also correct when he points out that the rate of return on recycling of beverage containers is going down at the same time as the number of beverage containers being sold in Alberta is rising rapidly. More than a billion containers were returned last year, but that only represents about 74 per cent of beverage containers like pop cans, only about 40 per cent return on milk containers, and about 90 per cent of beer containers. These numbers need to be improved, and it's time that we got on with it.

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

**Mr. Rogers:** Thank you, Mr. Speaker. My first supplemental is to the same minister. Mr. Minister, why is it that the number of dairy containers sent in for recycling is so low?

**Mr. Renner:** Well, Mr. Speaker, it's a question that I don't know that I have the capability of answering, but I can point out that dairy containers are exempt from the recycling container legislation which people are familiar with: having a deposit and returning the container to get their deposit back. Some have suggested that that might be one of the reasons why the numbers are so low. Others would suggest that it's simply an awareness and that they've made some significant progress. I don't know the answer to that question. It's one that I would dearly love to have the answer to.

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

**Mr. Rogers:** Thank you, Mr. Speaker. My final supplemental for the same minister. I want to thank you for the clarification, Mr. Minister. Clearly, this is an issue that needs more immediate action. Can you tell us what concrete actions you're planning to take to get a handle on this?

**Mr. Renner:** Mr. Speaker, we need to continue to work with our partners in beverage container recycling. We need to work with the Dairy Council; we need to work with the brewing and the bottlers. But I think we can do more, and that's why I believe that this whole issue of beverage container recycling is a prime example of an opportunity for the newly formed policy field committees to get involved. One of the things that I would like to do – and I intend to very shortly – is introduce a motion in this House that will refer the issue of beverage containers to the all-party policy field committee for their recommendations on where we go from here.

**The Speaker:** Hon. members, that was 82 questions and answers today.

**Speaker's Ruling  
Tabling Committee of Supply Responses**

**The Speaker:** I would like to advise all members of Standing Order 59.05(1), particularly the Government House Leader and the Deputy Government House Leaders. Standing Order 59.05(1) says, "Ministers must table answers to questions asked in Committee of Supply within 2 weeks." Standing Order 59.05(2) says, "The vote on the main estimates under Standing Order 59.04 shall not be held until the answers have been tabled in the Assembly as required under suborder (1)." It's not clear who's responsible for monitoring that answers must be provided within two weeks, but the chair has kept a running tally and believes that there are a few that have not been. So I would encourage such compliance so that we do not run into problems in the future, when and if the day of the voting is to occur and somebody then says that you can't vote because not all the answers are here.

The Government House Leader.

**Mr. Hancock:** Thank you, Mr. Speaker. I appreciate you raising that and bringing it to our attention. I can assure you that I as House leader have been diligent in my duties in reminding my colleagues that they are to table their answers to questions. You'll notice that every day we've had tablings of answers, and we're following up with the ones that remain.

Thank you.

**The Speaker:** One minister is saying: am I the one? Well, sorry. The difficulty the chair has is that the chair cannot determine that because under the rules it basically says that a minister will provide answers and the minister will agree to provide written answers. But if a minister during his estimates says, "Well, I answered the question in the estimates," and somebody on the other side says, "Well, no; you agreed to provide a written one," but, "No, no; I gave it in the *Hansard*," and somebody says, "No, no, no; the rule says that you must provide written ones," all of a sudden you're asking moi to make a decision, an interpretation on your part. So today I'd just simply advise: would you all be very diligent in what you have to do to uphold Standing Orders 59.05(1) and 59.05(2) so that we do not run into any problems, please. The onus is on the members.

head: **Orders of the Day**

head: **Government Motions**

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

**Referral of Bill 2 to Government Services Committee**

23. Mr. Hancock moved:

Be it resolved that the Legislative Assembly refer Bill 2, Conflicts of Interest Amendment Act, 2007, to the Standing Committee on Government Services for the committee's consideration, review, and comment and request the committee to report to the Assembly on or before the first week of the fall 2007 sitting.

**Mr. Hancock:** Thank you, Mr. Speaker. A motion that doesn't need much debate. We yesterday moved Bill 1 to committee. Bill 2, again, is one of those bills that's robust enough and of sufficient degree of public interest with respect to the Conflicts of Interest Act that the public should have an opportunity to advise us as to whether we've got it right or whether there are other issues that should be

addressed. It's most appropriate that the appropriate policy field committee have the opportunity to address the bill before we address it in Committee of the Whole, so I'd ask the House to allow this bill to be sent to the appropriate policy field committee.

2:20

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

**Mr. Elsalhy:** Thank you, Mr. Speaker. I rise to respond to Government Motion 23, moved by the hon. Government House Leader, in my capacity as the deputy Official Opposition House leader and as the Alberta Liberal caucus democratic renewal committee chair. This motion is calling for the referral of government Bill 2, the Conflicts of Interest Amendment Act, 2007, to the Standing Committee on Government Services for the committee's consideration, review, and comment. It also sets a timeline for the said committee, for which I'm humbled to have been chosen vice-chairperson, to report back to the Assembly on or before the first week of the fall 2007 sitting.

Clearly, I would speak in favour of this motion. First of all, I sat on the Conflicts of Interest Act Review Committee when this particular legislation came up for review before the all-party committee. The discussions we had and the exchange of ideas and thoughts were positive and most useful, in my opinion. It is no secret, Mr. Speaker, that all-party committees work. They do work for the most part because members from any side of the House tend to be more co-operative and less adversarial in comparison to what happens sometimes in question period or a bill debate. The idea behind having all-party committees is to allow all points of view to be expressed and evaluated. The results always yield better legislation and a much diminished chance of this legislation being rejected by the House when it reaches its floor. You see, if we co-operate at the front end of things, Mr. Speaker, it follows naturally that the suggested bill could cruise through all stages of debate afterwards with minimal resistance. Also, deliberations in committees are not as rushed, and members tend to be more thoughtful and objective, more thorough.

I for one and all members of my caucus do take these all-party committees seriously. As a matter of fact, we campaigned on that very idea in 2004, and having true legislative all-party committees remains an integral part of our democratic renewal work. The situation in the past, where the government did not see a need to have such forums because they had a majority in the House and the government caucus was sufficient, was a bad one. It was a bad situation, Mr. Speaker. The Legislature is here for a reason, and democracy cannot be served when the opposition and the hundreds of thousands of Albertans it represents are excluded from the decision-making or candid discussion tables.

I'm excited that the new Premier has followed through on one of his campaign promises to establish these policy field committees. I also want to acknowledge the Government House Leader and the Opposition House Leader for their work and their negotiations and also acknowledge their legislative or parliamentary assistants who participated in those discussions for the hard work they put into these negotiations.

We need to ensure that these committees do work, and I know that the two House leaders from both sides – actually, the three, including the NDP opposition – had some discussions with their respective caucuses and tried to convince all the members in this House to buy into this new model. I know that our House leader on the opposition side of the House did not have any difficulty as compared, I think, to some members in the government caucus who initially expressed some hesitation or skepticism. But kudos still, and it's a day to celebrate that we now have these committees.

The challenge before us, then, is to make sure that they work and that they work well. This is not or ought not to be a public relations exercise. As I said, we are serious about these committees to the extent that we have recently requested formal training for the four vice-chairs, and I am one of them. In terms of reference we would like manuals and things like that, but above all, Mr. Speaker, we need a commitment from the government side that this is a genuine attempt at democratic renewal and that no voice or opinion will be ignored, ridiculed, or dismissed.

Bill 2 attempts to strengthen conflicts of interest laws. It goes hand-in-hand with Bill 1, the Lobbyists Act, which was referred to the same committee yesterday with the passage of Government Motion 21. They both try to assure the public that politicians and senior government officials are not as bad as the public thinks, certainly not all, and that we are serious about restoring public faith and trust. Referring Bill 2 to the standing committee is a welcome development, and I am both thankful and excited.

I am also pleased that Bill 31, the Mental Health Amendment Act, 2007, is hopefully going to be referred to the sister committee on community services as the question of community treatment orders is a contentious and serious issue and deserves thoughtful consideration. So I am optimistic that that motion as well is going to pass.

However, what is alarming and displeasing, what takes away from my optimism, Mr. Speaker, with respect to these all-party committees is the fact that some government members today still think that these committees are just here to examine and discuss government business and government business only. They forget or choose to ignore the fact, as the Speaker reminds us from time to time, that all members of this House are equal and that no idea should be dismissed based on its caucus of origin.

We had an example earlier this session, Mr. Speaker, when my hon. colleague from Edmonton-Glenora suggested that Bill 207, the Child Care Accountability and Accessibility Act, sponsored by my colleague from Edmonton-Mill Woods, be referred to the Community Services Committee, and unfortunately that idea was dismissed. It was rejected.

The Minister of Education tried to be very careful in his choice of words when he said that that idea was not needed, but you have members in this House like the hon. Member for Drayton Valley-Calmar, for example, who said, "The policy field committees are just being set up, and they do have a lot of very important work to do with regard to government bills." He also says:

And I know that there are other bills that are going to be referred to policy field committees that are again government bills that – I think we really need to spend our time majoring on the majors, focusing on the things that, you know, the Alberta citizens would like us to focus on.

Mr. Speaker, I totally disagree. No idea should be dismissed before it's given a chance to be discussed, and for the suggestion to be made that we only major on the majors . . .

**Rev. Abbott:** Point of order.

**The Speaker:** Point of order. Normally we deal with points of order at this time. What's the point of order, sir? A citation, please.

#### Point of Order

##### Factual Accuracy

**Rev. Abbott:** Yes. Standing Order 23(h)(i) and (j), imputing motives, Mr. Speaker. I would like to say right away that I believe you made a ruling on which bills should go to policy field committees and which bills should not, and the bill that he's arguing for right now, Bill 207, didn't even pass second reading. I believe you

made a ruling recently that said that unless a bill passes second reading, it cannot be referred to a policy field committee. Perhaps you could just elaborate on that, and then maybe all of these false accusations he's making could be withdrawn or be of no consequence.

**The Speaker:** Well, I think the hon. members were making some statements that may have been erroneous in fact. There were statements made in the House yesterday by the chair with respect to a certain matter. The point is a valid point to be raised. Let's just go with the point that we have and the referral of this other particular bill.

#### Debate Continued

**Mr. Elsalhy:** As I was saying, Mr. Speaker, I disagree that these committees should only focus on, as the hon. member suggested, majoring on the majors because our ideas are not minor ideas. They're equally important. It's in the spirit of co-operation and serving Albertans that opposition members approach this new exercise, and we expect the same if not more from the government side.

Certainly, if things are turned the other way around and the government becomes the opposition, we are now faced with a situation of whether we give them a dose of their own old medicine, or do we improve upon what we have? I think this is a chance to build a new type of relationship between the government and the opposition.

I would respectfully submit, Mr. Speaker, that my quotation from *Hansard* was meant to demonstrate that some members of this government caucus are still not sure what the all-party committees are established for, and I would really feel upset and disappointed if that entire exercise was basically for those committees to discuss government business only.

To conclude, Mr. Speaker, with respect to Motion 23 I support this motion wholeheartedly, and I look forward to more motions like it in the future, in the days to come. I'm also looking forward to when my particular standing committee convenes, and I am looking forward to working with the chair and the other members. For that opportunity, I thank you.

**The Speaker:** The hon. Member for Edmonton-Beverly-Clareview.

**Mr. Martin:** Well, thank you very much, Mr. Speaker. Very quickly, we went through a similar process yesterday with Bill 1. Bill 2 makes absolutely the same sense, I think, to be referred to a policy field committee. Again, I was on the same select committee, that worked very well. I see that the chairman is here in the session. He knows that there's one concern that I more or less had about the policy field committees. I'm glad they're under, but I think they should be treated the same as cabinet ministers in terms of the cooling-off period. I would hope that that would be an opportunity, to take a look at that in the policy field committee because I think that is a fairly important issue.

2:30

Mr. Speaker, I've said before that this is a work-in-progress. I don't think we should create problems. With all due respect to the previous speaker, I don't think we need manuals and that because I think we're going to be deciding as committees where we want to go. With the work-in-progress I don't know how you'd have a manual because I don't understand where we're going to go. I think the committee is going to have a fair amount of flexibility to determine their own way. I would not want to say: here's a manual;

you have to do all of these things. That would defeat the purpose. I'm suggesting that as we go along – I said it yesterday, and I think this is what the member was referring to.

Yes, it's important to take a look at these bills. I certainly would support, again, as I did yesterday, that the committees have some flexibility to bring in other issues as we go along. I'm not going to prejudge that. I take it that that's what we think is going to happen, and we look forward to seeing it happen. If it's not, we can be critical after the point. But at this point I think it's a big positive step forward.

Thank you, Mr. Speaker.

**The Speaker:** The hon. Member for Calgary-Nose Hill.

**Dr. Brown:** Thank you, Mr. Speaker. I certainly thank the members for their support for the motion. I believe that all members of the different parties in the House have had a hand in drafting the original recommendations of the committee, which were tabled in the House last May. Those recommendations have now been reduced to the particulars that are set out in bills 1 and 2. I certainly have no difficulty in the motion to refer Bill 2 to the all-party committee to look at the specific drafting in those bills, and I look forward very much to receiving the input of all members of the House and further discussion on Bill 2.

**The Speaker:** Hon. Government House Leader, should I call the question?

[Government Motion 23 carried]

#### **Speaker's Ruling Decisions of the Assembly**

**The Speaker:** There was a point of order that was raised by the hon. Member for Drayton Valley-Calmar during that last discussion, and I would draw the attention of both that hon. member and the hon. Member for Edmonton-McClung to *Beauchesne* 479, where "A Member may not speak against or reflect upon any determination of the House, unless intending to conclude with a motion for rescinding it." The discussion on the resolution with respect to the referral of Bill 207 to the committee was a determination of the House. The rule clearly says that a member must not speak against or reflect upon any determination of the House. It was the House that made that decision, so it's not anybody else's fault.

Secondly, with respect to these committees please remember that they're committees of the Legislative Assembly of Alberta, and be prepared to serve on that basis. These are not government committees now. You have moved this away from the government. They're now committees of the Legislative Assembly.

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

##### **Bill 29 Farm Implement Amendment Act, 2007**

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

**Rev. Abbott:** Well, thank you, Mr. Speaker. I'm pleased to rise today and move second reading of Bill 29, the Farm Implement Amendment Act, 2007. The Farm Implement Act regulates and provides licensing to dealers and distributors of agriculture equipment in Alberta. Its purpose is to provide Alberta farmers with warranty protection, availability of replacement parts, and minimum requirements of sales contracts. Under the current act dealers are persons operating in the ordinary course of business a retail estab-

lishment for the sale of farm equipment. Currently only dealers can sell and lease farm implements to a farmer in Alberta. This provision ensures that warranty service and parts are available to the farmer, which is good. However, the provision has served to restrict other sources, like banking institutions, from offering leasing options to farmers for their agriculture equipment.

