



Province of Alberta

The 27th Legislature  
Fourth Session

# Alberta Hansard

Wednesday, March 2, 2011

Issue 6

The Honourable Kenneth R. Kowalski, Speaker

**Legislative Assembly of Alberta**  
**The 27th Legislature**

Fourth Session

Kowalski, Hon. Ken, Barrhead-Morinville-Westlock, Speaker  
Cao, Wayne C.N., Calgary-Fort, Deputy Speaker and Chair of Committees  
Mitzel, Len, Cypress-Medicine Hat, Deputy Chair of Committees

Ady, Hon. Cindy, Calgary-Shaw (PC)	Klimchuk, Hon. Heather, Edmonton-Glenora (PC)
Allred, Ken, St. Albert (PC)	Knight, Hon. Mel, Grande Prairie-Smoky (PC)
Amery, Moe, Calgary-East (PC)	Leskiw, Genia, Bonnyville-Cold Lake (PC)
Anderson, Rob, Airdrie-Chestermere (WA), WA Opposition House Leader	Liepert, Hon. Ron, Calgary-West (PC)
Benito, Carl, Edmonton-Mill Woods (PC)	Lindsay, Fred, Stony Plain (PC)
Berger, Evan, Livingstone-Macleod (PC)	Lukaszuk, Hon. Thomas A., Edmonton-Castle Downs (PC), Deputy Government House Leader
Bhardwaj, Naresh, Edmonton-Ellerslie (PC)	Lund, Ty, Rocky Mountain House (PC)
Bhullar, Manmeet Singh, Calgary-Montrose (PC)	MacDonald, Hugh, Edmonton-Gold Bar (AL)
Blackett, Hon. Lindsay, Calgary-North West (PC)	Marz, Richard, Olds-Didsbury-Three Hills (PC)
Blakeman, Laurie, Edmonton-Centre (AL), Official Opposition House Leader	Mason, Brian, Edmonton-Highlands-Norwood (ND), Leader of the ND Opposition
Boutillier, Guy C., Fort McMurray-Wood Buffalo (WA)	McFarland, Barry, Little Bow (PC)
Brown, Dr. Neil, QC, Calgary-Nose Hill (PC)	McQueen, Diana, Drayton Valley-Calmar (PC)
Calahasen, Pearl, Lesser Slave Lake (PC)	Morton, F.L., Foothills-Rocky View (PC)
Campbell, Robin, West Yellowhead (PC), Government Whip	Notley, Rachel, Edmonton-Strathcona (ND), ND Opposition House Leader
Chase, Harry B., Calgary-Varsity (AL), Official Opposition Whip	Oberle, Hon. Frank, Peace River (PC)
Dallas, Cal, Red Deer-South (PC)	Olson, Hon. Verlyn, QC, Wetaskiwin-Camrose (PC), Deputy Government House Leader
Danyluk, Hon. Ray, Lac La Biche-St. Paul (PC)	Ouellette, Hon. Luke, Innisfail-Sylvan Lake (PC)
DeLong, Alana, Calgary-Bow (PC)	Pastoor, Bridget Brennan, Lethbridge-East (AL), Official Opposition Deputy Whip, Official Opposition Deputy Leader
Denis, Hon. Jonathan, QC, Calgary-Egmont (PC), Deputy Government House Leader	Prins, Ray, Lacombe-Ponoka (PC)
Doerksen, Arno, Strathmore-Brooks (PC), Deputy Government Whip	Quest, Dave, Strathcona (PC)
Drysdale, Wayne, Grande Prairie-Wapiti (PC)	Redford, Alison M., QC, Calgary-Elbow (PC)
Elniski, Doug, Edmonton-Calder (PC)	Renner, Hon. Rob, Medicine Hat (PC), Deputy Government House Leader
Evans, Hon. Iris, Sherwood Park (PC)	Rodney, Dave, Calgary-Lougheed (PC)
Fawcett, Kyle, Calgary-North Hill (PC)	Rogers, George, Leduc-Beaumont-Devon (PC)
Forsyth, Heather, Calgary-Fish Creek (WA), WA Opposition Whip	Sandhu, Peter, Edmonton-Manning (PC)
Fritz, Hon. Yvonne, Calgary-Cross (PC)	Sarich, Janice, Edmonton-Decore (PC)
Goudreau, Hon. Hector G., Dunvegan-Central Peace (PC)	Sherman, Dr. Raj, Edmonton-Meadowlark (Ind)
Griffiths, Doug, Battle River-Wainwright (PC)	Snelgrove, Hon. Lloyd, Vermilion-Lloydminster (PC)
Groeneveld, George, Highwood (PC)	Stelmach, Hon. Ed, Fort Saskatchewan-Vegreville (PC), Premier
Hancock, Hon. Dave, QC, Edmonton-Whitemud (PC), Government House Leader	Swann, Dr. David, Calgary-Mountain View (AL), Leader of the Official Opposition
Hayden, Hon. Jack, Drumheller-Stettler (PC)	Taft, Dr. Kevin, Edmonton-Riverview (AL)
Hehr, Kent, Calgary-Buffalo (AL)	Tarchuk, Janis, Banff-Cochrane (PC)
Hinman, Paul, Calgary-Glenmore (WA), WA Opposition Deputy Leader	Taylor, Dave, Calgary-Currie (AB)
Horne, Fred, Edmonton-Rutherford (PC)	VanderBurg, George, Whitecourt-Ste. Anne (PC)
Horner, Doug, Spruce Grove-Sturgeon-St. Albert (PC)	Vandermeer, Tony, Edmonton-Beverly-Clareview (PC)
Jablonski, Hon. Mary Anne, Red Deer-North (PC)	Weadick, Hon. Greg, Lethbridge-West (PC)
Jacobs, Broyce, Cardston-Taber-Warner (PC)	Webber, Hon. Len, Calgary-Foothills (PC)
Johnson, Jeff, Athabasca-Redwater (PC)	Woo-Paw, Teresa, Calgary-Mackay (PC)
Johnston, Art, Calgary-Hays (PC)	Xiao, David H., Edmonton-McClung (PC)
Kang, Darshan S., Calgary-McCall (AL)	Zwozdesky, Hon. Gene, Edmonton-Mill Creek (PC), Deputy Government House Leader

**Officers and Officials of the Legislative Assembly**

Clerk	W.J. David McNeil	Parliamentary Counsel	Stephanie LeBlanc
Law Clerk/Director of Interparliamentary Relations	Robert H. Reynolds, QC	Committee Research Co-ordinator	Philip Massolin
Senior Parliamentary Counsel/ Director of House Services	Shannon Dean	Sergeant-at-Arms	Brian G. Hodgson
Manager – House Proceedings	Micheline S. Gravel	Assistant Sergeant-at-Arms	Chris Caughell
		Assistant Sergeant-at-Arms	Gordon H. Munk
		Managing Editor of <i>Alberta Hansard</i>	Liz Sim

**Party standings:**

Progressive Conservative: 67    Alberta Liberal: 8    Wildrose Alliance: 4    New Democrat: 2    Alberta: 1    Independent: 1

### **Executive Council**

Ed Stelmach	Premier, President of Executive Council, Chair of Agenda and Priorities Committee, Vice-chair of Treasury Board, Liaison to the Canadian Armed Forces
Lloyd Snelgrove	President of the Treasury Board, Minister of Finance and Enterprise
Dave Hancock	Minister of Education, Political Minister for Edmonton
Iris Evans	Minister of International and Intergovernmental Relations
Mel Knight	Minister of Sustainable Resource Development
Luke Ouellette	Minister of Transportation
Rob Renner	Minister of Environment
Verlyn Olson	Minister of Justice and Attorney General
Yvonne Fritz	Minister of Children and Youth Services, Political Minister for Calgary
Jack Hayden	Minister of Agriculture and Rural Development, Political Minister for Rural Alberta
Ray Danyluk	Minister of Infrastructure
Gene Zwozdesky	Minister of Health and Wellness
Ron Liepert	Minister of Energy
Mary Anne Jablonski	Minister of Seniors and Community Supports
Len Webber	Minister of Aboriginal Relations
Heather Klimchuk	Minister of Service Alberta
Lindsay Blackett	Minister of Culture and Community Spirit
Cindy Ady	Minister of Tourism, Parks and Recreation
Hector Goudreau	Minister of Municipal Affairs
Frank Oberle	Solicitor General and Minister of Public Security
Jonathan Denis	Minister of Housing and Urban Affairs
Thomas Lukaszuk	Minister of Employment and Immigration
Greg Weadick	Minister of Advanced Education and Technology

### **Parliamentary Assistants**

Evan Berger	Sustainable Resource Development
Manmeet Singh Bhullar	Municipal Affairs
Cal Dallas	Finance and Enterprise
Fred Horne	Health and Wellness
Broyce Jacobs	Agriculture and Rural Development
Jeff Johnson	Treasury Board (Oil Sands Sustainable Development Secretariat)
Diana McQueen	Energy
Janice Sarich	Education
Teresa Woo-Paw	Employment and Immigration

**STANDING AND SPECIAL COMMITTEES OF THE LEGISLATIVE ASSEMBLY OF ALBERTA**

**Standing Committee on the Alberta Heritage Savings Trust Fund**

Chair: Ms Tarchuk  
Deputy Chair: Mr. Elniski

DeLong  
Forsyth  
Groeneveld  
Johnston  
MacDonald  
Quest  
Taft

**Standing Committee on Community Services**

Chair: Mr. Doerksen  
Deputy Chair: Mr. Hehr

Allred  
Anderson  
Benito  
Bhullar  
Chase  
Johnston  
Notley  
Rodney  
Sarich  
Taylor

**Standing Committee on the Economy**

Chair: Mr. Bhardwaj  
Deputy Chair: Mr. Chase

Amery  
Dallas  
Fawcett  
Hinman  
Johnson  
Lund  
Taft  
Tarchuk  
Taylor  
Woo-Paw

**Standing Committee on Health**

Chair: Mr. McFarland  
Deputy Chair: Ms Pastoor

Forsyth  
Griffiths  
Groeneveld  
Horne  
Lindsay  
Notley  
Quest  
Sherman  
Swann  
Vandermeer

**Standing Committee on Legislative Offices**

Chair: Mr. Mitzel  
Deputy Chair: Mr. Lund

Bhullar  
Blakeman  
Campbell  
Hinman  
Lindsay  
MacDonald  
Marz  
Notley  
Quest  
Rogers