Although the trend of leasing agricultural equipment is increasing, the sources for leasing are limited. Farmers have told us they want more choice and competition in their leasing providers. Mr. Speaker, Bill 29 addresses this concern by allowing financial institutions to provide leasing options directly to the farmer. Financial institutions will be required to purchase the equipment through the Alberta dealer network. Thus, warranty service and parts supply will continue to be provided by the dealer and distributor network.

Mr. Speaker, Bill 29 will lead to more harmonized farm implement legislation across the prairie provinces as Manitoba and Saskatchewan already have similar legislation.

Mr. Speaker, I'm happy to say that the Farm Implement Board supports the provisions of Bill 29. The Farm Implement Board represents stakeholders from a diversity of agricultural sectors.

In conclusion, I can assure all hon. members that the majority of stakeholders are in support of this amendment as it allows more choice for Alberta farmers and the strong possibility of increased sales for Alberta implement dealers.

Thank you, Mr. Speaker.

I move that we adjourn debate.

[Motion to adjourn debate carried]

#### **Bill 39 Engineering, Geological and Geophysical Professions Amendment Act, 2007**

**The Speaker:** The hon. Member for Edmonton-Castle Downs on behalf of.

**Mr. Lukaszuk:** Thank you, Mr. Speaker, for recognizing me on behalf of the hon. Member for Lethbridge-West. It is my pleasure to introduce second reading of this bill.

In this province, Mr. Speaker, professional engineers and geoscientists who meet strict standards are represented by the Association of Professional Engineers, Geologists and Geophysicists of Alberta, otherwise known as APEGGA. APEGGA members and their work are governed and regulated under the Engineering, Geological and Geophysical Professions Act, EGGPA if you wish. Engineering technologists are represented by the Association of Science and Engineering Technology Professionals of Alberta, otherwise known as ASET. ASET members are outside the regulatory umbrella of the act of APEGGA.

Today, Mr. Speaker, I'm pleased to rise to move second reading of Bill 39, the Engineering, Geological and Geophysical Professions Amendment Act, 2007. This amendment act proposes changes which reflect a new governance model for APEGGA and ASET have agreed to one act for two associations. This proposed model is in response to a request the Alberta government made of these two groups last year to work together to come to a mutually agreeable solution over the governance of Alberta's engineering and geoscience technology.

There are three main changes to the legislation that would be required. One is the designation creation. One change would be the creation of two new designations, ASET's professional technologist and APEGGA's professional licensee; the second one would be professional regulatory organization; and the third one will be ASET

titles. The third item that the legislation needs to reflect is the protection of ASET's current titles used by its members. Protected titles show that these professionals have met the highest professional standard and must continue to adhere to these standards to be able to use this title.

Mr. Speaker, this piece of legislation is supported by the professionals within both of their organizations. This is indeed an achievement long awaited by all Albertans and this Legislature.

At this point, Mr. Speaker, I would like to adjourn debate on this bill.

[Motion to adjourn debate carried]

head: 2:40 **Committee of Supply**

[Mr. Marz in the chair]

**The Chair:** I would like to call the Committee of Supply to order.

#### **Main Estimates 2007-08**

**The Chair:** The chair has been advised that 45 minutes have been designated for each department, so we will set the clock accordingly. If you go less, that's fine. If there is a need to change that, please advise the chair.

#### **Energy**

**The Chair:** We will start with the Department of Energy, and I will invite the hon. minister to now present his comments.

**Mr. Knight:** Thank you very much, Mr. Chairman. Initially what I would like to do is introduce the members of staff that I have accompanying me today. I have Dan McFadyen, the DM, and Doug Borland. Anne Denman, I believe, will be in shortly. David Breakwell is here, and John Giesbrecht. We found that our time here in committee has been for the most part very productive, and what I would like to say is that I want to take this time to compliment the staff, that have put a lot of effort into making this process work relatively smoothly.

There had been some comments by the Speaker with respect to questions and questions that perhaps haven't been answered. You know, we have done our best to comply with the written questions. There are some circumstances, I think, that were left, and we're not exactly sure. In some statements that members make could be half a dozen or 10 questions. We answer the questions on the spot that we can answer, and I'm certainly hoping that as the process goes along, members don't feel that they haven't been adequately addressed with respect to their questions. If there are some of them that are, you know – a number of questions that would happen to have been in a statement – it might be difficult for us to ascertain if we've done every one. So we're doing our best to keep up with that, and we have given written answers to the questions that we understand we've missed.

I think with that, I would encourage members to get involved, and we'll continue to do our part. Thank you.

**The Chair:** Are there others that wish to participate in the debate?

**Mr. Knight:** Mr. Chairman, may I continue?

**The Chair:** You may.

**Mr. Knight:** Well, thank you. You know, I can add a few comments, I believe, to some of the comments that were made and have

been made in the process, and I've got a bit that I could add to it. Certainly, the way our industry is in the province of Alberta, we see that across the globe investors continue to seek opportunities to be part of Alberta's energy future, and activity in the energy industry has grown to record levels in recent times, Mr. Chairman, as you know.

All of this investment is for a good reason. In the energy industry Alberta remains the destination of choice for many investment dollars. Alberta is Canada's leading producer of petrochemicals. Alberta has the world's second-largest proven global crude oil reserve after Saudi Arabia, the majority of which is of course found in the oil sands, and Canada is also the world's largest supplier of natural gas. Alberta will play a key role in unlocking the natural gas resources in northern Canada and Alaska.

Mr. Chairman, while Alberta's conventional natural gas and oil are declining slightly, we're not running out of either commodity. Enhanced recovery of oil and gas through new and improved technology continues to help offset declining conventional production. As well, we're looking to build our renewable energy resources such as bioenergy.

Mr. Chairman, through such initiatives as the nine-point bioenergy plan we've been working with business across the province to create a made-in-Alberta approach to diversify our existing energy resources. Investment will ensure that Alberta continues to build the capacity and expertise needed to support an innovative and globally competitive energy sector, Albertans receive their fair share of resource revenues, and it will ensure that we remain attractive to investors in all facets of the Energy portfolio: conventional oil and gas, oil sands development, and unconventional and renewable energy sources as well.

To manage growth pressure brought on by increased oil and gas activity and the demand for electricity transmission infrastructure and generation and to bring about needed regulatory efficiencies, I'm introducing legislation, Mr. Chairman, that's going to separate the Alberta Energy and Utilities Board into two separate entities. The new energy resources conservation board will focus exclusively on the responsibility of the development of Alberta's resource well, and the Alberta utilities commission will oversee the distribution and sale of electricity and natural gas to Alberta consumers. These distinct boards of experts will make timely decisions to capitalize on opportunities in the public interest. The boards will have clear and distinct mandates, which will increase each board's accountability to both government and stakeholders alike.

Mr. Chairman, I see that there are some individuals, I believe, that would like to engage, so thank you very much for the opportunity to add a few comments.

**The Chair:** The hon. Member for Calgary-Nose Hill.

**Dr. Brown:** Well, thank you, Mr. Chairman. I do have quite a number of questions for the minister regarding his ministry and the budget allocation. I'd like to start with respect to some questions regarding climate change, which is certainly a topic which seems to be a very notable one in the public mind these days. Certainly, I know that the minister has spent a considerable amount of time addressing issues related to climate change recently.

I would like to ask him whether in his budget he can advise whether or not there have been specific allocations regarding the investigation of the feasibility of carbon capture and sequestration, whether or not there are specific resources being allocated through his department in terms of investigating the feasibility of these methods of carbon capture and sequestration, and whether he could update us on what plans and feasibilities there are with respect to not

only the carbon dioxide but also nitrous oxide and NO<sub>2</sub>, NO<sub>3</sub>, sulphur dioxide, carbon monoxide, and various other pollutants which we commonly call the greenhouse gases.

The second question related to the whole climate change thing is that there has been a great deal of talk recently about the nuclear option as a possible method of reducing the greenhouse gases. Of course, the fission process, nuclear fission, certainly is something that does not create greenhouse gases. I'm wondering whether or not his department is actively exploring those things and, furthermore, whether he can advise whether or not there are any resources in the budget to look at the pluses and negatives of the nuclear option perhaps to be used in certain parts of the province of Alberta. Particularly, it has been touted as one of the possible solutions to a great deal of carbon dioxide production in the oil sands area, where we're burning huge amounts of natural gas in order to produce the bitumen and recover the bitumen.

So I will perhaps allow you to respond to those. I do have a couple of other questions subsequently, Mr. Chairman.

**The Chair:** The hon. minister.

**Mr. Knight:** Well, thank you, Chairman, and thanks to the member. Certainly, the budget numbers with respect to CO<sub>2</sub>, carbon capture and storage in particular – the member knows very well that this department and the government in general terms are very concerned with respect to meeting requirements. As you also realize, the hon. Minister of Environment has put in place some very progressive legislation with respect to setting targets. We intend to support our industries in meeting those targets.

**2:50**

We have a blue-ribbon panel that's a shared responsibility federally with NRCan and our Energy ministry in the province of Alberta. For budget purposes the cost of our blue-ribbon panel is estimated to be a million dollars, and those funds will be shared federally and provincially. So we do have some dollars put forward with respect to that issue.

If you're discussing things around methods for capture and storage, again we've got some excellent programs in place that work towards enhanced recovery and technology around enhanced recovery. Our department supports a number of programs, in the hundreds of millions of dollars in fact. I can't give you exact numbers because some of it has been used. I can get in there and find them if it's necessary. But we do have a number of programs with enhanced recovery and innovation and technology that will assist us to align ourselves as a government with the best practices in industry with respect to capture and storage of carbon.

The discussion around SO<sub>x</sub> and NO<sub>x</sub> and particulate matter and other flue gas emissions that we understandably need to control and regulate: most certainly, again, the Environment minister would be in a position to be able to give you, I think, a better breakdown with respect to what the government's doing on those issues. But we work with our industry players in the same manner as we have done on CO<sub>2</sub> with respect to decreasing and eliminating these particular problems.

We've done quite a bit of it, and industry has been very responsive over a number of years, Mr. Chairman, on those issues. We've done it by decreasing flaring and venting in the province. Over approximately a decade we've seen a decrease of 72 per cent of flaring and venting in the province of Alberta, well ahead of targets that we set for industry. When you look at being able to take that much flaring and that much venting out of the system over a period of time, it

eliminates a tremendous amount of particulate matter that would have otherwise ended up needing to be addressed in another manner.

With respect to the nuclear issue, Mr. Chairman, again I want to make it clear that the government of the province of Alberta is neither a proponent nor a detractor from any nuclear project. At this point in time we do not have any applications in front of us to look at. We understand that there are proponents, and most certainly there are advantages, particularly in greenhouse gas emissions, with respect to electric generation and possibilities in some certain circumstances of hydrogen production and even the ability to use steam from nuclear generation. I think that there are some positive attributes that we certainly will be interested in exploring if and when proponents come to the table with applications. As far as our budget is concerned, we don't have anything in there that is particular to nuclear development in the province of Alberta, but I would say that, most certainly, our Alberta Energy and Utilities Board at this point in time has a capability and a capacity to deal with the upcoming project applications when and if they, in fact, surface.

Thank you.

**The Chair:** The hon. Member for Calgary-Nose Hill.

**Dr. Brown:** Thank you, Mr. Chairman. Perhaps I could follow up on the nuclear energy question. Certainly, there have been a couple of ideas floated, at least, which are admittedly not hard and fast proposals at this point, but there have been some proposals by both Canadian and French concerns to become involved in the nuclear industry in the province of Alberta. It certainly would seem prudent to get ahead of the curve on that in terms of assessing what some of the particular costs to the taxpayers of Alberta might be in the long term. I'm specifically referring there to the costs and methodologies of storage of the waste from the nuclear plants. I would think it would be prudent for the Department of Energy to look into those issues. I wonder whether the minister could advise whether or not there are any resources, in fact, that would be allocated.

It seems to me that certainly the Department of Energy would be involved, but the Department of Environment must be as well. It would seem prudent for the government to explore what some of those ramifications might be and what costs might be incurred with respect to securing and storing those things because, as we know, those nuclear wastes are not only dangerous intrinsically, but there has also been speculation that they could become weapons for dirty bombs for criminal elements as well. So I wonder whether or not he could comment, perhaps, on that.

Another issue that I would like to raise with the minister is regarding the oil sands and whether or not there are sufficient resources, in his own opinion, allocated in the budget to ensure reclamation in the oil sands area in terms of the mining and the replacement of those lands and also ensuring that the settlement ponds that they have up in the area of Fort McMurray are properly rehabilitated and that the reclamation is being done in a proper manner. Are there resources there to ensure, in other words, that there's enforcement of the reclamation process in both the landfill area and in terms of the ponds that they use for retention of the waste waters from the bitumen recovery process?

**The Chair:** The hon. minister.

**Mr. Knight:** Well, thank you, Mr. Chairman. Again, the member brings up an issue that's at the same time interesting to us, of course, as a government that's going to be responsible at the end of the day to, you know, be involved in and be mindful of any of the applica-



tions that would come forward with respect to a proponent of nuclear or, for that matter, any other opportunity for energy facilities in the province.

When we discuss the situation around what we do with spent fuel, the member indicates that this is waste. I'm suggesting to you that that's, again, a look in the rear-view mirror. When we look ahead with respect to the nuclear industry, most certainly spent fuel today is new fuel tomorrow. When you take a look at some of the opportunities that have presented themselves for that industry and governments globally to take a look at this fuel source, we're already seeing some very, very good results from recycling of spent fuel. The new generation 3 nuclear reactors in fact use a lot less uranium in the first place, and secondly, these companies are now able to recycle and reuse a lot of that fuel.

The spent fuel issue is not one that is a responsibility of the provincial government. In Canada the federal government has the sole responsibility to take care of spent fuel. They take care of the storage and the security of spent fuel in Canada, and we presume that that would continue. Constitutionally I believe that still remains the case.

3:00

The reclamation projects. I hope I'm right, but I believe that the member is asking about two different issues. One of them would be mining, so the reclamation of mined area, and then the reclamation of tailing ponds, which is a separate issue, really. In fact, if you look at the track record of oil sands players today, although there are many people that would indicate that they don't feel like the progress is fast enough, if you take a look at some of the reclamation that's been done, I think they've done a very, very good job. There is certainly tangible evidence of the reclamation that's being done now. The applications that come forward stipulate that reclamation is part of the application, and the dollars need to be in place to do that. I'm suggesting, Mr. Chairman, that indeed we are standing in very good stead. We don't believe that we would leave Alberta taxpayers responsible for large reclamation and cleanup costs with respect to oil sands in the future.