**Special Standing Committee on Members' Services**

Chair: Mr. Kowalski  
Deputy Chair: Mr. Campbell

Amery  
Anderson  
Bhullar  
Elniski  
Hehr  
Leskiw  
Mason  
Pastoor  
Rogers  
VanderBurg

**Standing Committee on Private Bills**

Chair: Dr. Brown  
Deputy Chair: Ms Woo-Paw

Allred      Kang  
Benito      Lindsay  
Boutilier      McQueen  
Calahasen      Morton  
Dallas      Redford  
Doerksen      Sandhu  
Drysdale      Sarich  
Hinman      Taft  
Horner      Xiao  
Jacobs

**Standing Committee on Privileges and Elections, Standing Orders and Printing**

Chair: Mr. Prins  
Deputy Chair: Mr. Hancock

Amery      Lindsay  
Berger      McFarland  
Calahasen      Mitzel  
DeLong      Notley  
Doerksen      Pastoor  
Forsyth      Quest  
Groeneveld      Sherman  
Hinman      Tarchuk  
Jacobs      Taylor  
Leskiw

**Standing Committee on Public Accounts**

Chair: Mr. MacDonald  
Deputy Chair: Mr. Rodney

Allred      Griffiths  
Anderson      Groeneveld  
Benito      Kang  
Calahasen      Mason  
Chase      Sandhu  
Dallas      Vandermeer  
Elniski      Xiao  
Fawcett

**Standing Committee on Public Safety and Services**

Chair: Mr. Drysdale  
Deputy Chair: Mr. Kang

Boutilier  
Brown  
Calahasen  
Cao  
Forsyth  
Johnson  
MacDonald  
Rogers  
Sandhu  
Xiao

**Standing Committee on Resources and Environment**

Chair: Mr. Prins  
Deputy Chair: Ms Blakeman

Anderson  
Berger  
Boutilier  
Hehr  
Jacobs  
Marz  
Mason  
McQueen  
Mitzel  
VanderBurg

**Select Special Ombudsman Search Committee**

Chair: Mr. Mitzel  
Deputy Chair: Mr. Lund

Blakeman  
Hinman  
Lindsay  
Marz  
Notley  
Quest  
Rogers

## Legislative Assembly of Alberta

1:30 p.m.

Wednesday, March 2, 2011

[The Speaker in the chair]

### Prayers

**The Speaker:** Good afternoon. Welcome.

Let us pray. We confidently ask for strength and encouragement in our service to others. We ask for wisdom to guide us in making good laws and good decisions for the present and future of Alberta. Amen.

Please be seated.

### Introduction of Guests

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

**Mr. Ouellette:** Thank you, Mr. Speaker. It gives me great pleasure to stand and introduce to you and through you to all members of the Legislature today a school from my constituency. We have 26 grade 6 students from Spruce View school in Spruce View, Alberta. They're accompanied by their teacher, Ms Teri Patterson, and parent helpers Mr. Kevin Newsham, Mrs. Cari Smith and Lincoln, and Mrs. Julie Roy. As I've said in this House many times before, it's great to have children here to watch the proceedings because, as you know, they will be our leaders of tomorrow. I'd like them to rise.

Thank you, Mr. Speaker.

**The Speaker:** The hon. Minister of Service Alberta.

**Mrs. Klimchuk:** Thank you, Mr. Speaker. It's a pleasure to rise today to introduce to you and through you to this Assembly a very enthusiastic class from St. Vincent elementary school. The class made their way from my constituency of Edmonton-Glenora to take in a tour of the building and to witness the excitement of question period. I had a great picture with them. I would like to acknowledge the teachers, Mrs. Angela Whelan and Mrs. Kimberley Elvidge, and the parent helpers, Mrs. Christine Lucadello and Mrs. Kelly Mis. I'd like the class and the teachers and parent helpers to rise and receive the warm welcome of the Assembly today.

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

**Mr. VanderBurg:** Thank you, Mr. Speaker. On your behalf I'd like to introduce to you and through you 17 grade 5/6 students from the Fort Assiniboine school. They are accompanied this afternoon by their principal, Kerry McElroy, teacher Charlene Assenheimer, program assistant Fleur Whitley, parent helpers Kim Cross and Ellen Carlson. They are seated in the members' gallery, sir, and I'd ask them to please rise and receive the warm welcome of this Assembly.

**The Speaker:** The hon. Minister of Agriculture and Rural Development.

**Mr. Hayden:** Thank you, Mr. Speaker. I am pleased to introduce to you and through you to the members of the Assembly Erin Shaw from the Athabasca-Redwater constituency. Each year one outstanding 4-H member is chosen at the provincial 4-H selection program as the recipient of the 4-H Premier's award. Recipients represent Alberta 4-H and its members at various events region-

ally and throughout the agricultural community throughout the year. The 4-H club is Alberta's oldest youth club and also Alberta's largest youth club, with over 400 clubs province-wide. Erin is in the House today as a recipient of the 2010 Alberta 4-H Premier's award, and Erin is seated in the Speaker's gallery with her mother, Karen, and her sister Tegan. I would now ask them to rise and receive the traditional warm welcome of the Assembly.

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

**Mr. Quest:** Thank you, Mr. Speaker. It's a pleasure to introduce to you and through you to all members of the Assembly two Albertans who are making a difference in the lives of those living with cancer, Dr. Brent Saik and his fiancée, Janelle Trenchuk. Last month the world's longest hockey game took place at Saiker's Acres, in my constituency, to raise money for the fight against cancer: 40 dedicated players, 241 straight hours, which became the world's longest hockey game. My wife and I stopped by a couple of times to cheer them on. I know the Premier and his wife also had a chance to stop by. The Premier tells me he recognized a familiar face on the memory wall dedicated to people who lost their battle with cancer, and it was a very moving experience.

I think it's safe to say that all members here today were moved by the dedication and commitment of everyone involved in the world's longest hockey game. Through their efforts they've raised hundreds of thousands of dollars to fight the disease that's touched the lives of many Albertans. They're outstanding Albertans. They're seated in your gallery, Mr. Speaker, and I'd like the members to join me in welcoming them to the Legislative Assembly.

**The Speaker:** The hon. Minister of Seniors and Community Supports.

**Mrs. Jablonski:** Thank you, Mr. Speaker, today I have the privilege to introduce to you and through you to all members of this Assembly the members of the provincial Persons with Developmental Disabilities Advisory Committee. We're all very fortunate to have PDD program stakeholders and senior PDD program and community board staff bring their extensive knowledge and expertise to the table to discuss issues that are very important to the PDD community. I would now ask that each member rise as they are introduced. I am pleased to introduce Colin Atkinson, a family representative from Camrose; Keith Moore, a family representative from Grande Prairie; Donna Desjardins, a family representative from St. Paul; Dale Peterson, with Catholic Social Services in Edmonton; Joan Lee, with the Vecova centre for disability research in Calgary; Krista Staples, with the Taber Special Needs Society; Ann Nicol, CEO of the Alberta Council of Disability Services; Bruce Uditski, CEO of the Alberta Association for Community Living.

My board CEOs are Dale Drummond, from the northeast region; Cheryl Bjorklund, from the northwest region; Hart Chapelle, from the Edmonton region; Wayne Morrow, central region; Alex Hillyard, Calgary region; and Leigh Bremner, south region. From my department Dave Arsenault, my assistant deputy minister, and Jim Menzies, director with the PDD program branch.

Mr. Speaker, all these provincial advisory council members are truly dedicated to the PDD community and are partners in our quest to help each person with developmental disabilities to live their best life. Please join me in giving the traditional warm welcome of the Assembly to our guests.

**The Speaker:** The hon. Member for Calgary-Fish Creek.

**Mrs. Forsyth:** Thank you, Mr. Speaker. It's my pleasure to introduce to you and through you to all members of the Assembly two Wildrose candidates: Mr. Bob McInnis, who is the candidate for Calgary-Fort, and Mr. Bill Jarvis, who is the candidate for Calgary-South East. I am delighted to be able to join them at our leader's dinner tonight, and I would ask them to rise and receive the warm welcome of the Assembly.

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

**Mr. Anderson:** Thank you, Mr. Speaker. I would like to introduce to you and through you to all members of this Assembly Mr. James Lockhart. This is his first time in the Legislature, and I assure you that I have assured him of the good behaviour of the people of this House. James and his family live in the beautiful town of Chestermere. He is a very successful entrepreneur, a good friend, and a strong advocate for change in Alberta. I'm glad to see him here, and I'd ask him to rise and receive the warm welcome of this Assembly.

### Members' Statements

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

### Natural Gas Revenues

**Mr. Fawcett:** Thank you, Mr. Speaker. With the tabling of the budget last week a stark reality hit us. Alberta is facing a significant reduction in resource revenues from natural gas. This is largely due to the emergence of shale gas development across North America. A result is that gas prices have been deflated, and demand for natural gas has been undermined. This has put pressure on Alberta revenue, which pegs natural gas royalties at around a billion dollars for the new budget year, quite a different picture from previous years, when natural gas royalties brought anywhere from \$4 billion to \$5 billion into government coffers.

This fiscal challenge facing our province mirrors that of individual Albertans – constituents, friends, and family alike – who have been hit hard personally either through loss of a job or decreased business activity.

Mr. Speaker, I'm glad that we recognized certain challenges to the natural gas industry in Alberta through the competitiveness review last year, making royalty adjustments that will allow Alberta gas companies to remain competitive.

Looking forward, we must turn our attention to strategic challenges and opportunities surrounding market access. First, we must develop a strategy that will ensure continued access to eastern markets as many in the industry are concerned over the threat of losing market share to the Northeastern Marcellus shale gas play.

1:40

Secondly, we need to seriously determine the strategic needs, costs, and benefits of gaining greater access to Asian markets by exploring the development of liquefied natural gas terminals on the west coast and pipeline access to these ports. Bill 1, the Asia Advisory Council Act, is a good start on this.

Finally, Mr. Speaker, we must look strategically at our own backyard, at how we can utilize natural gas for applications besides heating our homes and businesses. For example, it may be worth promoting natural gas as an alternative fuel source for vehicles. This would also help lower greenhouse gas emissions.

Talking with many individuals involved in the industry, it's clear that there are a number of strategic challenges and opportunities for natural gas in Alberta and western Canada that we must

embrace. Going forward, I hope that these become priorities for this government as well as the newly established New West Partnership.

Thank you.

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

### Whistleblower Protection

**Mr. Anderson:** Thank you, Mr. Speaker. The health minister is demanding the good doctor from Edmonton-Meadowlark disclose the source of his recent allegations of impropriety by top-ranking government ministers and health officials. Now, there is no doubt that such serious allegations require proof as undoubtedly, if true, such crimes and misdemeanours would almost certainly result in electoral annihilation for this government at the next election.