Tailing ponds. Most certainly, again, in some of the development that's coming forward, the newer developments: less water used in the first place, lower amounts of tailings that would end up in tailing ponds, and a lot of work being done by the industry to assess their situation with respect to tailing ponds and how they will move ahead to do the reclamation that's necessary. Again, a lot more water being recycled. I think, as things move along, a very good job being done of the reclamation of tailing ponds.

So the short answer, Mr. Chairman, is: yes, we believe that we do have the economics in place to take care of this in the future.

**The Chair:** The hon. Member for West Yellowhead.

**Mr. Strang:** Thank you very much, Mr. Chairman. I've just got a couple of points. As I'm reviewing your estimates for 2007-08, page 134, I just question the aspect of the bonuses and sales of Crown leases. If you look at your budget for 2006-07, you had just about \$1.5 billion budgeted, but if you look at your forecast for that year, you've got \$2.4 billion. Yet when we look at your estimates for 2007-08, you're at \$1.2 billion. So I'm just wondering why the discrepancy, especially when we had an actual reading in 2005-06 of \$3.4 billion. Do you foresee that we're going to downgrade that much on that line item from revenue?

On the aspect of coal royalty I notice that in 2005-06 for the actual we had \$11 million, but we're estimating \$15 million, yet we forecast in 2006-07 \$16 million. With the resurgence of coal

especially the metallurgical coal in West Yellowhead is moving along a lot better now. Then the other aspect that we're talking about: gasification of coal. Wouldn't you think that we would be able to move those figures up more, or is it just a caution on estimates?

If you switch to Budget 2007, Managing Our Growth, the business plans, I guess that I'm sort of wondering about the aspects of core business 4, where you're talking about the regulation of energy development by the Alberta Energy and Utilities Board. I'm getting some of the feedback in my riding now on the aspect of the disparity on the funding. They're saying that the government isn't funding enough. I know this has been questioned a number of times. I'm just wondering whether we're looking at that now that we're moving ahead with the different aspects, trying to come to more of a balance on the funding factor with the aspect of industry and government. So if you can give me an outline on that.

The other one that I was concerned about and wondering about was the aspect of the competitiveness of electricity. With the hon. Minister of Environment moving forward with Bill 3 and setting up intensity targets and that, a lot of people are being led to believe that we are going to have very high-priced electrical utilities now, and I'm just wondering where we are on that, especially with your goal 5 on page 138, where you're stating: "Maintain a competitive market framework that provides Albertans with competitively priced and reliable electricity." I'm just wondering where we are with that.

As we see now with different aspects coming up in the province, with Enmax in Calgary looking at building a natural gas plant and sort of centralizing it in the area where it's closer to the users, I'm just wondering if that is what we're looking at as a government: to more or less centralize a lot of these different facilities to feed the market from the close proximity of the power plant.

If I can move on to Grande Cache, the Milner Power station there. With the changes in Bill 3 I'm just wondering: is there some way that we can work out some kind of a system now so that we can burn some of the tailings that are produced from the mining of Grande Cache Coal Corporation, that ships metallurgical coal to the Far East? With this new Bill 3, with the emission standards that we're setting now, they feel that to start with, it's going to cost them a considerable amount when we go into the 1st of July with that.

If you can give me some answers, I'd greatly appreciate it. Thank you.

**Mr. Knight:** Well, I want to thank the member very much. I like the 12-gauge approach as well. Like the shotgun approach, it works really well.

I've got to go back to the future here with respect to the bonuses and sales of Crown leases. I think he sees a decline in the numbers with respect to what we're going to receive in bonuses and perhaps the idea that somehow there needs to be an answer to the fact that this is decreasing. If you go back to '05-06, I certainly agree: \$3.4 billion. Moving ahead, we have numbers on the '07-08 projection here of \$1.2 billion. I think that what we need to probably explain is that, most certainly, there have been, you know, larger numbers of hectares sold at certain times, and most certainly the price per hectare varies widely. That is, I think, a reflection of the energy industry itself.

Forecast numbers, for instance, in '06-07: what we're looking at is about \$640 an hectare, and the '07-08 estimates are \$444. So we're down, certainly, something in the order of 30 per cent or so just on the value per hectare. There are, you know, reasons and explanations for that. I think that what we probably see in this is that in general terms, perhaps, industry feels that there are cases where

some of the maybe sweeter pieces of real estate are already in play, and perhaps they feel that on a go-forward basis some of the real estate that they're bidding on may not be quite as attractive.

3:10

That's an open-market decision that players will make, and most certainly it adds to our revenues. Again, I don't think that we've ever been in a position in the province where we have actually counted on those dollars coming in on a continuing basis. We realize that they fluctuate and make adjustments accordingly.

Coal royalties. Again, you know, they've gone kind of up and down, and that's depending on the amount of coal production and locations where it's produced. The coal royalties have not really changed drastically in the province in any of these estimates that we have here: from \$11 million to \$15 million. I wouldn't consider that to be really anything drastic. The member asks: why aren't we taking into account the fact that there may be more coal production and more opportunity for royalties in the future? Certainly, we're optimistic that gasification and the use of coal and the value of coal in our value-added and value maximization in the province will generate more interest in coal and, most certainly, generate more coal production. At an appropriate time, when we actually see a process that's on the ground and working, we certainly would take that into consideration and adjust our figures appropriately.

In the core business the member indicated that it looks like there's a disparity in funding to the EUB, and some of his constituents are questioning that. We've increased the funding to the EUB about \$4.5 million in our budget numbers. That actually translates to an increase in capability of the EUB that's quite a bit larger than that because, of course, there is an industry component to the EUB's funding. Most certainly, we've been, I think, very successful in this go-round, in this budget, and we will see some additional members on the ground with respect to compliance and that part of the EUB's business. We look forward to moving ahead and expanding their capacity and their role to continue meeting the requirements of Albertans.

The access and competitiveness in electricity and distributed generation or generation that'll occur nearer the load. Most certainly, Mr. Chairman, all of the generation that we see coming forward is required in the province of Alberta. There was a comment about Enmax. They're talking about a 1,200-megawatt generator someplace in the southern part of the province of Alberta. We think it's a tremendous asset for Albertans, and it will be part of the mix that we need. We look forward to the possibility, say, by 2025 of maybe requiring something in the neighbourhood of 8,000 new megawatts in replacement and additional generation capacity. So we're certainly very pleased to see companies that are looking forward and being productive and positive with respect to that issue.

The Milner tailings continue to be problematic not only for the company that's there but certainly for the Department of Environment and for ourselves in Energy. The answer that I can give the member is that although we haven't anything about Milner coal, particularly, in our numbers, it's the policy of our government to continue to work with these industry players. We will do that with respect to Milner and attempt to achieve a solution that's good for the generation of electricity in the area and, certainly, meets the requirements of Albertans on an environmental standard.

Thank you.

**The Chair:** Others? The hon. Member for Calgary-Nose Hill.

**Dr. Brown:** Thank you, Mr. Chairman. I have a couple more questions for the minister relating to the budget resources that might

be allocated particularly in the field of surface disturbance. I'm thinking of habitat that is somewhat valuable as wildlife habitat and wondering whether the minister could comment on whether or not there are resources in the budget allocated to ensure that, number one, there is minimal disturbance of wildlife habitat in instances where wells or pipelines or access roads are placed and, secondly, whether or not the same could be said with respect to aspects of reclamation when wells are abandoned and whether or not those standards are being developed by his department and are evolving.

I know that in the past the policing of that has been largely left up to the landowners at the time of granting access for surface rights and that there's monetary compensation for disturbance of things like natural habitat. I'm thinking particularly of some of the areas of eastern Alberta, where there are large numbers and the spacing units on the natural gas wells have been reduced considerably and where there have been lots of access roads put into large tracts of prairie land which are valuable wildlife habitat, in some cases for endangered wildlife.

I'm wondering whether or not the minister could advise of the current state of the art and whether or not resources are being increasingly put into that field to ensure that there is proper minimization of the disturbance in the initial instances. I know that in some cases trails are now used for shallow gas drilling rigs rather than building roads – I think that's a very positive step – and also things like using natural grass seeds instead of nonnative species, which tend to be very invasive into the surrounding environment.

I wonder if the minister could advise whether he has specific resources in the budget to keep on top of those things and to police those issues.

**The Chair:** The hon. minister.

**Mr. Knight:** Well, thank you very much, Mr. Chairman. Certainly, the member brings up some very important topics and questions that Albertans not only want the answer to but, certainly, have a right to have answered. We continue to work with industry and Albertans and landowners and the government to address those questions and their concerns.

The discussion around surface disturbance. Of course, I can give you some very good examples of what we've done and what we've done in conjunction with industry players. If you go into the area southwest of Grande Prairie into an area that's got some sensitive habitat for a number of reasons, probably caribou being the primary one, we have industry players now that, say, five years ago or 10 years ago would have gone in and set up situations where they'd put six leases in place to drill half a dozen wells, and they now sit with two rigs on one pad and drill nine wells off a single pad using two rigs. I mean, those are the kinds of things that we're promoting.

Most certainly, when these applications come forward, the resources that we have there are, basically, resources that we use on a continuing basis. It's part of our budget with respect to the EUB both from the point of applications and licensing and permitting going ahead but also on the policing side, after the fact. We do have resources there.

3:20

The habitat reclamation. Again, you spoke about an area on the eastern side of the province. I certainly agree with you that there are some very sensitive areas there. Again, I know that many of the companies that operate there now are attempting to do very similar things: reduce the footprint. They do it dramatically by sitting on single pads and trying to access as much of the subterranean mineral deposit as they can from a single surface location. There are in-

stances where there are up to nine, 10, and a dozen directional wells from a single surface pad.

Conoco, I believe, and their predecessors in the caribou habitat region, where it's a bit sensitive, have actually invested about \$7 million recently to reclaim and restore caribou habitat in areas where they were not even actively working. Most certainly, you know, I think that we encourage these kinds of investments by players. We don't have at our discretion at this particular point in time a pool of resources to go out and do that kind of work, but we certainly work with the companies that are employing some of their capital with respect to that issue.

CBM and the roadways and minimizing footprints. Again, the member is right to say that there are things being done and to ask what more can be done and what interest this particular ministry is taking with respect to financing these kinds of positive developments in the industry on the surface and on the habitat and species that tend to be under pressure or at risk.

The land-use framework is most certainly led by SRD, but I think it will address many of those questions when we come to a report with respect to a land-use framework. Again, SRD is out in the countryside, but certainly in all of these consultations with Albertans the Department of Energy is participating actively. Of course, the dollars that we have in our budget to support our staff and to support the EUB find their way into that type of participation that does continue to address the requirements of Albertans with respect to those issues.

Thank you.

**The Chair:** Hon. members, I have one other speaker on the list, and the time is up at 3:25 unless the committee desires to have the full question-and-answer taken. I'll assume that's what we want, and I'll take one more question and one more answer.

The hon. Member for West Yellowhead.

**Mr. Strang:** Thank you very much, Mr. Chairman. If the minister can refer to Budget 2007, managing growth pressures, I just want to sort of go back onto the same subject that the Member for Calgary-Nose Hill was talking about. We're looking at orphan well abandonments. If we look at our budget for 2006-07, it was \$13 million, but actually you spent \$13.5 million, yet you're forecasting the aspect of your estimate for 2007-08 at only \$13 million. Given what we had in activity in the oil field over the last couple of years, I'm just wondering why you lowered the amount of money to move into that part of your department.

Then I guess another quick one is on the Alberta royalty tax credit. Being that that was finished December 31, 2006, have we had much feedback on that now that it has been discontinued?

Thank you.

**The Chair:** The hon. minister.

**Mr. Knight:** Well, thank you. Certainly, the member points out an interesting situation there with respect to the orphan wells. I've answered this question, as a matter of fact, Mr. Chairman, in some discussion previously. In '06-07, it is true, there's \$13,500,000 that was allocated to the orphan well abandonment program, and then it declines, or it appears to decline, to \$13 million in '07-08. The fact is that there were some special circumstances in '06-07, and the \$500 million was moved into that program to fortify the program to take care of some specific pieces of business. Our normal budget had been \$13 million. We continue to put that money into the program on an annual basis. The anomaly that he sees there was a one-time boost to the program in the year '06-07 to account for some specific work that had to be done.

The second question around the ARTC. The legislation with respect to that is still to be passed in this session by Finance. I believe that that will be raised in presentations during the royalty review that's now before the public.

I believe those are the answers to those particular questions. Thank you.

**The Chair:** I will now invite the officials to retire from the Assembly so the minister of transportation may have his come in.

### Infrastructure and Transportation

**The Chair:** The next item for consideration of the committee is the budget estimates for the Department of Infrastructure and Transportation. I will now invite the Minister of Infrastructure and Transportation to present his opening remarks.

**Mr. Ouellette:** Well, thank you very much, Mr. Chairman. Before I begin, I'd like to introduce members of Infrastructure and Transportation's executive management committee and the senior officials that are present here this afternoon. On my left here we have my deputy minister, Jay Ramotar. On my immediate right are Winnie Yiu-Young, our chief financial officer, and John Engleder, regional director for Peace River, representing transportation and civil engineering. Up in the gallery we have Shaun Hammond, assistant deputy minister with transportation safety services, looking after our traffic safety plan, and Bob Smith, assistant deputy minister looking after our properties division. We have Barry Day, assistant deputy minister looking after all of our capital projects. We also have Jerry Bellikka, communications director, and my executive assistant, Warren Chandler. Maybe they should stand, and then you'll see how tall one is compared to the other. I just like joking with them, Mr. Chairman, because they're such good fellows, you know.

Alberta has one of the best transportation networks in North America, and our province also has one of the strongest economies in Canada. The link between transportation and economic prosperity is clear. It is also clear that the ability to move people and goods safely and efficiently is vital to our prosperity. Roads and infrastructure play a critical role in the success of our province and Albertans' quality of life. It's also clear that this province has seen incredible growth over the last few years. Since 2001 our population has ballooned by more than half a million people, and in the last five years, the number of cars and trucks on our roads has increased by more than 300,000. This has helped drive our economy, but it's also taken a toll on our roads.

3:30

As Alberta grows, my department is working to face the challenges of managing that growth. We are examining the state of our core infrastructure with a critical eye and developing an action plan to deal with the challenges. Building and maintaining roads is directly related to our government's priorities of managing growth pressures and providing safe communities. We recognize the importance of infrastructure and transportation in the success of our province. As a government we are making a huge commitment to our capital plan with a three-year target of more than \$18 billion. That's a level of investment this province has never seen before. On a per capita basis it's the highest in Canada.