I do not know whether these claims are in whole or in part accurate. I do not have any such evidence. However, this is what I do know and am sure of: I watched last fall as the reputation of the doctor from Edmonton-Meadowlark was smeared in public and in the media for questioning this government's abysmal record on health. I listened to a recorded message on the doctor's cellphone stating that the parliamentary assistant for health had called the head of the AMA, who was trying to rally support for having the doctor's mental state evaluated, which, of course, could result in him losing his licence to practise medicine.

I've talked with professionals who have had their licences reviewed by their professional organizations after speaking out in opposition to this government. I know of many who have been intimidated with the prospect of losing their job because of their involvement in volunteering or assisting the Wildrose Alliance. These things often go unsaid. But make no mistake. They go unsaid not because they don't happen but because of a culture of fear and intimidation that exists in every corner of this province as it involves this 40-year-old government. Whether it be the loss of government contracts or municipal funding or professional licences, the last year in opposition has opened my eyes to the sad reality that this province has become a company town.

To the minister of health and the Premier: I challenge you both. Grant signed immunity from prosecution or loss of position for any breach of confidentiality or otherwise for any person willing to step forward and substantiate these allegations. I assure you: your refusal to not do so will speak volumes.

Thank you, Mr. Speaker.

**The Speaker:** The hon. Member for Athabasca-Redwater.

### North West Upgrading/CNRL BRIK Project

**Mr. Johnson:** Thank you, Mr. Speaker. I'm pleased to rise today and acknowledge a very exciting announcement that occurred two weeks ago. That announcement was from North West Upgrading and Canadian Natural Resources, which led to an upgrader being built in Alberta's Industrial Heartland. This is not only an upgrader and refinery but also a project that will see the development of the first major carbon capture and storage project in the province. Enhance Energy will build the Alberta carbon trunk line to deliver carbon dioxide captured from the new upgrader, to be used for enhanced conventional oil recovery, all while producing some of the greenest diesel barrels on the planet, derived from Alberta's oil sands.

These projects were called a major economic development turning point in the local media. This is a landmark announcement for the value-added sector in our province and for agriculture, that depends on a reliable supply of diesel at harvest time.

Mr. Speaker, these two projects are part of our Premier's vision to advance Alberta's capacity for refining bitumen, which will provide jobs for Albertans and maximize the value of our resources for future generations. All of this couldn't be done without the bitumen royalty in kind program. BRIK is an innovative way for our government to encourage growth of the value-added sector without a large direct investment or costly tax credits, that are becoming common in other jurisdictions.

Mr. Speaker, my constituents and I are thrilled to see this project go ahead, and I want to thank the Premier, the Minister of Energy, and all of caucus for their hard work on this project. But a special thanks needs to go to the many Albertans, including members of the Alberta Industrial Heartland Association, who have also put in years of hard work to see this \$15 billion 8,000-job dream become a reality for Albertans and for Alberta companies.

**The Speaker:** The next speaker on my list is the hon. Member for Edmonton-Meadowlark, whom I shall call forward.

The hon. Member for Edmonton-Rutherford.

### ACT High School CPR Program

**Mr. Horne:** Thank you very much, Mr. Speaker. As hon. members may be aware, February was Heart Month across Canada. During that time information arrived at my constituency office highlighting a national organization working with great success to save the lives of Canadians who suffer a heart attack, thousands of Albertans among them. I am speaking of the ACT Foundation, founded in 1985 to promote citizen training and proficiency in cardiopulmonary resuscitation, or CPR.

In recent years ACT has focused its efforts on training youth through its high school CPR program. Working in partnership with the government of Alberta, ACT has established CPR training programs in 315 high schools across the province. Each year, Mr. Speaker, over 45,000 youth are trained by classroom teachers trained themselves in CPR. As a result of this initiative alone over 255,000 Albertans stand ready and willing today to help save the lives of their fellow citizens. More importantly, these same young people take this life-saving knowledge and share it with their friends, their families, and their communities, inspiring many others to make the commitment to train in CPR techniques.

In addition to achieving competency in these life-saving skills, the program also educates students about how to prevent cardiac disease, in theory through understanding the causes and risk factors and in practice through the adoption of healthy lifestyle habits.

Mr. Speaker, the high school CPR program is an excellent example of what we can achieve when we commit ourselves as schools, families, and communities to a proactive plan to reduce the impact of cardiac and other chronic diseases. It is an excellent example of what is possible through the meaningful engagement of Albertans in health and health care.

I want to commend ACT, its partner organizations, and especially students and staff in our high schools for their commitment and for their leadership.

Thank you, Mr. Speaker.

**The Speaker:** The hon. Member for Highwood.

### Canadian Wheat Board

**Mr. Groeneveld:** Thank you, Mr. Speaker. Do we Alberta grain farmers see the light at the end of the tunnel, or once again do we have a federal freight train speeding right at us? I rise today to

bring this Assembly's attention to Bill C-619, which has been introduced in Canada's House of Commons.

This bill amends the Canadian Wheat Board Act and gives western farmers the option to market their wheat and barley as they choose. Currently farmers in Alberta and other western provinces are obligated to sell their product to the Canadian Wheat Board only. The passage of this legislation would bring a major benefit to all Alberta and western grain farmers since the current system allows farmers in eastern Canada to market their grain as they choose. When the amendment is passed, western producers will be given the choice to opt out of participating in the Canadian Wheat Board for a minimum of two years. These same producers retain the right to return to the Canadian Wheat Board with notice if they so desire.

Mr. Speaker, this bill strikes a balance and offers alternative marketing outside of the Canadian Wheat Board. Alberta farmers work hard to grow their various products, and they should be able to sell their products to the purchaser of their choice, as should happen in any truly free-market system.

Mr. Speaker, I encourage all members of this House to work with and encourage their counterparts in the federal government to support this bill to ensure equity for all Canadian farmers.

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

### Innovation and Change in Government

**Dr. Sherman:** Thank you, Mr. Speaker. Failure can be divided into those who thought and never did and those who did and never thought. For too long we've heard the argument: do not limit government, and it will take care of you; keep quiet, and you will be rewarded; disobey, and you will be punished. I am sad to say that Alberta has become a company town, where good public policy loses out to poor decisions made in secret.

However, something is happening all across Alberta. Change is in the air. Albertans expect their government to be honest, to care for the most vulnerable, and to serve the public interest while at the same time protecting their individual rights and freedoms. Albertans refuse to accept the way that things have been done and that this is the only way they can be done. The people of this province want progress, they want to be happy, and they need their lives to get better. But change, Mr. Speaker, does not always have to be incremental. Sometimes drastic examples are required to shake people out of their complacency. With so much at stake at this present time Albertans need to be reminded of the greatness that they are truly capable of achieving and that they are entitled to receive.

The future of Alberta is a place where we innovate and educate our children with excellence; a society built on honouring and supporting our elders; government that is more accountable to the people, from whom it derives its power, and that is fiscally responsible enough to get the best deal for the taxpayer; a land where indigenous Albertans recover their dignity, shake off the shackles of poverty, and take their place amongst our best and brightest. Alberta is the best place in the world to live . . . [Dr. Sherman's speaking time expired]

1:50

### Oral Question Period

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

### Health Care System Governance

**Dr. Swann:** Thank you, Mr. Speaker. In 2008 the government

fired Alberta's local health regions and replaced them with the health superboard. In doing so, they failed to establish appropriate accounting controls, the most basic bookkeeping necessary to keep track of the billions spent on health care. Alberta's Auditor General has condemned the government for this failure, and only recently has the government agreed to follow the Auditor General's advice. But the work won't be done until 2013, another two years away and nearly another \$20 billion in inadequately recorded spending. This government continues to mismanage the public purse. To the Premier: how can you say that there is not a crisis . . .

**The Speaker:** The hon. the Premier.

**Mr. Stelmach:** Mr. Speaker, because there is . . . [interjection]

### Speaker's Ruling Timing in Question Period

**The Speaker:** Yesterday afternoon I said that this House was developing bad habits. I talked about the Oral Question Period. We know what the phrase was. That was 45 seconds, 10 seconds beyond what we had, and we're going to keep going because I'm going to bring in as many members into question period as I possibly can.

Premier, you have 35 seconds.

### Health Care System Governance (continued)

**Mr. Stelmach:** Mr. Speaker, very simply, yesterday the minister of finance told this House that according to many accountants, various professional organizations across Canada – he said to this House and to Albertans – we have the best books in the country of Canada.

**Dr. Swann:** I guess the Premier disagrees with the Auditor General, then. Is that what he's saying? How can the Premier assure Albertans that billions of dollars in vital health care funding has not been wasted as the financial controls are missing in action?

**Mr. Stelmach:** Mr. Speaker, because we have the good work of the Auditor General, that reviews the books not only of the Alberta government but also of the regional health authorities. If there are any areas that we can improve, I know that the minister has read the report very carefully and will undertake to make those improvements.

**Dr. Swann:** Well, in fact, they've agreed to but not until 2013. That's a problem, Mr. Speaker.

Are mismanagement, lack of financial control, and increased ER wait times what your government had in mind when you dismissed health regions and promised Albertans better health care?

**Mr. Zwozdesky:** Not at all, Mr. Speaker. What we had in mind was to streamline the services, to reduce the costs by \$500 million or \$600 million annually, and to pump all of that straight back into health care so that we could meet some very important targets such as reducing wait times for hip surgery by 60 per cent, such as making more continuing care options available to seniors with a 68 per cent increase in the number of people moved out into appropriate settings, and by ensuring that 90 per cent of patients have access to important medical services in the cancer area. That's what we had in mind with the Canadian . . .

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

### Health Care Services

**Dr. Swann:** Thank you very much, Mr. Speaker. Although this government continues to ignore the facts, Alberta Liberals know very well that quality health care remains the most important issue in the minds of Albertans, yet two-thirds of Albertans believe that the health care system is in a state of crisis. To the Premier: when you continually claim that health care is not in crisis, are you saying that the experiences of two-thirds of Albertans are wrong?

**Mr. Stelmach:** Mr. Speaker, the question is the same one that was asked last week by the hon. member. Very clearly, 62 per cent of Albertans said that they get the health services when they need them, and they're very satisfied with the health services. That came in two different polls that were done in the province of Alberta, and I happen to believe what Albertans are telling us.

**Dr. Swann:** While conveniently ignoring the two-thirds that said that it's in crisis and that 6 out of 10 have correctly identified that bad management is the main issue impacting health care today. Why won't the Premier start listening to Albertans by giving them the health system they deserve?