The estimates I am presenting today are closely tied with the capital plan. This year the ministry's estimates to be voted will be approximately \$3.2 billion for expense and equipment/inventory purchases, a nearly 16 per cent increase from the '06-07 forecast. Of the \$3.2 billion, \$372 million is for noncash items such as amortization, nominal sum disposals, and consumption of inventories. When

the noncash is excluded, the ministry has a \$2.8 billion spending target for programs. Four hundred and twenty million dollars is primarily for highway rehabilitation and maintenance. Approximately \$297 million will go towards provincial highway maintenance and systems and \$124 million into highway rehabilitation. Almost \$41 million will go into transportation safety services to fund things like vehicle and driver safety programs, monitoring of the commercial carrier industry, and traffic safety initiatives, including implementation of the new traffic safety plan, which is one of Infrastructure and Transportation's three mandates.

The traffic safety plan is designed to reduce the number of people killed or injured on our roads. On average 400 people die in collisions on Alberta highways each year. This simply has to change. We are working to change driver attitudes and save lives. Part of this involves key initiatives to help prevent collisions, build safer roads, enforce traffic laws, and talking to Albertans about traffic safety. Some key aspects of the framework being developed for the plan include a focus on community traffic safety, co-ordinated enforcement, legislation based on best practices, and an emphasis on the safest engineering practices. More than \$1 million will go towards the Transportation Safety Board.

A key element of the ministry's program expense is capital support to municipal infrastructure. More than \$1.2 billion in grants will be provided to Alberta municipalities in '07-08. These grants help municipalities fund their priority infrastructure projects. In most cases the decisions are local. Using this money, local governments can direct funding at projects, including roads, bridges, public transit, water and waste water, and emergency services.

Over the next three years the ministry will provide \$422 million for the Water for Life strategy, of which \$103 million is specifically for the regional municipality of Wood Buffalo; \$159.3 million was approved in the '07-08 budget, \$35 million for the regional municipality of Wood Buffalo; \$174 million was approved in '08-09, \$34 million for Wood Buffalo; \$88.3 million was approved in '09-10, \$34 million for Wood Buffalo.

Also included in the ministry's voted expense category is \$360 million for government operations. This funding enables the ministry to maintain the day-to-day operations and maintenance of government-owned properties as well as leases, the Swan Hills Treatment Centre, and capital accommodation projects.

Funding for natural gas rebates in '07-08 is budgeted at \$477.3 million, a \$114 million increase from the '06-07 forecast. This reflects the projected increase in natural gas prices.

The ministry's capital investment budget will be nearly \$1.5 billion in '07-08, an increase of \$549 million over the '06-07 forecast. Approximately \$201 million will help fund several major projects such as the Royal Alberta Museum's renovation and expansion, the first phase of the construction of Edmonton's new remand centre, and the Brooks crop research greenhouse.

Notably, Infrastructure and Transportation will invest in provincial highway systems and the strategic economic corridor: \$626 million is allocated for the strategic economic corridor investment initiative, including the Edmonton and Calgary ring roads and the north-south trade corridor.

I want to take this opportunity to clear up any possible misunderstanding about the cost of construction on Anthony Henday Drive southeast. The '05-06 provincial budget provided \$83.3 million for this P3 ring road, but the Infrastructure and Transportation annual report for that period shows an expenditure of \$118 million. The additional \$34.7 million recognizes the actual amount of work completed by the end of March '06. The \$34.7 million does not represent a cost overrun as the cost of this project is fixed. This amount will be reduced from the future budgets to stay within the projected cost.

Continuing with program expenses, more than \$385 million will be used for provincial highway systems. To clarify the funding for provincial highway systems, it includes constructing and enhancing provincial highways and bridges so we can continue to meet the transportation needs of Albertans and others who drive through our province.

Infrastructure and Transportation plays a key role in managing Alberta's growth pressures. There has never been a greater need in our province for well-designed, efficient, and safe infrastructure, bridges, and highways. As our province grows and our economy continues to thrive, we are looking ahead to what Alberta's infrastructure needs will be many years down the road. Through careful planning and strategic investment in key projects, we can ensure that Alberta continues to be an economic leader in Canada.

Thank you, Mr. Chairman.

**The Chair:** The hon. Member for Battle River-Wainwright.

**Mr. Griffiths:** Thank you, Mr. Chairman. I had five subjects, but I found that one of my colleagues is going to be asking questions on two of them, so I'll narrow my comments and questions to the minister to three specific subjects. First, I see through the capital plan in this budget that almost \$2 billion is being spent on the ring roads for Edmonton and Calgary. I was a little dismayed, I guess, that something more wasn't done in the government's general business plans, perhaps the minister of infrastructure's plans, to help deal with urban sprawl because we know that Calgary is one of the largest cities in the world now, covering the most land, not necessarily population. I was wondering if the minister had considered or if there are plans in the future to come up with something to deal with urban sprawl.

Perhaps instead of building another ring road around the city of Calgary 10 years from now and another ring road around the city of Edmonton 10 years from now, if something is considered or planned to address expanding the light rail transit system within those two cities so that they grow up rather than grow out – I know that in comparisons that I've read between Los Angeles and New York, New York has no more space to grow. It continues to grow up, and they continue to expand their light rail transit, add more buses, add more taxis. But Los Angeles has all the room in the world to grow, so they build now almost every eight years a new ring road around that city. When you watch where the road rage happens and the awful traffic jams, it tends to be Los Angeles, where they just keep building more roads, which encourages more people to drive and causes more traffic issues. I'm wondering why the minister didn't address it in this budget or if he plans on developing some sort of transportation strategy that limits urban sprawl and encourages cities to grow up.

The second category or question. I've argued for several years now that this province needs an extensively developed trade and transportation strategy. I know that there's a lot of discussion around the trade corridors and developing the north-south trade corridor. But I haven't seen in any business plans for any department something that actually addresses where the economies are being built, what types of economies are being built, and where the goods that they're producing need to be traded to. It seems to me hard to develop a complete transportation strategy unless you know where goods need to go, where they're coming from, and what's exactly being produced, what sorts of markets are you reaching to.

3:40

You can build roads for the sake of building roads because there are high traffic counts, but the essential principle, I believe, of

economics is that the economy will build where you build the infrastructure. If you build a road, eventually an economy will build on top of that road. We've seen it with highway 2. I mean, twinning that highway and growing it substantially meant more businesses locating along there. The communities along there grew.

I've argued over and over again that a major transportation corridor from Fort McMurray down to the U.S. border along the east side of the province would help generate a new economy there as you saw small businesses locate there, more transportation occurring. I'm wondering where – because I haven't seen it in the ministry's business plans – a trade and transportation strategy is going to be developed that will take this province through the next 10 years to ensure that infrastructure is appropriate and that we guide where the economy is going to grow instead of just responding to it.

My third subject matter. The question I have is for a long-term plan for saving money when the province is hot and the economy is growing quickly and then spending money when it's slow. I mean, we know, and with a substantial increase to the ministry's budget, that we have an incredibly fast-growing economy. Now that we're trying to build all of the infrastructure to meet the demands of that economy, we see costs spiralling out of control, a 20, 30 per cent increase on projects that are approved one year and then not built until the next year because the economy is so hot.

It seems that if we're building a proper infrastructure and transportation strategy, it would serve us well to save money during these hot times and pool it, and then when the economy slows down and we're not competing with the private sector for all of our infrastructure demands, we can build all sorts of roads, projects, schools, hospitals, whatever it is we need for five years out. Then when the economy does speed up, we've got a five-year window of extra space, extra infrastructure, extra transportation to fill up before we find ourselves in a situation where we wind up competing against the private sector for our construction and infrastructure demands.

Those are three things that concern me that are missing from the ministry's business plans and not reflected in the budget, and I'm wondering if the minister can address those three issues.

**The Chair:** The hon. minister.

**Mr. Ouellette:** Well, thank you very much, hon. member. I do have to start out by saying to your first question, actually, that we addressed that quite heavily within our budgets and not just Infrastructure and Transportation but government in general. How we do that is we grant. This year alone in Infrastructure and Transportation's budgets there's \$1.2 billion in grants that go to municipalities, most of that totally unencumbered, for them to spend on whatever pressures they have. The AMIP grant alone is \$600 million. That's strictly to be spent on infrastructure. Cities can spend it on light rail transit. They can spend it on whatever infrastructure they need to try to stop the urban sprawl, as you spoke.

There are some of our cities right now that in their planning projects – and they've talked to us on that and stuff – are getting a lot higher density. It's still not the densities that you talk about, like New York has, with the real high-rise stuff, but I'll give you a for instance. Calgary right now on any plans that they approve – any developer that walks in to them needs to have a minimum of a nine-unit per acre density in order to get a development approved.

To talk more about what we do to plan for economic growth or where stuff is moving in the province, I will admit that we're in a catch-up mode a little bit. Our economy has been so hot that we have areas where things have even changed on our three-year plan, stuff that's been on the plan that you try to get to to build a road. There is just so much pressure that comes from an influx of people

and high growth in certain areas that you all of a sudden have to just put all of your resources there almost just to try to keep up.

We also have really worked on supporting the port of Prince Rupert, for example, because we know how important that port will be for Albertans. Our biggest market that we have to go to now because we are so efficient in Alberta, and we don't have a high enough population to consume what we're capable of producing – I'm not just talking in agriculture and food here. I'm talking in our oil and gas industry and in our manufacturing industry. Without ports that we can get to and roadways to get to those ports, we won't be able to ship our produce.

I understand a little bit of what you're saying: if you build it, they will come. We're looking at that because with the U.S. now negotiating also on opening Wild Horse down by Manyberries crossing – Havre on the American side, Manyberries on our side – we're keeping a real close eye on that. We could have a real trade corridor there, possibly, with highway 41. I was just down there last week, actually, and drove some of that highway just looking at, you know: how much traffic will this highway take before we have to spend a lot of money here? At this point the traffic count isn't there, but we're kind of looking at that.

We're also looking at our policies: is the traffic count the only thing that we look at, or can we broaden that some way? There are some roads that don't have traffic count, but they have a different makeup of traffic or they have other kinds of issues that say, you know, it really does justify upgrading here even though the counts aren't there. We're looking at ways of doing that.

On putting money away. One thing about Infrastructure and Transportation – and I guess it's because of our capital plan side – is that we actually do get to lapse money. If we don't spend all our money in our budget this year, it's not like most, where it has to go right back to Treasury. We can go get special permission and lapse money in our capital plan to use next year.

Some of the reason for that is because as busy as our economy is and with cost escalations the way they are, we really do cross-check our RFPs after they come back in and say: are these prices too high? If it absolutely doesn't make sense, we'll cancel the project rather than get a 40- or 50-cent dollar value on a program because the prices are just too high. We'd rather lapse that money for the next year.

We're also working on different policies to change things a little bit, where we can use the capacity of municipalities right now to maybe help us build roads, which wasn't part of government policy in the past. We didn't think it was a level playing field to allow government-owned equipment, that was bought with taxpayers' dollars, to bid against private enterprise. We're looking at that now because of how busy it is, saying, you know, that if some of these municipalities have capacity, let's maybe let them go ahead and do some building.

I think I answered your three questions.

**The Chair:** The hon. Member for Lacombe-Ponoka.

**Mr. Prins:** Thank you very much, Mr. Chairman. Again, I've got a number of questions, but I'll just take them one at a time, and then the hon. minister can answer them one at a time. The first one was just touching exactly on what he mentioned last, and that is that it is very difficult to access equipment and personnel to build roads and build infrastructure. From time to time municipalities actually have equipment that's maybe not as busy as the private contractors', and there are municipalities out there – and I think the hon. minister knows one that I'm talking about – where municipalities would join together, do a joint project, and use municipally owned equipment and municipally hired personnel to be able to build these projects

and actually come under budget or under the costs that they would otherwise have. Not that they can do it more cheaply, but some of the costs are inflated because of the huge amount of work, not too much competition, so the costs get out of control. Municipalities can get in there and maybe do the work cheaper.

3:50

I'll just ask the one question first, and then we'll go back and ask more questions. What is the ministry doing right now to maybe enable some of these municipalities to do some of their own work with their own equipment?

**The Chair:** The hon. minister.

**Mr. Ouellette:** Thank you, Mr. Chairman. The one particular project he's talking about I'm pretty familiar with. Our current policy is going to allow that one to happen. To expand a little more on that, it was a two-year project and not that big of one. They qualified for resource road program money, and then when the second year came along to do the project, the cost escalation was as high as their total amount of grant money. By the same token – and this is a town – their adjoining municipality came to them said: “You know what? We can still do that same job,” because they were partnering on the job anyway, “with our own equipment at the same price or awfully close.”

Of course, no municipalities, I don't think, or very few, have any paving equipment anymore, but a lot of them have grading and setting that up. In this particular case it's going to work out very well for them because the adjoining county has capacity, they have equipment, and they will go in and do it for last year's price for them.

What are we doing right now? We're working on different policies to see how far we can go. Right now we're just asking them to bid roads in their municipalities. We may let them go further than that. We're just discussing: can we actually make it work? Can we let them tender right against private enterprise? Because private enterprise, the private companies, are real dead set against this. In areas where they don't have enough, they're saying: “Okay. We'll let the municipalities build roads there.” To actually get them to bid right against them on projects, we haven't quite got that far yet, but we're working on it.

**The Chair:** The hon. Member for Battle River-Wainwright.

**Mr. Griffiths:** Thank you very much, Mr. Chair. I'd like to take the minister back to my previous question on urban sprawl and the notion or concept of building fewer ring roads or having to build them less often and providing more incentives to municipalities to improve their bus routes, their light rail transit, taxis, whatever other form of transportation you can develop. The minister had mentioned that there were grants to municipalities totalling \$1.2 billion, which were unencumbered, and they were allowed to spend where they liked, how they liked.

I'm wondering. When the province turns around and helps support the development of ring roads and those municipalities receive that \$1.2 billion so that the city is allowed to continue to expand, where would be the incentive for them to develop more light rail transit or build more infrastructure instead of building new subdivisions and continuing to expand? The entire intent of my question was: how will the department help effect the change in thinking in some of those larger centres to encourage them to grow up instead of encouraging them, giving them the unencumbered freedom to continue to develop new subdivisions around the city,

eating up good farmland, and then building ring roads for them, which allows that to happen?

The other question. The minister had mentioned that there was a lot of pressure right now and that costs were escalating on projects, but they were trying to contain those costs. My question essentially was around: where's the policy or the plan or the strategy laid out in the business plans or in the budget to help contain that, to plan for the future so that there's long-term savings and then long-term projected spending when the economy turns down? I understand the pressures in the situation we're in now, and I know that there's not much we can do about it right now because what happened in the past is the past. But I'm wondering how we're going to affect the budget cycle so that over a 10-year period we can spend when the economy is slow, and we can get stuff built for 80 cents on the dollar as opposed to now when we're spending a dollar twenty to get a dollar's work done. How are we going to come up with a long-term plan to make sure that we don't wind up in the same situation 10 years from now where, I'm sorry, there are pressures, and we need to spend this money?

**Mr. Ouellette:** I have to tell you that we have some long-term plans. We run them internally. We run a three-year plan externally, and we have a five-year, a 10-year, and a 20-year plan internally. Our job as Infrastructure and Transportation is to try to get the very best value for the taxpayer's dollar but build as much as we possibly can within that. I agree as a Member of the Legislative Assembly and I believe that if we actually could set money aside for when there's a downturn, we could get twice as much work done for the same money plus keep all of our people working.

My job as Minister of Infrastructure and Transportation doesn't go there, though. I will always work towards that with the greater caucus and with our Treasury Board and our Finance committee. The job of actually putting money away today is between our Treasury Board and our Finance committee, so for me to say that Transportation and Infrastructure is making plans that way, I don't think that's our job. I think our job is to try to make sure that your constituents can safely travel wherever they have to. Also, for the businesses in your constituency we have to have roads for them to be able to transport stuff out. Today that's getting very hard to do with how busy our economy is and with the amount of dollars we have. So I'm almost working against what I'm talking about because I'm there at Treasury Board and at Finance saying: I need more money just to satisfy the growth of our province.

What was the other question? Oh, ring roads. I'm also in a difficult position because I worked with the hon. member on a committee that really believed in having a rural lens and making sure that anything we do that could affect parts of the plan we were working on would be looked at by every department before they made decisions. We also looked in that particular report, you know, that the bigger cities should really look at growing up instead of out. But my job when there's a city there is making it safe for those people.

Our ring road actually becomes a provincial highway, and it's really a wheel which is going to allow access by every spoke. The cities kind of take over from there and build the spokes. We also believe that we're going to save lives by taking away congestion on other parts of it. Our job, I believe, is making it safe for the people there, not so much being involved in stopping them from growing out.

**The Chair:** The hon. Member for Lacombe-Ponoka.

**Mr. Prins:** Thank you, Mr. Chair. Once again I have a question for the minister. I believe that one of the items that was in your

mandate letter when you were appointed Minister of Infrastructure and Transportation was to look after the community airport program, to give more money to the small community airports around the province. I think there are about 30 of these small airports, plus or minus, around the province that are used by communities, many of them by private business, you know, for pleasure crafts, people spraying crops. I think sometimes forestry uses these airports to fight forest fires and for search and rescue missions.

Now, many of these airports are falling into disrepair or falling behind in their maintenance, and I think there's about a \$2 million budget per year for the whole province. That's not very much money for all these airports. I know that there's quite a demand on their use, particularly by the oil industry and the exploration industry in the province.

I believe that there's a lot of activity happening in the north. There are a lot of people moving in and out of the north, equipment moving in and out of the north, and daily supplies going in and out of the north using airports.

4:00

Now, many of the big plants, the oil sands plants and the upgraders, in the north have airports at each site. There's an airport at Syncrude, there's an airport at CNRL, and I believe there are airports being built on the other side of the river to the northeast there at Fort McMurray.

So a lot of these sites where there are a lot of men living have access to flights going in and out every day. I'm wondering if we could be using our municipal and rural airports around the province to better advantage if we could get more money to upgrade these things and have an actual plan to move forward and maybe extend runways or improve tarmacs around runways to get larger planes and to get more flights going back and forth so that you could maybe relieve some of the pressure up north by moving people in and out from areas around the province.

I think that it would be a great asset to the viability of rural Alberta if you would spread out some of the business to the smaller towns around the province. Small towns that are maybe not necessarily connected right now to the north would be connected if they had better airports and better access.

Some of these small airports also have CANPASS. They have access to customs services at these airports so that the flights could even come in from the States or out of country and land at these smaller airports, take in flights from the States and move goods and services into the north or wherever we need them.

So just maybe a comment on what your plan is for moving forward on airports. Thanks.

**The Chair:** The hon. minister.

**Mr. Ouellette:** Thank you. You're right: one of my mandates is to make sure that the smaller airports in Alberta stay sustainable and viable. We are actually working on that plan, which we believe will be done before the end of summer, on the different recommendations and where we're going to go with them.

What Alberta has right now is two international airports, 12 regional airports, about 72 other paved strips, and then a number of private strips. We have areas that have three different airports within a 10-kilometre or 20-kilometre radius sort of thing. We understand how important airports are to the economy of the province. We understand how important some of the smaller airports work as feeder airports to the regional airports. I can't comment right now on what exactly we're going to do. We understand, though – and it doesn't necessarily mean that throwing money at it is the only thing we're going to do – that that \$2 million

was handling holding on to our runways for a while. But now a lot of them are getting more and more – and we probably are saying, "Haven't quite got there yet," that that \$2 million isn't enough, and even with other recommendations we're probably going to have to up that portion of our budget to support smaller airports.

**The Chair:** The hon. Member for Grande Prairie-Wapiti.

**Mr. Graydon:** Thank you, Mr. Chairman. I'm not sure I have really any questions today, but I would be remiss and wouldn't be doing my job if I didn't take the opportunity to speak to the minister and his senior staff about some of the successes and some of the issues that we're dealing with in northwestern Alberta.

As I talked to the staff outside before we came in, I said I was sure that they could fill in the sheet as well as I can because they do know the issues, and we get to be a bit of a broken record. Nevertheless, if we keep making these comments often enough, I'm sure we'll see some action. As I continue to tell constituents, on a lot of these projects it's not a question of if we're going to get the project done; it's a question of when. Patience is definitely a virtue when it comes to transportation in the north.

A project that we have seen tremendous success with and the communities have shown tremendous patience with is the north-south trade corridor, or the Canamex highway, which runs from Coutts at the United States border right through the centre of the province and, eventually, through Grande Prairie, west to the British Columbia border just outside of Dawson Creek. The stretch that I'm familiar with, of course, is from Edmonton north. I'm not as familiar with what's been done south, but I think it's probably very close to being completed, maybe one community left to deal with. Other than that, it's tremendous progress.

Certainly, the stretch from Edmonton to Grande Prairie or just west of Grande Prairie is coming along very nicely. There are a couple of stretches that are going to be paved this summer and opened up to traffic. That will leave very, very little left that isn't twinned. It has become a much safer highway to travel up and down. I travel it often, and I often say that I'm not sure I can make the trip any faster, but you can certainly make it in a lot more relaxed fashion and not worry about someone getting impatient and passing a long line of semitrailers going one way or the other. So the amount of head-on collisions has been greatly reduced, and everyone appreciates that.

There is a stretch along that road from Wembley, which is just west of Grande Prairie, to the B.C. border which remains to be twinned. The traffic count on that stretch of road is particularly high from Grande Prairie to the town of Beaverlodge. A lot of commuter traffic: people who work in Grande Prairie and vice versa travel back and forth. So it's certainly a priority in the region to finish that strip of road at least to Beaverlodge. The road won't be finished until it hits the B.C. border, and we need to keep in mind that it is a highway running from Coutts to the B.C. border. We can't say it's finished until we hit that line just outside of Dawson Creek.

I'm glad that we're doing some work on the road to Fort McMurray. Not to say that it isn't needed, and I'm pleased that they're getting work on twinning that road there, but if you just go by traffic count alone, there's no comparison to the number of vehicles travelling northwest on highway 43 going up to Grande Prairie, to a lot of other highway projects in the province. Tremendous growth up there, of course, the city growing 27 per cent, I believe it was, with the corresponding increase in the number of vehicles travelling back and forth. We do have rail service south to Grande Cache and down that way, but the highway truck traffic is unbelievable to people who haven't experienced that road.

In conjunction with that road is what's been identified as 43X. It's a bypass around the city of Grande Prairie. It's a bit different in that I know a lot of communities – and I'm probably safe in saying most communities – when they hear that their community is going to be bypassed, the first thing they do is get into Transportation and say: "Don't go by our town, please. We want the road to go through the middle of town. Our commerce is going to suffer." There was a time when the Grande Prairie businessmen were saying the same thing.

Well, I can tell you now that the chamber of commerce is leading the charge on getting a bypass built around Grande Prairie. They are the most vocal lobbyists out there. They've compiled a very thick document supporting the case for taking the traffic around the city. I believe Transportation has worked very well with the communities of Hythe and Beaverlodge, who at one point were of the opinion: no, we don't want the road to go around. Now they're both in a position where they've said: we understand that it needs to, and let's get on with it.

I think it's significant that these communities see that it's not necessarily the death of their community when the road goes around. They start looking at the other side and saying: gosh, I'm not sure we want to be living with a freeway running through the middle of our city and making it unsafe to go back and forth, et cetera. So we certainly have a buy-in from the communities, especially from the city of Grande Prairie, to go around the city. The amount of traffic on what we call the existing bypass – and you certainly can't call it that anymore. I think there are 12 or 13 sets of traffic lights on that road now, so you can hardly call that a bypass. It's just become a local road, but it is part of the highway network and extremely congested and not built to handle the kind of traffic that we're seeing.

#### 4:10

People are patient. We've been very patient with the twinning from Edmonton north. They're patient because they've noticed progress every year. We don't need to feel that we have to do these big projects all in one year or two or even three, four, or five. Your staff could tell us how many years we've been working on the stretch from Edmonton north. It's been quite a few, but as long as people see some progress every year, they've been very patient and very supportive of what we're doing.

That's what I'm asking for when it comes to the bypass around Grande Prairie, 43X. You know, we continue to hear that there's no money in the budget, but I know that there are engineers working on designs. I know that there are staff negotiating for rights-of-way. So if nothing else, we need to change our messaging and say that the money isn't in there for the big project but that we are spending money every year getting ready to do that project. There again, it's not a question of if we're going to do it; it's a question of when. My encouragement is to start saying that message and giving an indication that, you know, the money will flow, and eventually that road will be finished. That will be one less issue for me to deal with.

Just a couple of other issues. I want to thank you for the resource road program and the increase in that funding. The county of Grande Prairie was very successful in that program. You know, the title resource road perfectly describes the kinds of roads that they use their money for. They're roads that are leading to the resource-rich areas south and west of Grande Prairie, the deep basin gas field and the oil patch, heavily travelled with very big vehicles, so a perfect place to spend resource road money. I know that the county is really pleased with what they've received this year, and there will be an aggressive work campaign going on up there to improve a lot of those roads that are really getting beat up by the heavy resource traffic.

While I'm giving out thank-yous, also on the infrastructure side of things the community is delighted with the news that we are getting a replacement for our QE II hospital. The existing hospital was built many years ago for a city of 25,000. Our current city population is 50,000, but it's a regional hospital that serves a population of well over 100,000, so you can imagine the congestion that's going on there. The announcement has been made. The government is funding a new hospital on land that was donated to the province by a local businessman. It's a very, very good location for that hospital, right on the major traffic corridor, and will be a tremendous benefit to the entire region in retaining and recruiting the specialists that we need and have. So that was extremely good news. It was very welcomed by the community.

We have one other hospital requirement in the north, and it's the Beaverlodge hospital west of Grande Prairie, a much smaller project, of course, but it is the oldest operating hospital in the province, I've been told. It's very successful. It takes a big load off Grande Prairie and serves a very large population from the B.C. border east to the city of Grande Prairie.

Before I sit down, I noticed my colleague was talking briefly about airports. The Grande Prairie airport is of course owned by the city and operating and making lots of money . . . [Mr. Graydon's speaking time expired] I was going to comment on Peace Air going out of business.

**Mr. Ouellette:** Well, thank you very much, hon. member. It's not very often that you actually get compliments on how great everything is going there.

I would like to comment a little bit on the Canamex highway. Actually, the total just in Alberta is 1,175 kilometres from border to border. About 100 kilometres of that is within the city limits of one city or another. If you do the full Canamex highway, there are actually 6,000 kilometres there going from Alaska to Mexico, I guess. At one point in time it will be a twinned four-lane highway. There's going to be quite a bit more done this year. It basically will be twinned right from Edmonton to Valleyview this year. We're working on the west side of Grande Prairie on the engineering and stuff right now.

It's very good to hear that places are saying that, you know, a bypass will work for them because we still have those problems. In fact, on this highway we're actually this year finally going to do the bypass around Milk River. That's the only chunk at the south end that wasn't done as a four-lane, and we're doing that this year.

Also, the bypass in Grande Prairie: I've talked to a lot of people just in passing that tell me how busy. When I used to work in the oil patch and go up to Grande Prairie, the old bypass to me was great, but I hear that today it's like being stuck on the Deerfoot at 5 o'clock in the afternoon or worse. We are really pushing to work on that. I think we're going to get a little bit of it done. We definitely have part of it in the three-year plan, a little bit of it. We're going to finish off that overpass or build the bridge, as our department calls it, the interchange at numbers 2 and 43. We're doing that this year. So some of the things you were commenting on we're actually going to work on and get done this year.

Hopefully, we'll find the capacity and the dollars to push ahead as fast as we can on your bypass. The county should be happy. They've got probably more approvals than most on resource roads this year. That also goes back to say, you know, we always get the blame on, "Why isn't this road on a three-year plan?" or "Why isn't that?" or whatever. Our department has to work on where the highest pressure is right across the province. So sometimes it may look like one area is getting more than another, but that's because that's what met the criteria of how we do the criteria today.

Thank you.



**The Chair:** Hon. members, the time for this order of business has elapsed. We will allow a moment for the officials to retire from the Assembly, so we can get the next group in.

**Mr. Ouellette:** Well, Mr. Chairman, I would have closed a little better if I had realized my time had elapsed, but I'd like to thank the committee and yourself for listening to us this afternoon.

### Sustainable Resource Development

**The Chair:** I will now invite the hon. Minister of Sustainable Resource Development to present his opening comments.

4:20

**Dr. Morton:** Thank you, Mr. Chair. It's a privilege to be here today and to report on and answer questions on the Sustainable Resource Development budget for 2007-2008. I'd like to begin by both identifying and thanking the top-notch staff I have that have assisted me since I became minister. Starting immediately on my left, I'd like to recognize Mr. Brad Pickering, my deputy minister; a little further down Mr. Cliff Henderson, assistant deputy minister for forestry; and at the end Mr. Ken Ambrock, my assistant deputy minister for fish and wildlife. Seated next to him is Mr. Craig Quintilio, my assistant deputy minister for lands, and on the immediate left of Brad Pickering is Mr. David Bass, the assistant deputy minister for finance and administration. Directly behind me is Mr. Brian Gifford, the chair of the Surface Rights Board and the Land Compensation Board. Also behind me is Mr. Morris Seiferling, the assistant deputy minister for sustainable resource and environmental management. Thank you.