**Mr. Zwozdesky:** Mr. Speaker, in fact, that Environics poll that he's talking about, the headline on it, which I'll table if I can find it here quickly, said that 60 per cent or more of Albertans were satisfied, very satisfied, or somewhat satisfied with health services. It also said that there were some improvements that needed to be made. Of course there are. Every health system in the world can benefit from improvements. But it also indicated that there was a drop of 20 per cent in terms of the number of people surveyed who said that health care is not that seriously in jeopardy at the moment. So take a look at the whole poll if you would, please.

**Dr. Swann:** Well, Mr. Speaker, when Alberta's new hospitals and clinics do open up, will there be health professionals to staff them, or will they sit empty for months, as the Mazankowski did?

**Mr. Zwozdesky:** Mr. Speaker, as facilities open in this province, be they health facilities or others, they are fully staffed in the year that they're operating or expected to be operating, and they are funded accordingly. That's what we have built into our plan, and I would encourage the hon. member to please take a look at more evidence of that in the five-year health action plan, where it's very clearly spelled out. Even the opposition can follow it, I'm sure.

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

### Provincial Borrowing

**Mr. MacDonald:** Thank you, Mr. Speaker. The finance minister was confused yesterday. It clearly reads in the fiscal plan on page 80 that over the next three years this government plans to borrow over \$3 billion on behalf of the Alberta Treasury Branches. It's not a laughing matter with your performance, sir. Now, to the minister of finance. I ask again: why is this government borrowing this money now? I thought you were out of the business of being in business.

**Mr. Snelgrove:** Mr. Speaker, I even went out with the hon. member and showed him in the financial statement where he's misreading. We are borrowing money on behalf of Alberta Treasury Branches. It's a bank that's completely owned by the government of Alberta, and they in turn loan that money out to their clients.

**Mr. MacDonald:** Isn't this a bit unfair? How can an organization or an enterprise like the Canadian Western Bank, which is located here in Alberta, compete whenever you're giving your Crown-owned corporation this kind of a sweet deal?

**Mr. Snelgrove:** Mr. Speaker, there are different philosophical choices we can make. If the opposition believes that the Alberta Treasury Branches should be sold or shut down, then they need to say that, to ask Albertans if, in fact, they have no interest in the bank that's provided services all over Alberta for decades. We believe it is a solid resource for the people of Alberta, and we'll continue to support it.

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

**Mr. MacDonald:** Thank you. Again to the minister of finance, and this is quite interesting: where on the government of Alberta's books will this \$3 billion liability over three years be recorded? Or is it on someone else's books and you're hiding it because you're embarrassed?

**Mr. Snelgrove:** It will show as an asset of the Alberta Treasury Branches, which are included in our consolidated financial statements.

#### Federal Public Building Renovations

**Mr. Anderson:** Mr. Speaker, part of being a fiscally responsible government is to maintain a balanced budget by ensuring that core programs and critical infrastructure receive needed funding while less important initiatives are shelved until they become necessary and affordable. An example of where this government has failed in this regard is the building of new MLA offices at a cost of \$275 million, including \$115 million in this year's budget. To the finance minister: how does he justify spending \$115 million on new MLA offices during a budget crisis, an ER crisis, and a school shortage crisis?

**Mr. Snelgrove:** Mr. Speaker, the total cost of the federal building, which will house some MLA offices but also the departments of finance and others when it's done, is \$115 million. For the hon. member to suggest that we're spending \$115 million on MLA offices is simply absurd.

**Mr. Anderson:** It's on your own website. Look it up if that's possible for you. So new MLA offices are more important to this minister than new doctors, new schools, or balanced books. That's very interesting.

My next question. Given that we have a \$6.1 billion cash shortfall this year and given that our provincial savings are being drained at an alarming rate, will this finance minister mothball these new MLA offices and instead focus on cutting the deficit or, if that's not important to him, spend it on new schools or nurses or something that benefits Albertans; you know, the people who pay the bills?

**Mr. Snelgrove:** Mr. Speaker, the share of the budget for the federal building is less than 5 per cent. So we could stop that. It would cost much more to restart the program down the road. But what they need to tell us is: what hospitals in what communities, what schools in what communities, which highways in which part of Alberta are they going to quit working on now? It's just that simple. What projects are you going to stop doing? Just tell us.

**Mr. Anderson:** Start with the \$115 million. It would appear this government's focus is on upgrading opposition offices prior to the next election. Go figure.

Final question. Given that this project clearly should not have been undertaken during this period of skyrocketing deficits, will he disclose to this House a list of all planned infrastructure projects for the next three years so that we can do exactly what he's saying, so that we can go through line by line and look at the priorities and look at where we can cut? Show us the list. Come on. We'll show you where to prioritize.

2:00

**Mr. Snelgrove:** It's generally accepted that for every billion dollars of infrastructure spending, we employ 10,000 Albertans. If the opposition thinks that that is just insignificant, they need to talk to the people on the construction jobs. They're at 5 per cent that they said they could stop. Five per cent. They've got to find another two and a half billion to match their 'fudget'. Are they going to tell 25,000 Albertans that they're going to put them out of work? Is that what they're trying to do?

**The Speaker:** The hon. Member for Edmonton-Highlands-Norwood. [interjections] The hon. Member for Edmonton-Highlands-Norwood has the floor. I want all members to know that the television cameras go to him. Nobody else can see you, hear you, or anything else.

#### Cancer Treatment Wait Times

**Mr. Mason:** Thank you, Mr. Speaker. Dr. John Cowell, the head of the Health Quality Council of Alberta, says he's willing to independently investigate accusations that long wait times for cancer surgery resulted in the deaths of hundreds of Albertans, but the health minister has refused to let the Health Quality Council get to the bottom of these serious accusations. My question is to the minister. Why is the minister refusing to allow the Health Quality Council to investigate serious allegations of cancer patients dying while waiting for surgery in Alberta for the past decade?

**Mr. Zwodziesky:** Mr. Speaker, I'm not denying anyone anything of the sort. What I am asking for is that the hon. member who brought forward these allegations stand in this Assembly and then stand out there, where it really counts, and live up to those allegations or withdraw them.

**Mr. Mason:** Well, Mr. Speaker, the minister can hide behind the hon. Member for Edmonton-Meadowlark, but he is accountable to this House.

Given that this minister said yesterday that cancer surgery wait times improved dramatically since 2006, it's clear that the minister knows the numbers from before 2006. Will the minister give us the numbers for wait times on cancer surgery from before 2006?

**Mr. Zwodziesky:** I can certainly try and get that information. I don't have it at my fingertips.

What I'd like this hon. member and other hon. members to know, and in particular the member who raised the allegations, is that Alberta Health Services, Mr. Speaker, does have a policy, and that policy has many parts to it that deal with this issue. One of them is called a duty to disclose, and here is what it says. "Any member of AHS Personnel who has a reasonable basis to believe that Improper Activity has occurred or is occurring within AHS is required to disclose the information on which the belief is based."

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

**Mr. Mason:** Thanks very much, Mr. Speaker. I think I should get another question since he's more interested in . . .

**The Speaker:** Hon. member, you have 35 seconds with no preamble, and you're eating up your time.

**Mr. Mason:** Yeah. Thanks. Given that the minister won't allow an investigation, won't divulge facts at his disposal about wait times and cancer deaths, allegations of a cover-up seem valid. To the minister: will he admit that there is indeed a cover-up and that he is orchestrating it as we speak?

**Mr. Zwozdesky:** You know, I always appreciate a little bit of humour when he ties in some of my professional musical background. Thank you for that.

Mr. Speaker, there is also a clause in here that talks about protection from retaliation. It reads: "AHS will not take or condone any adverse action . . . against any AHS Personnel or other individual who . . . in good faith and without malice or desire for personal benefit, reports Improper Activity in accordance with this policy." That's pretty much verbatim from what's in here.

With respect to the cancer issues and any wait times and so on that he has asked about, I will look into it.

**The Speaker:** Thank you, hon. minister. And you will table the documents from whence you quoted, correct?

**Mr. Zwozdesky:** Absolutely, Mr. Speaker.

**The Speaker:** Okay.

The hon. Member for Calgary-Currie.

### Regional Planning

**Mr. Taylor:** Thank you, Mr. Speaker. Good on the government for introducing Bill 10 yesterday, but this is kind of like the new royalty frameworks that they introduced after getting the original new royalty frameworks so wrong. Wouldn't it have been better to avoid all the anger, hostility, and confusion by getting it right the first time? And there was a template for this. Ontario's Places to Grow Act offered a sound basis for regional planning that kept landowner rights intact and did not give monolithic power to the Ontario cabinet. To the Premier: why did this government so grossly overstep its boundaries in implementing legislation for regional planning when other effective examples existed within Canada?

**Mr. Stelmach:** Actually, Mr. Speaker, I'd argue with the member in terms of whether the land planning in Ontario that he talked about is a better policy. I vehemently disagree.

Anyway, we heard from all industry and Albertans that we have to protect a very finite land base, protect our water, our air, and also, most importantly, the quality of our land. As a result, we consulted Albertans for a number of years. We put a bill together called Bill 36, and that bill was debated here in the House.

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

**Mr. Taylor:** Thank you very much, Mr. Speaker. Why should Albertans, who certainly don't seem to feel like they were consulted or at least listened to, trust this government to restore landowner rights in Bill 10 since it was the same government that introduced bills 19, 36, and 50 in 2009 that infringe on landowner rights?

**Mr. Stelmach:** Mr. Speaker, Bill 19, Bill 36, and Bill 50 actually supported landowner rights. I don't know where the hon. member is getting that. He should take the time and have a look at Bill 19. It actually protects landowners. For years this government sterilized land before they bought land for large transportation projects. Now we have to buy that land or remove all restrictions within two years. That definitely enhances landowner policy.

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

**Mr. Taylor:** Thank you, Mr. Speaker. Well, since the first regional plan under Bill 36 will involve the lower Athabasca area, which contains a great deal of land that requires conservation, and given that the failed Alberta parks act last fall was pulled because it was more about commercial development in parks than protecting them, what measures will this government take in this regional plan's conservation efforts that will restore Albertans' trust?

**Mr. Stelmach:** Mr. Speaker, that is the purpose of the land-use framework, to make sure that Albertans come together and decide what they want to see in their own community. I'm not going to allow some of this opposition to allow these decisions to be made in court. If we don't get together as Albertans and decide what we're going to do with our communities – and I don't want any doggone judge that's going to listen to evidence from outside the community or outside this country to implement policy for Albertans. It's not going to happen under my watch.