My opening remarks will be very brief. I would just like to clarify some misreporting in the press regarding the ministry's budget for 2007-2008. It was widely reported that our budget was cut 27 per cent, from \$486 million last year to \$353 million for 2007-2008, the estimate that we're discussing today. This confusion resulted from using different types of figures. In fact, the \$353 million allocated to SRD in the estimate that we're discussing today for 2007-2008, if we call that our base budget, actually represents a \$115 million increase, or a 48 per cent increase, over the base budget for last year, 2006-2007, which was a base budget of \$238 million. So comparing apples to apples, rather than the base budget of Sustainable Resource Development being cut dramatically, in fact, it's been increased significantly.

Now, that increase of \$115 million, or 48 per cent, is actually somewhat misleading on its own. It overstates the increase of our proposed budget in this year's estimates. Most of that increase comes about from two changes: one change in accounting practice, if you like, the budgeting practice, and the other in an emergency request. In past budgets much of the operating money for fighting wildfire came after the budget. This year we put it into our main budget. That will represent a permanent increase in our budget, and that represents \$45 million.

Also, knowing that we are in the midst of fighting the pine beetle invasion now, immediately as we enter our 2007-2008 budget year, we have already requested a \$50 million advance from the emergency fund, and we have put that into our budget as well. So set those aside, if you like – the \$45 million for our wildfire base and our \$50 million emergency request for fighting mountain pine beetle – and what I would call our actual, real equivalent increase is about \$20 million, or 8.4 per cent, which is in line with the overall increase for the government of Alberta estimates for 2007-2008.

That's the end of my introductory remarks. I would be happy to entertain questions.

**The Chair:** The hon. Member for Peace River.

**Mr. Oberle:** Thank you very much, Mr. Chairman. I would like to say at the outset that it's indeed a great honour for me to stand here today and question the Minister of Sustainable Resource Development and his staff. As a registered professional forester myself in the province of Alberta, it is indeed a real honour. Certainly, the sustainable management of our forest lands is of very deep concern to me.

At the outset, Mr. Chairman, I would like to welcome the minister's staff here and congratulate the minister and them for what I see as progress on many fronts in the sustainable management of our forests in the province. Certainly, many of the staff members here I've known for a great number of years in a relationship that might at times be termed adversarial in that I found myself sitting across the negotiating table from a number of them for different reasons, but I can say without hesitation that at all times I was confronted with professionals in every sense of that word, and I'm grateful for it.

Mr. Chairman, I have a few questions about the budget and the management implications of the funding in that budget. I would like to start under forest protection, specifically the mountain pine beetle infestation that we're experiencing. The minister brushed on this in his introduction. Sustainable Resource Development has received an additional \$50 million in emergency funding for mountain pine beetles, which the minister alluded to, and an additional \$2.6 million in base funding for mountain pine beetle. I'm wondering if I can get the minister to explain why there's money coming from two funds for the same item. What is handled under base budget, and what's handled under emergency funding, and why was it necessary to handle it this way? Why is it necessary to declare a mountain pine beetle emergency, especially right now in the early part of the season, when there are no beetles flying?

Also under forest protection, firefighting. The minister also alluded to a base budget for wildfires. The Sustainable Resource Development ministry increased its base budget for wildfires this year by \$45.2 million. I'd like to have the minister explain to this House how this is different from the way wildfire preparations were funded in the previous years. What are the benefits of moving to this new approach, and is this strictly preparatory work? Does any of the \$45.2 million actually go to fighting forest fires, or is it just base preparatory work?

Another area of interest for me and a question to the minister is around the land-use framework. As a professional forester my career was largely in land planning, forest management planning, so this is an area that's very near and dear to me. I suspect, though, that when you talk to people in Alberta, it creates a great amount of confusion. I wonder if the minister could enlighten this House and thereby Albertans as to what exactly is the land-use framework and why it is needed here in Alberta. I'm concerned what effect the land-use framework might have on various industrial users. The concern expressed to me is: is this going to result in greater costs and be detrimental to their ability to remain competitive or detrimental to the rights that they enjoy on the landscape? I also am wondering when we can expect the land-use framework to be completed and implemented.

I have another question, Mr. Chairman, around the oil sands ministerial strategy if the minister can clarify that. What is the oil sands ministerial strategy, why has it become a priority for this government, and how is this ministry involved in that? What recommendations of the oil sands ministerial committee will the \$2 million funding identified in this budget address?

I'll move briefly, Mr. Chairman, to fish and wildlife. In this budget the ministry received \$1.5 million to hire more fish and

wildlife officers. I'd like to know how many new staff positions that actually creates. With those funds where are we going to allocate these positions? Where in the province will we find them located?

Also on fisheries, the fisheries revitalization program, as I understand it, is entering its final year. How will the \$1 million in new funds allocated to the program this year be spent? Can you provide a status on the program today?

I'd also like to touch briefly on the Alberta biodiversity monitoring program, Mr. Chairman. We had a question earlier in the House about that. Not just why is it important, but how will the \$4.2 million associated with the biodiversity monitoring program be used? What will the program look like, and why is implementing this program important to Albertans?

Finally, Mr. Chairman, in closing, just a general ministry question. I note that the ministry received \$6.4 million to cover cost escalations. I wonder if the minister could expand on exactly how that money will be allocated this year.

4:30

Mr. Chairman, in closing, I just want to congratulate the minister and his staff again, and I want to thank the minister for the excellent answer provided in question period today to a member opposite who asserted that he knows the difference between a cut pile and a log pile. As a professional forester I don't know the difference in that, but apparently the member does. I suspect he was referring to a slash pile. The minister pointed out that he probably wouldn't recognize a sustainable forestry practice if it hit him in the head, and I suspect he's not very far from the mark there.

Thank you so much for the opportunity to comment, and I look forward to the answers.

**The Chair:** The hon. minister.

**Dr. Morton:** Thank you, Mr. Chair. I'd like to thank the hon. Member for Peace River for those questions. I'll be happy to try to answer them.

The first question concerned the issue that I tried to address in my opening statements. The question was: why did Sustainable Resource Development receive an extra \$50 million in emergency funding for the mountain pine beetle and also an additional \$2.6 million in base funding for fighting the pine beetle, and why is this money coming from two separate sources, or two different funds? The explanation for this is the difference between actually having a team ready to go fight the pine beetle and then actually going out and doing the pine beetle control. If you like, I could use a baseball analogy: the difference between having a team in the dugout and then sending the team out into the field.

The increase in base funding of \$2.6 million is to have a team that's equipped, trained, dressed, and in the dugout ready to go out. In our case, dealing with this, it would include training, equipment, communications, and other types of expenses. The \$50 million is for actually coming out of the dugout onto the field and, instead of playing the game, fighting the pine beetle. This, of course, is an expensive operation partly because of the extent of the pine beetle spread, particularly in northwestern Alberta, and the nature of the preventative measures that we're taking involving removal often of single trees or smaller stands. This is not an economical way to remove trees, but we're doing so to try to stop the spread of pine beetle but also do so in a way that respects the environment and the integrity of the existing forest to the maximum extent possible. So that's where the \$50 million in emergency funding is dedicated to.

The follow-up question on that was: what's handled under base budget, and what's handled under emergency funding? I think I've just answered that in the response I've given.

The final related question to that was: why was it necessary to declare a pine beetle emergency now? Last year an emergency wasn't declared until sometime into the budget year. The difference, of course, is we know that currently we're in the midst of the pine beetle infestation, and we know that, in fact, with the detection and removal of infected trees that we've been doing all winter, it's critical we continue that effort in April, May, June, and July. We want to remove as many infected trees as possible before the migration, or the flight, of pine beetle, which usually takes place in late July or early August, which will put at risk or threaten to further extend the infestation. So we knew in advance that we had extensive and expensive work that needed to be continued the minute we started budget year 2007-2008, on April 1, and thus our pre-emptive request for the \$50 million in emergency funding.

The next question from the hon. Member for Peace River concerned the \$45.2 million increase in our budget for fighting wildfires. This, again, requires a little bit of explanation. If I can use the baseball team analogy again: having the team in the dugout ready to go as opposed to putting the team on the field. In the past we had a very small budget for having our firefighting team ready to go in terms of equipment, training, communications, and so forth and covered much of that expense later in the year when we began to ask for supplementary funding, usually from the emergency fund, once the firefighting had actually begun. Of course, you never know from year to year whether it's going to be a bad year in terms of many fires and a great deal of expense or a good year with fewer fires and similarly fewer expenses. So that's how we did it in the past.

Both our own internal financial analyst and also, I believe, the Auditor General pointed out that we knew that our base operating cost for being ready to fight, being prepared to go out and fight fires, was pretty constant from year to year, so that amount should be moved into our permanent base budget. That's what we did, and that's what the \$45.2 million represents. This represents a permanent increase in our base budget. It covers things such as training, securing aircraft, hiring seasonal staff who assist some of our firefighters, opening our tanker bases and our lookout towers, and all of the other activities that are related to fighting fire. We have to do those every year, so now we're putting them into our permanent budget. That's what the \$45.2 million increase addresses.

A supplementary question was: will any of that \$45 million be used to fight forest fires directly? Again, my previous answer was clear. The answer is no. This gets the team ready. It's our equipment, the training; we're ready to go. The actual fighting of the fire will be done from any emergency funding that's requested once the fire season begins.

The hon. member's next question concerned the land-use framework and why a land-use framework is necessary here in Alberta and a couple of follow-up questions. I don't want to use up the rest of the afternoon talking about the land-use framework. Suffice it to say that Alberta has reached a tipping point in both population growth and industrial activity. In the last 25 years our population has grown by 50 per cent, from 2.3 million to 3.4 million people. If we continue to grow at that same rate, which most people predict we will, perhaps even faster, it means we'll be over 5 million people in the next 25 years. A high percentage of that population of over 5 million people will be concentrated in the highway 2 corridor from the Edmonton area down to Calgary and now, actually, quite a ways beyond Calgary, into High River and Nanton and Claresholm and down to Fort Macleod.

What we're seeing both in terms of increase in human population and an equally great, perhaps even greater, increase in industrial activity is more and more activity occurring on the land in Alberta.

One of the things that Sustainable Resource Development does is manage certainly Crown lands, and we have an interest in what takes place on private lands as well. What we see with this increase in population and increase in industrial activity is more and more competition between different types of users often on the very same piece of land and the experience that I had just 10 days ago on the May long weekend, that some of the members are familiar with, that involved trying to deal with the camping, some of the off-road vehicles that were using some of the beautiful river valleys in southern Alberta.

4:40

You have recreational users on a piece of land that's also under lease for grazing leases used by a number of the local cattle ranch operations. In those same areas you have a number of leases for oil and gas exploration. In addition to the off-road vehicle recreation types you also have other types of outdoorsmen that prefer to hike or use horseback and don't particularly like to be on the same trail as an ATV user going by. So you can see that when you have too many different types of users trying to use the same piece of land at the same time, everybody loses. It's a suboptimal result. So the question is: is now the time . . . [Dr. Morton's speaking time expired]

**The Chair:** The hon. Member for West Yellowhead, followed by the hon. Member for Airdrie-Chestermere.

**Mr. Strang:** Thanks very much, Mr. Chairman. I've got a few that I would like to move forward on. I guess the first one is that the housing slowdown in the United States has had a serious impact on Alberta's lumber mills. What is the department doing to help the forest industry develop a new market and new products for Alberta woods? What plans are in place to handle all the additional wood that will be coming in because of the harvest to head off the mountain pine beetle?

In March and April of this year Sustainable Resource Development had a public consultation on designating three portions of public land in the Yellowhead corridor for potential commercial tourism and recreation development. What are the outcomes of these consultations, and what is the plan for the corridor?

Then I would like to refer to your budget for 2007, the business plan, and move to page 299. I look at the aspect of 1.8: "Offer long-term, secure public rangeland grazing that promotes sustainable resource management." I'm just wondering as I look under that at your performance measures, and I see where you have actual for 1(b) on the public rangeland allocation for your AUMs. I notice that your targets are decreasing as they're going out from your actual of 2005-06. If I could get an answer on that.

Then if you go to page 301, what I'm looking at there is under your goal 3, which will sort of back up on my other one too: "Support efforts to increase the knowledge and research capacity required to expand opportunities for value-added processing." I honestly think that that word, you know, is really overused, and I think we've got to come up with something different so that we can get people moving on that. What I'd like to see on that is with the forest management agreements that we have. Of course, you were asked a question today in the House about West Fraser. He was talking about a 20-year forest management agreement. My understanding is that this is a rotating agreement, that we're really viewing a 10-year and moving it on so that we have a continuous, perpetual 20-year. I'm just wondering why the holdup on that one.

Then if we go to your goal 4 on page 302, I guess what I'm wondering about is under 4.3: "Develop and implement fish and

wildlife management plans and species-at-risk initiatives." As you realize, we've had the species at risk going on now since about 1998, and the committee has done a lot of work on that, and now we have the hon. Member for Athabasca-Redwater looking after that area. I'm just wondering: are we looking at moving any more funding to that area so that we can start working on recovery plans? That is a big thing that we have to look at now so that we can move forward to meet our commitments with the aspect of what the federal government has for SARA. If we're not doing it properly, then they're going to be after us.

To also move on and question the aspect of our Wildlife Act. As you realize, there are some species that are not covered under that. I'm just wondering if we're going to move forward this year to possibly come up with an endangered species act or a species act.

I guess one of my last questions. The government's response to the Auditor General in the 2005-06 annual report mentioned that SRD has developed an appropriate timing reforestation performance report to confirm the effectiveness of the regulatory activities. What are included in these reports? When are we going to expect to see the results of them? The Auditor General also recommended SRD strengthen its monitoring and enforcement of reforestation activities. How does the department improve the efficiency and effectiveness of these activities?

I guess, you know, some of the off-road use and users in the park – I must compliment your staff in West Yellowhead. They've cleared up an aspect on this random camping in nondesignated areas in the public, but it's still becoming quite a problem in some of the areas. We're lucky now that we still have fairly moist ground in our forests, but as we move forward, we've got to make sure that we keep moving on that so that we have the people understand. I know that we have lots of forest recreation areas, and I know that the West Fraser has worked well with that, and then we've also worked in co-operation with the aboriginal groups to maintain these. I think Fox Creek Development has done an excellent job on that.

I'll leave it at that so some of the other members can speak. Thank you.

**The Chair:** The hon. minister.

**Dr. Morton:** Thank you, Mr. Chairman. I'll begin by trying to answer the question that I'm sure is near and dear to the heart of the hon. member, about the public consultations dealing with the public lands in the Yellowhead corridor and their potential for commercial tourism and recreation development. I believe the question was: what is the outcome of these consultations, and what is planned for this corridor? The hon. member was correct: in March and April SRD did consult with Albertans to identify the suitability of the three proposed areas of public land along the Yellowhead corridor west of Hinton for possible recreation and tourism development.