**The Speaker:** The hon. Member for Edmonton-Ellerslie, followed by the hon. Member for Calgary-Buffalo.

### Capital Infrastructure Benefits

**Mr. Bhardwaj:** Thank you very much, Mr. Speaker. I have travelled all over Alberta and have seen some of the incredible work being done in our province regarding the investment in infrastructure. We're building world-class institutions, opening schools and hospitals all over the province, and providing jobs to thousands of Albertans. My questions are to the Premier. With a \$6.6 billion commitment to capital projects in Budget 2011 what does this investment mean to Albertans and Alberta's economy?

**Mr. Stelmach:** Mr. Speaker, not only does it mean a lot of jobs, but it also means that all of the infrastructure we're building is an economic enabler. It's going to help us move our goods and services competitively to market, it's going to build the schools that are absolutely necessary, and it's also going to provide first-class health facilities across this province. It's a good investment. The money is coming from the cash reserve in our sustainability fund. It's being paid for, and it's going to support the next generation of Albertans.

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

**Mr. Bhardwaj:** Thank you very much, Mr. Speaker. My next question to the Premier again: how many electricians, boilermakers, construction workers, and other Albertans would be out of work if the decision was made to defer the infrastructure investment as is being talked about in the House?

**Mr. Stelmach:** Mr. Speaker, the deficit is around \$3.2 billion, and that's all in infrastructure. The operational part of government is balanced, but it's the money we're spending on infrastructure. For every billion dollars involved in infrastructure, it's about 10,000 jobs. So if we were going to balance and erase the \$3.2 billion

deficit, it would be on the backs of about 30,000 Albertans who would not have a job today.

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

**Mr. Bhardwaj:** Thank you very much, Mr. Speaker. My final question to the Premier again: what would it cost this government to wait another year to build these critical infrastructure projects?

**Mr. Stelmach:** Mr. Speaker, I can't give a definite answer in terms of what the inflation may be over the next couple of years, but I do know that we've learned from the past. While we were paying off the debt, which was a good idea, we were very deficient in infrastructure. As a result, at many times we were paying as high as 25 per cent inflation on the infrastructure to catch up, whether it was roads, schools, hospitals built in this province. By investing the money that we have in cash today and building the infrastructure, we're going to save hundreds of millions of dollars, number one. Number two, if we wait another couple of years, we're going to run into the same 20 to 25 per cent inflation because the economy is picking up and we're going to be competing with the private sector again.

**The Speaker:** The hon. Member for Calgary-Buffalo, followed by the hon. Member for Strathcona.

## 2:10 Electricity Generation

**Mr. Hehr:** Thank you, Mr. Speaker. With Alberta's electrical generating capacity already insufficient, two generators, Sundance 1 and 2, ceased operating. This is a time when we are already dependent on imported power. To the Minister of Energy: does the minister agree that without these two generators it will further escalate electricity prices?

**Mr. Liepert:** Well, Mr. Speaker, that's the same question that the member asked I think a week ago. I'll assure the member that the Alberta Electric System Operator is confident that as we move forward, we will be able to meet the needs of Albertans. But I think it's a good time, also, to ensure that members of the opposition, I assume, are now going to be much more supportive of our Bill 50, which is ensuring that we have the transmission that will transmit this electricity around the province.

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

**Mr. Hehr:** Well, thank you, Mr. Speaker. Given that the Alberta Electric System Operator predicts potential energy shortfalls without these two generators, does the minister believe we have enough capacity to avoid the potential for blackouts?

**Mr. Liepert:** Mr. Speaker, I don't know where the member is getting his information from, but I talk to the Electric System Operator on a regular basis. The Electric System Operator is not predicting blackouts because of these two generators coming off-line. In fact, the output from the two generators will be pretty much made up by the new Keephills plant that comes on in April. [interjections]

**The Speaker:** Okay, boys. You know, you can hide, but you will be found.

The hon. Member for Calgary-Buffalo.

**Mr. Hehr:** Thank you, Mr. Speaker. I appreciate that the new Keephills plant is coming online, but it does not meet the generation capacity of old Sundance 1 and 2. Given that and that we

need more capacity, are we looking at building more load capacity down around Calgary like many experts have suggested?

**Mr. Liepert:** Well, Mr. Speaker, the member is indicating in his question that somehow it's government that builds generating capacity. It is not the government. We have a deregulated generation system in Alberta. If the private sector believes that the capacity is required, I'm sure it'll be built.

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

## Northeast Anthony Henday Ring Road

**Mr. Quest:** Thank you, Mr. Speaker. This morning the Premier announced that the province is moving forward with the final northeast leg of the Anthony Henday Drive. My constituents and many others are very pleased to see this project moving ahead. My questions today are for the Minister of Transportation. While completion of the ring road is critical for economic development for the entire capital region – I'm sure we all agree – my question is: why is this project being built as a P3?

**Mr. Ouellette:** Mr. Speaker, this final leg of Edmonton's ring road will be Alberta's single largest transportation or highway construction project to date. This is a very complex project, and a P3 gets it done as one project, not a whole bunch of little ones. The benefits are cost savings for taxpayers, a guaranteed price, and a guaranteed delivery date about three years quicker than conventional delivery. The contractor takes on the risks of inflation, and we get a 30-year warranty on the work. And let's not forget all the jobs.

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

**Mr. Quest:** Thank you, Mr. Speaker. My first supplemental to the same minister: does the minister have any idea what the total project cost is going to be?

**Mr. Ouellette:** Mr. Speaker, starting today, we're asking for qualified P3 groups to come forward, and then we will pick the top three out of all of those qualified groups. To ensure a fair, competitive bidding price, we will not release that cost until after we get – about a year from now we'll actually get the contract, and that's when the total price will be made available to the public. We know industry is anxiously awaiting this project because they know Alberta's . . .

**The Speaker:** The hon. member. [interjection] Okay. But I recognized the hon. Member for Strathcona.

**Mr. Quest:** Thank you, Mr. Speaker. My final question to the same minister. The minister has said that this is a very extensive project, and I understand it includes more than the last nine kilometres of the ring road. What do we need to do south to the Whitemud and on parts of the Yellowhead?

**Mr. Ouellette:** Mr. Speaker, the section of Anthony Henday Drive from highways 16 and 14 must be upgraded because of the increased traffic volumes there. We are putting extra overpasses or interchanges in the Sherwood Park area to handle all of that traffic, and it makes perfect sense to include that work while we're doing a P3 project. This government is building the right things at the right time to ensure that the province's . . .

**The Speaker:** The hon. Member for Edmonton-Centre, followed by the hon. Member for Grande Prairie-Wapiti.

### Caribou Conservation

**Ms Blakeman:** Thanks very much, Mr. Speaker. The woodland caribou is categorized as threatened under the Wildlife Act, and the number one threat to its survival is industrial development of its habitat. When a government-appointed scientific subcommittee recommends that woodland caribou be listed as endangered, the Endangered Species Conservation Committee insists on the lesser category. To the Minister of Sustainable Resource Development: what fact-based evidence does the deciding committee have which trumps the scientific subcommittee recommendation?

**Mr. Knight:** Well, Mr. Speaker, quite honestly, I don't have any of the information that the member opposite speaks about. What I can tell you about the caribou conservation measures in the province of Alberta: we're working closely with the federal government and with the committee that we put together in the province of Alberta. We realize this is an iconic species in the province of Alberta. When we move forward with regional planning such as the lower Athabasca, in those plans the member opposite will see some very positive work moving forward with respect to conservation of caribou.

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

**Ms Blakeman:** Thank you very much, Mr. Speaker. Back to the same minister. What other information, aside from science, does the minister consider in classifying endangered species? For example, with the grizzlies it was the input of hunters. So what is it that the minister considers for the woodland caribou?

**Mr. Knight:** Well, Mr. Speaker, first of all, I don't set whether or not a species in the province of Alberta would be considered to be at risk, threatened, or endangered. We rely on a committee that does that kind of work, and they use the science-based work and data that they gather with respect to the issue. All I would do is agree or disagree at the end of the day with what may be presented to me. At this particular point in time I have not been presented with any information that would force me to make a decision.

**Ms Blakeman:** They still report to you, Mr. Minister.

Again to the same minister: can the minister explain why decisions which have a favourable outcome for the sectors of industrial and agricultural committee members like the Alberta Forest Products and CAPP and the Beef Producers seem to carry more weight in decisions made by the endangered species committee? In this case these members' activities are the number one cause of the shrinking caribou habitat.

**Mr. Knight:** You know, Mr. Speaker, there are two things here. Now the member has moved away from the idea of the decrease in numbers. The number one cause of decrease in numbers was originally the question that was asked. Now we've got this about the decrease in the area. There's no real decrease in area of critical habitat for caribou. We work in the areas where caribou are present and prevalent, but there is plenty of critical habitat for caribou in the province of Alberta, and we will move forward to protect it.

### Air Quality Monitoring in the Three Creeks Area

**Mr. Drysdale:** Mr. Speaker, this morning residents of the Three Creeks area northeast of Peace River were again subjected to odours emanating from the significant energy industry activity in the area to the point where some of them evacuated their homes. This is clearly an alarming situation. My first question is to the

Minister of Energy. Is he concerned about the level of industrial emissions in this northern airshed, and is he pursuing activities to address this?

**Mr. Liepert:** Well, Mr. Speaker, our department through the Energy Resources Conservation Board and the Department of Environment has been working with the residents of Three Creeks for some time now monitoring emissions and odours. The actions to date include conducting extensive air monitoring and sampling and providing residents with canisters to capture their own samples. Throughout all these initiatives the parts per million are consistently within provincial limits. Monitoring of new concerns this morning showed zero parts per million of H<sub>2</sub>S, and there were no evacuations other than those that were voluntary.

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

**Mr. Drysdale:** Thank you, Mr. Speaker. My second question is to the Minister of Health and Wellness. Is he concerned about the allegation of health impacts to the residents of the area, and is he doing anything to address this situation?

2:20

**Mr. Zwodzesky:** Mr. Speaker, I'm always concerned when the issue of health in Alberta arises. As a result of that we have health personnel under my umbrella who are working very closely with the ministry officials in Energy and in Agriculture and in Sustainable Resource Development to study the situation to come up with some suggested solutions, as the Minister of Energy just mentioned. We are always concerned with air quality and testing and surveying, and that's why we're going out into the field to meet with those individuals as we speak.