The initiative plans for the orderly planning and development and use of public land in the region. The process integrates existing land and resource commitments with future recreation and tourism development and lays a foundation for future economic growth and manages that growth. The results of the public consultation are not yet complete. A final report is expected at the end of June. Following the final consultants' report, the Alberta government will provide direction on how, where, and what types of development could proceed. This direction will help determine what can and should be done on the land to ensure the highest value use of that land. Any outcomes will be consistent with the policies and approaches developed through the province's overarching and evolving land-use framework.

The second question that I'll address from the hon. member had to do with what plans are in place for handling the additional wood

that will be coming in because of the harvesting of trees. The question may be have been to head off pine beetle but also, depending upon the extent of the pine beetle infestation, if we're left, as B.C. has been left, with a large amount of dead pine beetle wood. The existing capacity of the forestry industry in Alberta could handle, I believe, another 10 or 20 per cent increase in supply over the next coming years. So within that level we have the capacity to handle it, but if we're unsuccessful in stopping the spread of the pine beetle into our lodgepole pine forest, we could be facing the situation that B.C. is in, having a large amount of beetle-killed wood.

4:50

Fortunately, we've worked closely with British Columbia and their forestry officials and also with the industries there, and they are developing plans to deal with beetle-killed wood or wood associated with fighting the beetle. Those plans range from new products, new approaches, biorefineries, cogeneration, wood pellets, that type of thing. We had a meeting just recently with an entrepreneur that's proposing to use that pine wood to provide the types of drilling mats that are good for environmental purposes for drilling rigs, so there are a number of possibilities there.

There was a question on reforestation and following the Auditor General's recommendation there. We have acted on that Auditor General's report. We have a unit within forests called forest operations monitoring program, or FOMP, which has been given responsibility and additional resources to deal with this. I think it's worth stating for the record that there was never any question that reforestation was being done. The question was: was it being adequately counted and verified? We know that our practice is that approximately four trees are regenerated in Alberta for every one that's cut. We replant one or two and through scarification and other techniques induce seeds for another two. So we have a high degree of and a legal requirement as part of our forestry management agreements to do reforestation.

I'd like to state for the record that the forestry companies, it's in their self-interest to comply with this requirement to the maximum extent possible because their value as a company depends upon not a 20- or 40-year wood supply but a 100-year wood supply. So I'm confident that the new plans, the new procedures put in place in response to the Auditor General's query will give the kind of tracking and records that the hon. member is looking for.

The question about off-road vehicle use and some of the things that occurred over the May long weekend. The hon. member is correct that my predecessors in Sustainable Resource Development have had a number of successes in implementing access plans, or some of them are often called forest land use zones. The acronym is FLUZ. We've had a number of successful efforts already in place in which the recreational needs of Albertans have been managed and directed in a way that allows them to use off-road vehicles on public lands in a way that they don't harm one another or compete in a negative way with other users.

Unfortunately, there are certain areas of the province that have become increasingly popular with this type of recreation, in particular the area that's south of the Big Horn, south of the Ghost-Waiparous area but north of the Crowsnest Pass. In those areas we have some access management plans, but in the Porcupine Hills and in Ranchlands, some of the MDs in that area south of Calgary, we have not had proper access management. The result was some of the destruction of public property, in particular wetlands, that we witnessed on the May long weekend.

I'm happy to tell the hon. member that I've had several meetings already with my staff to talk about both short-term, intermediate-

term, and long-term procedures that we can take to ensure that that type of destruction does not occur in the coming months on some of the long weekends when Albertans do go up to the foothills in the mountains for recreation. We will put in a plan, and I'm confident that we can replicate the success that we've had in other areas, particularly in the north, referred to by the hon. member, that we'll be able to replicate that success in the south.

I do want to say that our success in this effort will depend upon the co-operation of the off-road vehicle user groups. Some of the media, some of the letters to the editors have been suggesting that they're the problem. Some of their irresponsible members, obviously, have been a problem, but certainly in the areas where we've had success in other parts of the province, the voluntary efforts of these off-road vehicle groups are the key to the success because they're often the ones that dedicate the time and energy, their weekends, to go out and help build the paths, maintain the paths and bridges that are critical to have environmentally acceptable off-road vehicle use.

There's a question again about what the department is doing to help the forest industry develop new markets and new products from Alberta's wood. SRD has worked in the past and is continuing to work closely with the Alberta Forest Products Association. Last year a review was initiated, a competitiveness review, that addressed the global challenges to the industry profitability and the challenges but also the opportunities that the current depressed market poses to the Alberta forestry industry. I've seen a draft version of this report but not yet the final report, but there are a number of constructive recommendations for government to consider, and I will be discussing those with the Alberta Forest Products Association.

On the question of the endangered species program, obviously . . . [Dr. Morton's speaking time expired] Well, not so obviously. We'll get the rest of the answers to his questions to him.

**The Chair:** The hon. Member for Whitecourt-Ste. Anne in the remaining moments.

**Mr. VanderBurg:** Thank you, Mr. Chairman. I do expect that you won't have enough time to answer the questions, so I would accept your answers in writing.

A few issues. Land compensation and the inability of transmission companies to provide power lines throughout Alberta are getting more and more difficult. I think a lot of the issue is that the land compensation group under your department has not paid enough attention to today's market values and isn't aggressively making sure that our landowners are being compensated adequately.

A second issue that I'd like to talk to you about is that landowners in my constituency have entered into long-term contracts with Al-Pac to grow trees. If you do support that choice, if you would push through in cabinet with cabinet colleagues from Service Alberta and Agriculture to support an order in council to give full choice to Alberta landowners and farmers.

The next issue is that burnt-over areas throughout the north, especially in my constituency and in West Yellowhead and constituencies further north, have had major forest fires, and there are no trees growing in those areas. Those plantations were free to grow. They were at a stage that they were the responsibility of the Crown. I'm quite disappointed that we haven't addressed to date the replanting of those areas. Is there enough money in this budget to address those concerns?

5:00

The next issue I would like to talk to you about is the fish and wildlife officers. In Whitecourt-Ste. Anne they've been served well

by officers in the Whitecourt office and the Evansburg office. Outside my constituency the Stony Plain office has provided great service to the east end of Whitecourt-Ste. Anne. But in previous years I've had to go to the minister to ensure, come January, February, March, that patrol trucks had fuel, that members had the opportunity to respond to concerns that were raised by the public, you know. They'd have to be paid overtime. I want to make sure that you have in this budget adequate resources that come January, February your staff aren't telling the people that serve my constituents that there's no money to do patrol and provide fuel and basic needs in their units. This happened, Minister, and it's a real disgrace that this has happened.

Maybe I'll leave it at that and give you an opportunity to comment on those issues.

**The Chair:** The time for this order of business has elapsed, so perhaps the minister could respond to the member in writing.

### Environment

**The Chair:** I will invite the hon. Minister of Environment to provide us with his opening comments.

**Mr. Renner:** Well, thank you very much, Mr. Chairman. It's a pleasure for me to be back before this committee once again. In keeping with the fact that this is not the first time that we've been here, I think I'll keep my introductory comments to a minimum.

Before I begin, I would like to take an opportunity for any of the members present who have not had a chance to meet some of the key staff in Alberta Environment to introduce to you, Mr. Chairman, and through you to all members that are present the deputy minister, Peter Watson, to my immediate left. Beside him is the assistant deputy minister of environmental stewardship, Bev Yee, and to her left is the assistant deputy minister of environmental assurance, John Knapp.

In addition to these two assistant deputies that we have with us today, members are also I think quite familiar with two others, one being Jim Ellis, the assistant deputy minister who's responsible for the management of the operational side of the department, and then Jay Nagendran, who is assistant deputy minister of our newly formed oil sands unit. I'll probably have an opportunity to talk a little bit about the oil sands unit as we proceed into the afternoon.

I want to simply state for the record that Alberta Environment received about a \$9.8 million increase in this fiscal year, bringing our department total budget to \$164 million. This budget will help to ensure that Alberta is an environmental leader and able to respond to increasingly complex environmental challenges and risks. Alberta Environment staff work every day to safeguard public and environmental health, promote environmental stewardship, and enhance our regulatory systems and environmental infrastructure.

Mr. Chairman, I'm confident that the Alberta Environment budget is well resourced and will meet our environmental priorities. This year, as I mentioned, we will be adding 30 new FTEs to our staffing, of which 30 are committed to the oil sands environment management, and that will bring the total complement in Alberta Environment to 142 staff.

We will use the increased budget dollars to support the development of the implementation of Alberta's priorities for Alberta Environment; for example, the lion's share of the increase, some \$7 million, will help us manage growth pressures related to cumulative environmental effects and the development of the oil sands.

With that, I will resume my seat and look forward to questions from members.

**The Chair:** The hon. Member for West Yellowhead.

**Mr. Strang:** Thanks, Mr. Chairman. First, I'd like to start off and thank the minister for always having such a co-operative department to look after us MLAs in the field. What I'd like you to do is turn to your 2007-08 government estimates for the general revenue fund and the lottery fund. On page 142 I'd like to talk about your expenditures, where you've got 2.0.4, climate change. As you go across there, I'm just wondering, being that we're coming out with your famous Bill 3 – and I look at what transpired in 2005-06, where you had almost \$5 million, and for your estimate for 2007-08 you're only looking at almost \$3.7 million – why we're moving down on that when we're moving into an area now where we're possibly going to need quite a bit more.

Then, of course, our Water for Life is moving along. As you know, the saying goes that whisky's for drinking and water's for fighting. I'm pleased to see that you've moved up on that aspect.

But if you move back to the business plan and you go to pages 148 and 149, what I'm looking at is your performance measures. You're looking at the different ones, especially on page 149, where you're looking at your quality of water, "measures the number of water quality incidents." You're looking at quite a decrease as you go out in your out-years. I guess I'd just like an explanation on how you arrived at that.

With the other aspect, as you know, a lot of different areas with the water and with the drinking water safety indicators, I see that you're moving up on those different percentages to meet the standards.

But I guess going back to the Water for Life in your department budget, I would like you to just give us an update on when you perceive to move forward on that. You look at almost \$6 million over the 2005-06 actual budget to your estimate of 2007-08. If you'd give me sort of an insight on that, I'd greatly appreciate it.

Thank you.

**Mr. Renner:** The questions were coming rapid fire, and I'm not sure if we managed to write them down fast enough, but I'll do my very best. The issue on the reduction in climate change funding has to do with the fact that administratively there are not the same requirements now as what we have seen in the past because with the implementation of Bill 3 a lot of the work is done. We now move into the management side of the equation. We're now into compliance and enforcement as opposed to some of the policy development. So that would largely explain the difference in funding there.

With the current consultation on climate change I would expect that it's fair to say that some of the expenditures that are involved with that consultation won't necessarily show up in the climate change line as much as they will show up in some of the other areas that we have with respect to education and communications. It's difficult to compare from one year to the next specifically on something like climate change, which tends to have impact across the entire department.

### 5:10

The question on performance measures and water quality is an interesting one. When you talk about setting standards for water quality, there are a number of factors that can influence those standards that are entirely out of the control of government, and that has to do with turbidity and those kinds of issues that are affected by stream flow. When you look at the outcomes that we have with water standards, there's a huge amount of impact that is based upon whether you're going through an extended drought period – so you've got reduced flow levels – or whether the reality is that you've

got high rain events. As all Albertans appreciate, over the last few years there's been a lot of volatility between drought and flood, and that volatility, then, creates the impression that we're setting targets that are below what we've actually achieved. That's because those targets are realistic based upon what we expect to have from the point of view of drought versus rainfall, and it's not necessarily that we are setting our targets exceedingly low so that we can be absolutely sure that we achieve them but, rather, that we're setting the targets based upon what we see as the long-term average from a weather perspective.

With the standards on drinking water it tends to be the opposite. As drinking water standards and policies are increased over time, as new technologies are introduced, then the measurement tends to be skewed the other way. It looks like we're going backwards. When we say in one particular year that 99 per cent of facilities were in compliance and then three years down the road we all of a sudden are forecasting that only 70 per cent will be in compliance, that's not because they've downgraded or gone backwards. It's because we've been increasing the standards. So we have to invest in the infrastructure to ensure that that investment in the infrastructure is compatible with the increase in standards that we set.

The decrease in long-term funding for Water for Life is a reflection of the removal of one-time funding for groundwater mapping that came from the energy innovation fund. During the renewal of the Water for Life we'll be examining what else is needed with respect to groundwater mapping. Again, it is sometimes difficult to do a comparison from year to year because there are from time to time one-time or time-specific injections of funding where we may get funded for one or two or three years.

Finally, the issue with respect to the oil sands. The \$6 million increase is a direct result of the creation of the oil sands unit. That's the very short and simple explanation of why there is that \$6 million change in the area that the member referred to.

I think that answers the questions, Mr. Chairman.

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

**Mr. VanderBurg:** Thank you, Mr. Chairman. I'd like to talk a bit about the emissions from coal-fired plants and what money you've set aside in your budget to help get the targets that Environment has set for coal-fired plants on mercury reduction. I think that this was a pretty hot topic a couple of years back. We've required the coal-fired generators to remove a major percentage of the mercury that's emitted into the air. I think it was 2010 – I could be corrected – that they have to comply with the new regulations, and I know that there's presently a lot of research and a lot of work being done by your department folks and the Alberta Research Council and our power generators.

You know, just recently you and I heard a presentation from a group calling themselves Ikon saying that in one swoop they could remove all the emissions and inject them downhole to use as a new solvent to enhance oil recovery on oil fields that have gone dry or at least where the production has dramatically been reduced. So has there been some new thinking with the targets set by your department on mercury? Is there any money in your budget to look at this opportunity with this Ikon group and others that want to recover other emissions from the stacks of our coal-fired power plants?

**Mr. Renner:** The member brings an interesting point up for discussion when he asks: is there anything in our budget to deal with reducing mercury emissions? The answer is: yes, there is. It would fall on page 142, 2.0.5, innovation and policy. That being said, that

is funding that is within the department to assist us in funding the team that we would have within Alberta Environment working with industry to develop the policy to ensure that the regulation that is developed is doable, is compatible, and is something that can readily be accomplished. With the input and a great deal of work within Alberta Environment in conjunction with industry policy has been established that will require reduction of 70 per cent of mercury emissions by 2010. Again, interestingly enough, Alberta leads the country. It's the only jurisdiction in the country that has put in place a plan to reduce mercury emissions. It's something that we worked very diligently on with industry, and we feel that we have a strategy that is truly going to get us there.