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

**Mr. Drysdale:** Thank you, Mr. Speaker. My third question is to the Minister of Energy. Can he assure this House that his department is working to resolve this issue with the same urgency that he would if it were occurring in a large urban environment?

**Mr. Liepert:** Absolutely, Mr. Speaker. There is a protocol that is in place. It was developed jointly by the residents of the community along with the Department of Environment and the ERCB. It was followed this morning, and working with the Minister of Environment we'll continue to monitor and respond in a timely fashion.

**The Speaker:** The hon. Member for Calgary-Fish Creek.

### Confidentiality of Name Changes

**Mrs. Forsyth:** Well, thank you, Mr. Speaker. The government's first and most important duty is to protect our citizens. Jane and Janet Doe obtained unpublished, secure name changes five years ago, the first sign of life after living in fear for more than a decade. Imagine their horror when they found out the *Alberta Gazette* had published the name change and that a simple Google search would've found it. The minister has issued an apology, but it doesn't go nearly far enough. To the Minister of Service Alberta: why was no consideration given to settling this matter instead of letting it drag out into a lawsuit when you have already admitted fault?

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

**Mrs. Klimchuk:** Thank you, Mr. Speaker. With respect to this situation, the moment that we were made aware of the situation,

we immediately removed the name from electronic copies of the *Gazette* and took steps to ensure that it didn't happen again in the future. We've also been informed that the individual has obtained legal representation, and we are waiting for a response from the lawyer on this matter.

**Mrs. Forsyth:** Well, Mr. Speaker, again to the same minister: have the changes referred to in your apology letter of March 16, 2010, been implemented, and if so, can you provide the House with written proof of this compared to the original legislation?

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

**Mrs. Klimchuk:** Thank you, Mr. Speaker. Indeed, with respect to the checks and balances we have put in place, those were put in place immediately. I'm happy to provide that information to the member so that she can see what we've done.

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

**Mrs. Forsyth:** Thank you, Mr. Speaker. Again to the same minister: Minister, can you assure this family that they will be fairly compensated immediately so that they can put this ugly ordeal behind them for good?

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

**Mrs. Klimchuk:** Thank you, Mr. Speaker. Of course, we take the privacy of Albertans' information very seriously – and I do as minister – and I would like to assure all members in this Chamber that we will continue to do that. As the matter is with the lawyers at this time, I will wait until we hear from the lawyers.

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

#### Logging in the Castle Special Management Area

**Mr. Chase:** Thank you, Mr. Speaker. In yesterday's prayer you painted a picture of the bounty of Alberta's natural and human resources, entreating us to rededicate ourselves as wise stewards, when you stated: "In our mind's eye let us see the awesome grandeur of the Rockies, the denseness of our forests." Given SRD's proposed clear-cutting in the Castle-Crown, all Albertans will be left with is a mind's eye memory. My questions are to the Minister of Sustainable Resource Development. How can you justify clear-cutting in the Castle?

**Mr. Knight:** Mr. Speaker, quite honestly, the area that we're talking about here is a C5 management area, and there have been industrial and commercial operations, particularly from the point of view of timber harvesting, in that area for over 50 years. If you look at a proper forest management program going forward, I think that it's very clear that the management plans that have been in place have protected the area very well. If you look at the type of forestry, the old-growth forest that's there, some management plan is required from the point of view of the infestation.

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

**Mr. Chase:** Thank you, Mr. Speaker. I'm all in favour of management. It's clear-cutting that I'm opposed to.

Again to the Minister of Sustainable Resource Development: why are you using the pine beetle infestation as justification for the corporate mowing down of every piece of vegetation in what is a diversified forest?

**Mr. Knight:** Well, Mr. Speaker, the fact of the matter is that in the area two-thirds – two-thirds – of the area is off limits to logging. Two-thirds. Sixty-six per cent. I don't know what kind of a mower this individual has. Two-thirds of the area is off limits. Of the one-third that remains, less than 1 per cent per year is harvestable.

**Mr. Chase:** One per cent per year after year after year after year of one-third has a damaging effect.

Has work on the land-use framework been deliberately stalled so that every piece of Crown land in this province can be exploited before regional plans are implemented and enforced?

**Mr. Knight:** Mr. Speaker, year after year after year after year we continue to plant two trees for every one we cut down.

**The Speaker:** Hon. Member for Calgary-Varsity, my prayers are prayers of hope.

The hon. Member for Calgary-Mackay.

#### Alberta Innovation Voucher Program

**Ms Woo-Paw:** Well, thank you, Mr. Speaker. Nanotechnology has big potential for Alberta, and I'm concerned that we may not be fully capitalizing on these new ventures. At the recent nanotechnology conference participants told me that they were frustrated by the government's hit-and-miss support for the industry. For example, they can get innovation vouchers, but they cannot find the market research expertise they need to use these vouchers. My questions are to the Minister of Advanced Education and Technology. What are you doing to ensure that the innovation voucher program is achieving its goals and helping nanotechnology companies access the market research they need?

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

**Mr. Weadick:** Well, thank you. I'd like to agree with the member that nanotechnology is indeed one of those bright spots in the future of Alberta. The innovation vouchers are an important part of connecting our entrepreneurs, our nanotechnology people with great ideas with the researchers that are doing the work. This program is extremely important. We've just finished the second round of vouchers. We are now starting to get feedback on the first round of vouchers so that we can continue to make the program work better. I would like to assure the member that market research can be done using these vouchers.

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

**Ms Woo-Paw:** Well, thank you, Mr. Speaker. My second question is for the same minister. Why doesn't the government commission market research in nanotechnology that all businesses and other researchers can access?

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

**Mr. Weadick:** Thank you. The National Institute for Nanotechnology does do some generalized market research, which is available to the public. However, specialty market research for particular items is a priority of the company doing it. It's very specialized. So those companies do their own market research to ensure that the product they're working on is marketable and will fit within the market.

**Ms Woo-Paw:** My final question is again for the same minister. What is this government's strategy for nanotechnology research and development in this province?

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

**Mr. Weadick:** Well, thank you very much. Nanotechnology is one of the key areas that this government is focused on. As you know, in Alberta we've had some phenomenal breakthroughs, and we are considered global leaders in nanotechnology. Dr. Rob Burrell at the University of Alberta has done incredible work on nanosilver and its use in diabetic ulcers, in burn victims, and also in the treatment of very important types of pneumonia, where other drugs can't be used. They're also now doing research on nanoplatinum and gold to see what other things can be done in Alberta. You're going to hear shortly some exciting news about nanocrystal.

#### Homeless Management Information System

**Mr. Hehr:** Mr. Speaker, I have been surprised at the minister of housing's characterization of privacy laws in the province and how they apply to the nonprofit sector. To the minister of housing. I am sure the minister knows that nonprofits like the Calgary Homeless Foundation are not subject to the FOIP Act and that no one can be made subject to the act by contract, but some privacy protection can be put into contract. Would the minister agree?

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

**Mr. Denis:** Thank you very much, Mr. Speaker. As an esteemed fellow member of the bar I'm sure he knows that not every question can be answered yes or no. He's quite correct that nonprofit organizations are not subject to the privacy legislation; however, when you have a contract between organizations like myself and the Calgary Homeless Foundation, they can be subject to the privacy act. In fact, that is exactly the case. We have that contract signed. People's privacy is in fact protected.

**Mr. Hehr:** Well, I thank the minister for that answer. It gives a little clarification.

Given that the minister said that the project to track the homeless will provide privacy protection by contract, can he explain what kind of measures have been placed in the contract to protect these things if the Calgary Homeless Foundation violates them?

2:30

**Mr. Denis:** Again, Mr. Speaker, as I answered the previous member who asked me this question, the Member for Calgary-McCall, in the last couple of days, the privacy act, in fact, does not apply to nonprofit corporations, but it does apply when you have a contract, and we do have that contract. The FOIP Act does apply in dealings between us and the Calgary Homeless Foundation. In fact, section 39 of that particular act states that there's no disclosure of personal information without consent. People in these organizations and homeless people that we provide services to are in good hands.

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

**Mr. Hehr:** Thanks, Mr. Speaker. I look at this privacy legislation and want to know: what are the contractual stipulations that will be put into force should the Calgary Homeless Foundation violate the principles?

**Mr. Denis:** Mr. Speaker, I've answered this question repeatedly.

Today I want to mention one more time that March is actually the second anniversary of the 10-year plan to end homelessness. Instead of dealing with answers and questions that I've already gone over, I think this member actually should join us in celebrat-

ing the fact that we have housed over 3,000 formerly homeless people in this province.

#### Speaker's Ruling Legal Opinions

**The Speaker:** I know that both the hon. Member for Calgary-Buffalo and the hon. Minister of Housing and Urban Affairs are distinguished members of the Law Society, and I know you're having a good time with this exchange, but you both realize – don't you? – that questions requiring and involving a legal opinion are void in the question period. Why don't you guys just go and have a coffee. Okay?

The hon. Member for Athabasca-Redwater.

#### Highway 63 Emergency Services

**Mr. Johnson:** Thank you, Mr. Speaker. Highway 63 is busy, remote, and widely regarded as one of the most dangerous highways in Alberta. Last June the admirable group of half a dozen volunteer firefighters from Wandering River who'd responded to emergencies on this highway reached their breaking point. They were unable to continue covering this 150-kilometre stretch spanning parts of three counties. Since municipalities are responsible for emergency services, my questions are for the Minister of Municipal Affairs. Can the minister tell my constituents what he's doing to ensure that Albertans travelling the Wandering River section of highway 63 still receive emergency assistance when they require it?

**Mr. Goudreau:** Mr. Speaker, we're very well aware of the challenges along this stretch of highway, and we've been doing a fair amount of work on this particular issue. We're providing ongoing support to municipalities, including \$500,000 annually for fire-fighting training and \$50,000 for recruitment and retention tools. Specifically, we have helped Athabasca county identify new recruits and are supporting firefighters to deal with stresses and issues along that stretch.

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

**Mr. Johnson:** Thank you, Mr. Speaker. Given the uniqueness of this issue and the fact that it came to a head eight months ago and that the Alberta Association of Municipal Districts and Counties passed a resolution three years ago requesting that the Alberta government set up staff for emergency response on highway 63, can the minister tell my constituents why the government has not yet stepped in with a solution to this problem?

**Mr. Goudreau:** Mr. Speaker, we do need a sustainable solution – and I re-emphasize a sustainable solution – and that's why we've got a cross-ministry working group. They've provided recommendations on the highway 63 issue, and we're presently reviewing them. As we know, providing these services is a municipal responsibility throughout the province, but that said, we want to ensure that the right tools and supports are available at the municipal level.