I have to point out that in the preamble to the member's question or in the direct portion of the question of if there is something to assist industry, that, no, there is not. We don't pay subsidies to industry. We don't invest in industry to encourage development. What we do is assist industry and from time to time, perhaps, invest in some research and technology that will then be applied on an industry-wide basis. We don't invest in specific plans to assist them to meet the, kind of, objectives.

The second part of the question with respect to sequestration is an interesting one. I'm not so sure where we are at with respect to sequestration as it relates to coal-fired power and particularly for enhanced oil and gas recovery. My understanding is that the type of CO<sub>2</sub> that is used for enhanced oil and gas recovery is very pure. It's the kind of CO<sub>2</sub> that would come as a result of production, as a by-product of producing something else, so it's pure CO<sub>2</sub>. Anything other than pure CO<sub>2</sub>, at least as the technology exists today, doesn't work in the same way for enhanced oil and gas recovery. It doesn't in fact work as a catalyst to remove additional oil and gas. It tends to actually work the opposite way. It starts to work like a glue, and it makes it even more difficult to extract. We have to be careful that we don't mix the two together. If we are able to sequester and capture pure CO<sub>2</sub>, there's a tremendous amount of opportunity.

5:20

That being said, there is also a recognition that at some point in time if we're going to continue to produce CO<sub>2</sub> in flue gases of one kind or another, then we're also looking at ways that we can actually capture and sequester that flue gas. But that would be more as a waste stream. That would be treating CO<sub>2</sub> and flue gases as waste products, and in a similar manner as we regulate solid waste disposal, we would then also be in a situation where we would be regulating a gaseous waste disposal. I think that there is opportunity, and there is work to be done in that area, but I caution the member about thinking that there's going to be a huge opportunity to use flue gases in enhanced oil and gas recovery because the two are probably not compatible.

**The Chair:** The hon. Member for Lacombe-Ponoka.

**Mr. Prins:** Thank you, Mr. Chairman. Again, I just have a couple of brief comments and a couple of questions. First of all, I'd like to thank the minister and his staff for assisting me in preparing Bill 33, Town of Bashaw and Village of Ferintosh Water Authorization Act. They've been very helpful with information and working that through the system. I think the regional water systems that are being built around rural Alberta right now are very, very important, extremely important to small communities for the continued development and strength of rural Alberta.

A couple of quick questions on the new CO<sub>2</sub> regulations. Do you have a cost of complying with these new regulations both within the department and within industry? Do you have the resources within

the department to monitor these regulations? Are there avenues to co-operate with these regulations with the federal government? They're coming out with their own regulations. Are there ways to co-operate with them and maybe build synergies? I'm wondering also if you are at the same time working with other departments such as Energy to ensure the co-ordination of your efforts so that there's not duplication or wastage there.

I'll just wait for your answers. Thanks.

**The Chair:** Hon. minister.

**Mr. Renner:** Thank you, Mr. Chairman. Well, first of all, I want to acknowledge the kind words that the member had for our staff and the assistance on Bill 33. This is something that is critical to the village of Ferintosh, and I want to applaud this member for taking this bill on. I understand that he's been very successful in working with the opposition to explain the necessity of this bill to ensure that we're able to deal with it in as timely a manner as possible during this session of the House.

The CO<sub>2</sub> regulations contained in Bill 3. Interesting question on what is the cost of compliance both for industry and Alberta Environment. From an industry perspective the cost of compliance will be dependent upon how they choose to comply because, remember, there are three ways that they can comply. One is by investing in technology and actually reducing the intensity of CO<sub>2</sub>. That varies from facility to facility, and I couldn't venture a guess on what that might be.

The second is by providing evidence of offsets within Alberta. Again, that will be dependent upon what kind of negotiations take place between the large industrial emitter and the partner that they are able to reach a financial arrangement with. We expect, at least initially, over the first six months to perhaps 18 months, that the majority of the compliance will come in the form of contributions to the technology fund, at \$15 a tonne. Our best estimates indicate that if all compliance were to take place in the form of investment into the technology fund, it would amount to about \$175 million a year in industry cost. That could change as new players come into the field, but it's a good ballpark figure.

The cost of compliance within the department is somewhat surprisingly negligible. Remember, Mr. Chairman, that we have been collecting this information from these industrial emitters now for four years, and Bill 3 is really just an amendment to an existing piece of legislation that has had mandatory reporting requirements. Really, the only additional cost to the department is that now that mandatory reporting is also going to include a reconciliation between what the actual production of CO<sub>2</sub> is and what the target is and then a determination whether or not the compliance that's chosen by the emitter is in fact reasonable under the terms of the regulations.

We don't anticipate that there will be a significant additional cost within the department. We're anticipating being able to deal with that under the existing budget. The overall cost of compliance across the board within our budget is \$11 million, but that's not just restricted to Bill 3. That's for all costs of compliance for all environmental legislation, and we don't anticipate any significant cost above that.

With respect to the co-ordination of our climate change legislation with Energy and, to some extent, SRD and, frankly, a number of other departments across government, we have been working as closely as we can with our key partners, being Energy and SRD and, where necessary, other ministries, to ensure that everybody is in

clear understanding of what everyone else is doing and that we don't end up having duplications.

Along the line of duplications and working together, obviously the biggest challenge is working with our federal counterparts to ensure that we don't have overlap and duplication between the province and the federal government. This is an area of jurisdiction that is not specifically defined in the BNA Act. It is a joint jurisdiction officially. We feel that because our legislation is up and running, or will be up and running in a very short time, there is a very strong constitutional argument that our legislation should be seen by Ottawa as having some form of equivalency. That will be the focus of much discussion.

Frankly, we've had positive comments from federal officials indicating that they will do what they can to work with us to ensure that we are able to harmonize both provincial and federal legislation and ensure that the end user, the industrial emitter that is subject to the regulation, isn't subject to duplicate and conflicting regimes from both the province and Ottawa at the same time.

**The Chair:** The hon. Member for Airdrie-Chestermere.

**Ms Haley:** Thank you very much, Mr. Chairman. My issue is water. I want to first make some comments regarding the situation in my constituency, and then I want the minister to help me to understand the role of government in making sure that Albertans have water.

In the last three months since session went in, the Balzac issue has come up repeatedly in the House. It's an interesting issue, Mr. Chairman, because normally we wouldn't hear about agreements between municipalities in this Assembly. But there was a political edge to many of the comments that have been made in this House about the Balzac area because there's a racetrack involved in it. There's no mention of the veterinarian connection for the University of Calgary. There's no mention of Olds College. We tend not to talk about all of the other businesses that would be developed around this. It's not actually our role to comment on whether it's a great project or not a great project. That was something that was done between the developer and the municipal district. The issue for them was accessing water.

5:30

For the record, a number of years ago the government of Alberta invested about \$30 million into the Kneehill water pipeline. I know that as an MLA, sir, you're familiar with that pipeline. In fact, it serves a portion of your riding as well as mine. I know that it went through Linden and Acme, came on down through Beiseker, Irricana, and ends there.

The truth of the matter is that the Kneehill water commission is in trouble. They do not have the ability to put enough water through that line to do two things: one, to keep the water quality high and, two, to keep the rates low. So the Kneehill water commission was also involved in this issue and required perhaps some assistance, or they will. I'm sure they will be back asking for help because without the Balzac end of their pipeline, they can neither reduce their rates for places like Irricana and Beiseker, where the water rates are astronomical, nor can they keep the quality of the water high. Because the pipeline is long, it takes so long for that little amount of water to go through that it's actually picking up contaminants from the pipeline now. That's on the one side.

The second side of this issue is that Drumheller had indicated that they didn't wish to proceed with the deal. So, in effect, the MD of Rocky View and Drumheller have no agreement, and there's no more issue about water coming from Red Deer to the Balzac area.

There is a second component to this, Mr. Minister, and that's that the Western irrigation district has a licence dating back to 1903. They're looking at transferring a portion of that 1903 water licence to the MD of Rocky View so that the MD of Rocky View could in fact have water for some of the MD area.

The reason I raise all of this, Mr. Minister, is because I need to know what our government's view is of water for Albertans. Are we of the mindset that if a river is called the Red Deer River, somehow the community of Red Deer gets to determine what happens to the water in the Red Deer River? Or, conversely, if the water is from the Bow River or the Elbow, that are connected somehow to Calgary, Calgary then gets to determine not only what gets built around their area but, in fact, who gets water from those areas.

So when MD of Rocky View and the Western irrigation district proceed farther down the path on their potential transfer of water, I'd like to know from your perspective, Minister, what happens when it hits the director's desk in your department. I know that he's independent and has the ability to make intelligent and rational decisions, but are we going to play politics with this again? Is this going to become yet another political football for somebody to indicate that the MD of Rocky View should not be allowed access to water? It's not just the racetrack or the Balzac complex that's in question here. There are many other developments inside the MD of Rocky View that require water. The people who are purchasing land and planning developments, trying to build affordable housing, and doing other things need to know what their chances are of ever accessing water in this province. While this is a glaring issue in my constituency, it's an issue that I believe, Minister, will start to ripple around this province.

What are we going to do to ensure that Albertans – not just people from the Red Deer River basin or the Calgary area but Albertans – have access to quality water at affordable rates in this province? I'd really appreciate your thoughts on that.

**The Chair:** The hon. minister.

**Mr. Renner:** How much time do I have?

**The Chair:** You have 10 minutes.

**Mr. Renner:** I am pleased to comment on some of the issues raised by the member, but I do so noting that she is quite right, that this issue is and has been and probably always will be clouded by politics. So I want to issue a disclaimer right off the top. I'm not going to get into the political debate. My job as Minister of Environment is to make decisions that are sound decisions based on sound management practices of water to ensure that Albertans do have access to water. The individual ways that they share that water tends to get a little bit more political, and I'm not going to go down that road. But I am certainly well aware that the member has an issue within the MD of Rocky View that is ongoing and serious and needs to be addressed.

First of all, in my previous capacity as minister of municipal affairs, who was responsible for water commissions and financing and the creation of water commissions, I am knowledgeable, or at least I was knowledgeable, about what the issue at Kneehill water commission was up until six months ago, when I left municipal affairs. The member is absolutely right. There are concerns that that water commission may have some viability problems because the cost of delivering the water is to such an extent that it's not economically viable for customers to actually buy that water. Part of that is due to lower-than-anticipated demand, and part of it is, frankly, due

to the cost overruns that resulted from some construction delays. So it's compounded. Both of those factors came together that are creating some real problems for that system.

As Environment minister my role is to ensure that the operation of that system as it contains drinking water is done in a manner that does not pose any risk to human health as a result of, perhaps, low flows in the system, those kinds of things, and we continue to monitor. I know that there have been opportunities explored to increase the demand for water on that system, and I hope that the commission and the town of Drumheller are able to explore some other opportunities, one of which was the Balzac application.

Now, I want to talk about the Balzac application from the point of view of the Minister of Environment because, as the member points out, we do not view the decisions that we make at the director's level or at any level as being down to choosing and picking winners and losers and saying: well, you're more worthy than you are; therefore, applicant A gets the water, and applicant B doesn't. We make our decisions based upon technical reasons and policy reasons.

Government sets policy, and one of the policy decisions that we made and we have been enforcing is that we don't allow for an interbasin transfer unless it's approved by the Legislature. That's why we have before us a bill, Bill 33, that will allow for a waterline to be extended into the village of Ferintosh, because it's going to be moving water from the North Saskatchewan into the South Saskatchewan River basin.

We have, on the other hand, allowed – and there are numerous examples – intrabasin transfers, where there is water that originates in the Red Deer River and ends up in the South Saskatchewan or the Oldman or the Bow River basin, because the Red Deer, the Bow, the Oldman, the Elbow are all connected and all comprise part of the greater South Saskatchewan River basin. So from a technical perspective it makes no difference, and from a policy perspective it makes no difference where this water comes from. What we also know is that because the Oldman, the Bow, and the South Saskatchewan are now fully allocated, there are no additional new allocations coming out of that portion of the South Saskatchewan River basin. The only area that has further allocation of water is the Oldman. That is what the application was all about. That is what the director was being asked to analyze.

**5:40**

Part of the process in dealing with any application is a public advertisement. Any individuals who wish to comment are encouraged to do so, and those that have direct involvement can voice their concerns. The director is then bound to take into consideration any negative impact that the issuing of a new licence may have on existing licence holders and on the viability of the river itself. That is the sole determination that would be used to make a decision. The fact that politics got involved and that there have been many things said about this particular application are beyond my control as minister and, frankly, are not part of the decision-making process.

The director has to be assured of a number of things: most importantly that it is within the capability of the river to be able to deal with the application and, almost as importantly, that the applicant has got the capability to draw the water from the system. In this case, as was correctly pointed out by the member, the original proposal was that Drumheller would draw the water and supply the water. Drumheller has now pulled out of their part of the agreement, so it pretty much makes any decision that the department would make to be moot at this point because the applicant has no way to draw the water from the river anyway. In any case the MD has asked that we defer any further decision on this project until further notice. We understand that that means at least October, perhaps



indefinitely. That's the way we've treated it. We're simply not dealing with it anymore.

There are opportunities within the Bow River basin, within the South Saskatchewan River basins, for existing licence holders to sell or trade or make agreements for others to use water on that licence. Transfers of licence follow a very, very similar process to the issuance of new licences. Like every other decision that Alberta Environment makes, they're subject to appeal; they're subject to public notice. Should someone make an application for a water transfer licence, we will advertise in the usual manner. We will hear from any parties who wish to voice objections or concerns, and the director will be making a decision based upon what is within the existing policy of government and within the scientific well-being of the water system.

I can't really say a whole lot more other than the fact that from Environment's perspective our first duty is to protect the environment. Above all that is where we see our role in all of this. How Albertans choose to share water: the role we play is to facilitate that sharing without compromising the river. We will do everything that we can to facilitate sharing, but we don't feel it's our role to pick winners and losers and direct who should share with who. We feel our role is to facilitate that sharing. That's what we do.

**The Chair:** I will now invite the officials to retire from the Assembly so the committee can rise and report.

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

[The Deputy Speaker in the chair]

**Dr. Brown:** Mr. Speaker, the Committee of Supply has had under consideration certain resolutions for the departments of Energy, Infrastructure and Transportation, Sustainable Resource Development, and Environment relating to the 2007-08 government estimates for the general revenue fund and lottery fund for the fiscal year ending March 31, 2008, reports progress, and requests leave to sit again.

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

**Hon. Members:** Concur.

**The Deputy Speaker:** Opposed? So ordered.

The hon. Government House Leader.

**Mr. Hancock:** Thank you, Mr. Speaker. I would move that we adjourn until 7 p.m., at which time we reconvene in Committee of Supply.

[Motion carried; the Assembly adjourned at 5:47 p.m.]