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

**Mr. Johnson:** Thank you, Mr. Speaker. I'm glad the minister has some strategies to deal with this important issue, but can he give my constituents a timeline? When can my constituents expect to see some solutions coming forward on this issue?

**Mr. Goudreau:** Mr. Speaker, the timing will depend on the num-

ber of solutions that we're presently looking at. Those solutions are there to support these communities and others in the delivery of emergency services at the local levels. Our solutions will consider ongoing recruitment and retention, driver behaviour, and the right tools to ensure that emergency services are retained and improved. Some actions should come in the very, very short term here while others will no doubt take much longer.

#### Physician and Family Support Program

**Dr. Taft:** Mr. Speaker, we all know there's a shortage of doctors in Alberta. My question is to the Minister of Health and Wellness. I give him that heads-up so that he'll pay attention today. There's a shortage of cancer doctors. There's a shortage of family doctors. There's a shortage in many rural areas. The Alberta Liberals want to attract and keep doctors here. To the Minister of Health and Wellness: one of the successful innovations in health care delivery in Alberta has been the physician and family support program, so why is this government threatening to cancel it?

**Mr. Zwozdesky:** Mr. Speaker, I'm not threatening anyone. I assume he's probably referring to the AMA negotiations. They're our lead negotiators for Alberta Health Services, for Alberta Health and Wellness, and for the Alberta Medical Association. They're at the table, I think, even as we speak, possibly. I'm not sure. They are negotiating, and the process, from what I understand, is working. I met with the AMA president last Friday. They raised some concerns. Those concerns were passed onto the appropriate sources, and hopefully they'll have a resolution, hon. member.

**Dr. Taft:** Well, the minister is responsible.

Given the dramatic shift in the gender balance of our physician workforce toward a majority of women physicians, will this minister promise Alberta's women physicians that the physician parental leave program will be sustained?

**Mr. Zwozdesky:** Mr. Speaker, there are a number of important programs that have served physicians well, and that's why they're negotiating right now. From the AMA's perspective they've brought their issues forward, I'm sure. From the Health and Wellness perspective our negotiators have brought those things forward. But there's a lot more on the table than just the programs. Those are important programs, and in a perfect world, yes, I'd like to see them all continued.

**Dr. Taft:** Again to the same minister. Being a doctor brings with it immense stress. Given that the physician support program helps doctors who are dealing with stress, trauma, grief, bereavement, abuse, addictions, and even suicide, will the minister promise here and now – stop dancing around it and just make the promise – that funding will continue for these programs that he's acknowledged work so well?

**Mr. Zwozdesky:** Mr. Speaker, I'll state it again. I'm not on the negotiating team. I'm not at the negotiating table. We have an agreement that is going to expire prior to the end of March. I know the negotiators are there. They're dealing with the fiscal realities of our province. There are some difficult decisions that they're wrestling with. Let's give them the proper due and the credit they deserve and the time that they need to sort those things out because that's what they're doing.

**The Speaker:** The hon. Member for Lacombe-Ponoka, followed by the hon. Member for Drayton Valley-Calmar.

#### Supply of Diesel Fuel

**Mr. Prins:** Thank you, Mr. Speaker. You know, the weather may be very cold outside, but the crop farming season is, hopefully, right around the corner. Many of my constituents use diesel fuel to help fuel their farm equipment, and every year they seem to get caught up in a diesel fuel shortage. My questions are to the Minister of Energy. What assurances can the minister provide so that Albertans won't have to face diesel shortages in the future?

**Mr. Liepert:** Well, Mr. Speaker, neither I nor any member of this Assembly can stand here and guarantee that we won't have a diesel shortage. The reality is that Alberta's economy is probably the fastest growing in all of North America, and that's going to put increased strain on our capacity. I do think it's important to point out, as the Member for Athabasca-Redwater talked about in his member's statement, the North West upgrader refinery and the importance of that. By 2015, hopefully, those diesel shortages will no longer be around.

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

**Mr. Prins:** Thank you. That's true. It's not just the farmers; it's the oil and gas, transportation, and forestry industries. They're all affected.

It's been brought to my attention that the cost of diesel fuel is also going up. Can the minister confirm the cause of this increase?

**Mr. Liepert:** Well, I think the cause is pretty simple, Mr. Speaker. It's supply and demand. I'd maybe add one other thing. I think there's some speculation that's going on. As you are well aware, we've got the international disruptions that are happening to the marketplace in the world. The price of crude is going up, and that obviously will have an impact on consumer prices.

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

**Mr. Prins:** Thank you very much. This is a critical issue. I would hope this is not true, but are there any plans to regulate this industry?

**Mr. Liepert:** Well, I assume that the member is referring to regulating prices, and in essence that's a very simple answer. The answer is no. I can assure this Assembly, Mr. Speaker, that if there is one way to guarantee a shortage of diesel, that would be to regulate retail prices. In all likelihood what would happen then is that less crude would be refined into diesel, and we'd have even greater shortages than what might be occurring.

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

#### Oil Sands Image in the United States

**Mrs. McQueen:** Thank you, Mr. Speaker. The political and economic unrest in the Middle East has wreaked havoc on oil prices and has cast a spotlight on the need for stable oil sources. I understand that the Minister of International and Intergovernmental Relations has recently returned from a trip to Washington. My questions for the minister are: have American counterparts' views on Alberta oil sands changed given these present circumstances? If so, how?

2:40

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

**Ms Evans:** Thank you very much, Mr. Speaker. That's an excellent question. I'm really confident as I stand here today that they

have got the total picture of the fact that we provide a third of the world's oil, that it's going to mean 343,000 jobs between now and 2015, and that a great part of their GDP, both from the crude oil manufacturing opportunities and the value-added GDP – it's almost \$100 billion between now and 2025 if the oil sands are developed.

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

**Mrs. McQueen:** Thank you, Mr. Speaker. To the same minister. Can you tell us: how does a situation in the Middle East and north Africa change the way Alberta advocates to the United States?

**Ms Evans:** Actually, Mr. Speaker, we're trying to stick very much to our same message of a safe, secure source of supply, but frequently we're getting people making that kind of commentary about their concerns. In America, for example, they were talking about what other places we might market our oil if the Keystone pipeline weren't going ahead. They're very conscious of China. In the Middle East they're very conscious themselves of buying alternative sources, like Kuwait's petroleum group looking at Alberta as an opportunity for the future in order for them to have a secure supply.

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

**Mrs. McQueen:** Thank you, Mr. Speaker. Finally, to the same minister. I'm glad you mentioned Keystone. How does the changing view of Alberta's oil sands affect the passage of important infrastructure projects like the proposed Keystone pipeline?

**Ms Evans:** Mr. Speaker, when I was meeting with the governors at my last meeting on Monday afternoon, prior to returning home, they had calculated that 250 businesses along the American side of the lineup of the routing on that pipeline would benefit from Keystone. They've looked at that. They've looked at the jobs. They've looked at the economic opportunity. Expanding the pipeline infrastructure means that they will be able to provide more for their markets. So I saw huge support, especially from all of those alignments on the routing, with the possible exception of some concerns still from Nebraska about the particular alignment.

**The Speaker:** Hon. members, that concludes the question period for today. Nineteen members had an opportunity to participate. There were 114 questions and responses.

In a few seconds from now we'll continue with the Routine. In the interim happy birthday to the hon. Member for Calgary-Montrose, whose anniversary actually was yesterday. He's now one day older and wiser.

### Presenting Petitions

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

**Mr. Hehr:** Thank you, Mr. Speaker. I'm presenting a petition actually spearheaded by my neighbour Mr. Rick Bartlett, who is currently suffering from MS. His petition reads as follows:

We, the undersigned residents of Alberta, petition the Legislative Assembly to urge the government of Alberta to expedite the approval of the Liberation Treatment (angioplasty) developed by Dr. Paolo Zamboni so that all patients including those with MS, suffering with chronic cerebro-spinal venous insufficiency (CCSVI) can receive the treatment.

I can inform you that Mr. Bartlett has received the treatment in Poland and is claiming a significant benefit from the treatment.

Thank you, Mr. Speaker.

### Introduction of Bills

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

#### Bill 203

#### Alberta Get Outdoors Weekend Act

**Mr. Rodney:** Thank you, Mr. Speaker. I request leave to introduce a bill, that being the Alberta Get Outdoors Weekend Act.

Mr. Speaker, this act will encourage and promote the direct and indirect benefits associated with outdoor activity. It purports that the benefits of increased outdoor activity can be far reaching and extend well beyond the areas of physical and mental well-being. The proposed legislation serves as an educational tool for all Albertans on the natural heritage and lifestyle benefits associated with Alberta's outdoors. It sets aside the second weekend of April of every year as Alberta get outdoors weekend.

Thank you, Mr. Speaker.

[Motion carried; Bill 203 read a first time]

### Tabling Returns and Reports

**The Speaker:** The hon. Minister of Health and Wellness.

**Mr. Zwozdesky:** Thank you very much, Mr. Speaker. As promised during question period today and in accordance with the long-standing tradition of this House, I am going to table five copies of a policy document titled Safe Disclosure. Essentially, it comes from an Alberta Health Services policy document that describes their policy called Duty to Disclose and also their policy called Protection from Retaliation for having disclosed anything.

Thank you.

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

**Ms Pastoor:** Thank you, Mr. Speaker. As per your request yesterday, I'm tabling five copies of the article from which I had taken the quote during question period.

I have two other tablings. Again, these are letters and my cheques that I send monthly to a food bank in support of having AISH payments match MLAs' raises. For January it was to the Kainai Food Bank, and for February it was the Crowsnest food bank.

Thank you, Mr. Speaker.

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

**Mr. Taylor:** Thank you very much, Mr. Speaker. I'm pleased to rise today and table the requisite number of copies of another letter from a constituent of mine whose medical doctor is speaking out in support of the Alberta Medical Association's physician and family support program and in support of continued government funding for that program.

Thank you.

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

**Mr. Chase:** Thank you, Mr. Speaker. I am tabling e-mails from the following individuals who are seeking the preservation of the Castle wilderness: Elaine Gryba, Chris O'Brien, Helen Iljoic, Ivan Taverner, Jacqueline Norton, Sarah Pasemko, Jason Abt, Laura Bentley, Elizabeth Atherton-Reid, Dudley Booth, Neil Jennings, Joan Jochim, Andrea Becker, Bruce Botchar, David Gloag, Susan Sinotte, Andrew Paul, Riley Swendseid, Janet Robinson, Jack Boyle, Pat Lucas, Mary Trumpener, Caroline Saucier, S. Rynard, and Bertha Ford.

Thank you, Mr. Speaker. I have several hundred more e-mails that I will be tabling.

### Tablings to the Clerk

**The Clerk:** I wish to advise the House that the following document was deposited with the office of the Clerk. On behalf of the hon. Mr. Olson, Minister of Justice and Attorney General, a letter dated February 15, 2011, from the Minister of Justice and Attorney General to the chair of the Standing Committee on Public Safety and Services, attaching a report dated February 2011 entitled *Disclosure of Information Regarding Leadership Contests: Discussion Paper and Cross-Jurisdictional Comparison*, prepared by Alberta Justice.

### Orders of the Day

**The Speaker:** Hon. members, it now being 2:48, if you go into committee, will you be out of here prior to 6 o'clock? Have a happy afternoon.

2:50

### Committee of Supply

[Mr. Cao in the chair]

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

### Main Estimates 2011-12

#### Finance and Enterprise

**The Chair:** Before I go any further, I would like to speak about the speaking order and the times. The minister or any member of Executive Council acting on the minister's behalf may make opening comments not exceeding 10 minutes. For the hour that follows, members of the Official Opposition and the minister may speak, and then for the next 20 minutes the members of the third party, Wildrose Alliance, if any, and the minister may speak. For the next 20 minutes the members of the fourth party, the NDP, if any, and the minister may speak, and for the next 20 minutes the members of any other party represented in the Assembly or any independent members and the minister may speak. Then after that any member in the Assembly can speak.

Within this sequence members may speak more than once; however, speaking time is limited to 10 minutes. The minister and a member can combine their time for a total of 20 minutes, but the member has to indicate to the chair at the beginning of the speech that he or she wishes to combine their time with the minister's time.

The hon. Minister of Finance and Enterprise.

**Mr. Snelgrove:** Good afternoon. I'm certainly open to whatever suggestions the opposition may have on the give-and-take. It's worked very well in the past, so if that's okay with them, then we'll do that.

I see we're starting a little early, so I'm not going to introduce my staff who were going to be here; either that, or they know something I don't. Either way we'll certainly want to acknowledge the fact that there's a great deal of work that goes into the department, the budgeting and the work they do. I would like to thank them for that.

As one of the government's largest ministries Finance and Enterprise's mission involves providing expert economic, financial, and fiscal policy advice to government. It also includes providing effective tax and regulatory administration to enhance Alberta's future prosperity.

The ministry is responsible for a number of core businesses: budget and fiscal planning; investment, treasury and risk management; tax and revenue administration; enterprise, which includes industry and regional development and economic development policy; and the financial sector regulation and policy. There are also a number of other parts of the ministry, including the Alberta Capital Finance Authority, the Alberta Pensions Services Corporation, ATB Financial, and the Alberta Securities Commission to name a few.

What all of this adds up to is a solid team working to help meet the goals contained in our business plan. You will notice that the business plans have been streamlined and shortened, which in no way means that we are any less committed to meeting our goal.

For instance, goal 1 of our 2011-14 business plan deals with providing economic, tax, and fiscal advice that supports strong, sustainable government finances. The priority initiatives here include developing a long-term plan that will ensure Alberta's prosperity. This means continuing to strengthen our fiscal framework and all of its components, including a savings strategy. Other priorities under this goal include encouraging economic diversification and strengthening Alberta's fiscal resiliency. It also includes working with the federal government to ensure that tax structures enhance the energy sector's competitiveness and its contribution to both our economy and the country's economy as a whole.

Goal 2 of the business plan deals with Alberta having a competitive and productive economy. Initiatives for this goal include implementing actions under the Alberta Competitiveness Act, implementing strategies to encourage value-added activities, and implementing regulatory reform initiatives to enhance our competitiveness and productivity.

I think we've proven our commitment to this goal through all of the work that's already been done on the competitiveness initiative. We created a Competitiveness Council to identify Alberta's competitiveness gaps and developed meaningful actions to address them. The council has already released a benchmarking analysis and will release its full report later this summer. As another example, Productivity Alberta, in place since 2008, has been working with industry and other government ministries to make sure the programs and services we deliver are optimally targeted, developed, and delivered.

Goal 3 of the business plan focuses on revenue programs that are administered fairly, efficiently, and effectively. Priorities under this goal include advancing electronic commerce for our tax and revenue programs, helping people to understand the fairness of our tax system, which will encourage compliance, and making sure we're as effective as we can be to manage collections and program compliance.

Alberta's tax system continues to be the best in the country, with Albertans and Alberta businesses paying \$11 billion less than they would under any other province's system. This goal is about supporting this tax system by encouraging payment, making it easier for payments to occur, and making sure we're proactive about collections and compliance.

Goal 4 of the business plan deals with sound investment, treasury, and risk management. The priorities here involve providing effective leadership in government-wide cash and debt management as well as risk management and providing our investment manager with investment strategies for achieving optimal investment performance.

As an example of how we're meeting this goal, we provide our investment manager, AIMCo, with overall investment guidelines to follow as they manage nearly \$70 billion of investments for the government of Alberta. This includes the heritage savings trust

fund as well as public pension funds. Within those guidelines AIMCo returned 7.5 per cent on the heritage fund's investments over the first nine months of 2010-11, meeting the benchmark.

Goal 5 of the business plan focuses on policy and regulatory oversight for the financial, insurance, and pensions sectors that is effective, fair, and in the interests of Albertans. The priorities here are to work with other jurisdictions to improve retirement income adequacy as well as maintain a provincially-based securities regulatory system. It also includes monitoring and regulating the financial services sector to ensure affordable, efficient, and fair systems for insurance, pensions, and other financial services.

What this means for Albertans is that we will continue to fight for their interests on the pension front, working to make sure that Albertans can retire with some assurances of a reasonable retirement income. It also means we will continue to stand up for our right to regulate securities at a provincial level instead of the single federal regulator Ottawa is pushing on the provinces. We will work to make sure that Albertans can access affordable and efficient financial services, including insurance.

The final goal of our business plan deals with accessible financial services for Albertans. Our priorities here include making sure that ATB continues to operate on sound fiscal and business principles and ensuring that ATB operates with a comparable regulatory and financial framework to similar financial institutions. The priorities also include maintaining appropriate lending, funding, and risk management policies for the Alberta Capital Finance Authority, or ACFA. ATB is a valuable part of the province's network of financial institutions, and this goal is about keeping ATB strong not only for the clients but for all Albertans.

When it comes to the ACFA, it provides an opportunity for certain nonprofit groups such as municipalities to access capital at a reasonable rate, meaning they can borrow with the province's preferred credit rating backing them up. This is key to helping municipalities build and grow at a reasonable cost to their citizens as we will continue to support the ACFA in this role.

The heritage fund 2011-14 business plan is included with the Finance and Enterprise business plan. The fund's business plan is approved by the heritage fund standing committee and has two goals. The goals deal with ensuring that long-term returns are maximized at a prudent level of risk and that the heritage fund aligns with the fiscal goals of the province.

Now that we've gone over our business plan, I'd like to take a few moments to provide you with some of the highlights from Finance and Enterprise estimates. Our revenue is forecast to increase about \$698 million from Budget 2010. This is due to increases in a number of areas, including \$495 million in corporate income taxes due to improved corporate profits as we come out of the recession, \$80 million in net income from the Alberta Treasury Branches, \$45 million in personal income taxes as Albertans' income continues to grow, and \$35 million in fuel tax due to increased consumption.

These increases are somewhat offset by things like a forecast decrease in investment income as market volatility continues and a decrease in some of the federal funding due to specific programs being completed.

Our expenses increased just over \$106 million from Budget 2010. This increase is made up of a \$39 million increase in program expense and a \$68 million increase in debt servicing costs. The increase in program expenses is related to things like \$14 million in the teachers' pre-1992 pension plan based on updated actual evaluations, \$20 million in investment management costs, and \$1 million increase in the transfer to the access to the future fund.

These increases are partially offset by reductions in the department due to general budget restrictions and reduction to the enterprise division relating to regional economic development alliances, for example. The increase in debt servicing expense relates to increased borrowing by ACFA for local authorities and direct borrowing the government is doing for capital purposes.

These increases are partially offset by reductions in debt servicing costs of \$23 million as we pay off the province's debt as well as the ongoing repayment of school construction debentures.

This brings me to the end of my presentation. I believe we have demonstrated our commitment to achieving the goals in our business plan, including actions we're taking to meet those goals. I am also confident that we've explained some of the reasons behind our revenue and expense numbers, and I'll look forward to the questions that follow.

3:00

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

**Mr. MacDonald:** Yes. Thank you very much, Mr. Chairman. I would prefer if we could have, hon. minister, a question and an answer. This has worked out in the past; you're absolutely right. With other ministers I am not confident in the exchanges, but certainly with this hon. gentleman I would prefer that.

Before we start, I would just like to say officially on the record that I appreciate the hard work you put in on behalf of the taxpayers and citizens of this province. It's a difficult time we're going through. I have had the opportunity to visit the Assembly and the Annex at a very early hour in the morning, and I look over in the parking lot, and it's the hon. minister's truck, I believe, that I see. It's not parked there overnight. You're coming to work very early in the morning on behalf of taxpayers, and I would just like to express my gratitude to you for that.

Now, that being said, we certainly have our differences, and we have our questions with this budget, and I think the hon. minister understands that. The first question I have relates to a statement that was made in the throne speech and on the production figures or the estimates that are made in the budget and in the fiscal plan. In the throne speech it states – and I'm going to quote, Mr. Chairman. This is from page 5, and we're talking about enhanced oil recovery here.

It is estimated that an additional 1.4 billion barrels of oil can be produced using this technology. To put it in more familiar terms, Alberta could produce more conventional oil in the future than it has already produced in the past. This could generate up to \$25 billion in additional provincial royalties and taxes.

Now, in the fiscal plan on page 49 there are a number of oil assumptions, and we all know the important role oil, gas, and bitumen play, the price for these products, and the effect it has on our budget. I'm going to go to conventional crude oil production. It indicates that for 2010-11 we had 471,000-barrel-a-day production, and it's going to remain relatively flat or steady across to the year 2013-14 at 459,000 barrels a day. It's interesting to note, before I get to the CAPP, Canadian Association of Petroleum Producers, statistics here, that we see in the third-quarter forecast and in the second-quarter forecast for this current fiscal year, 2010-11, where there is a 47,000-barrel-a-day increase in conventional oil production. That indicates to me that for some reason this year it's going up, but the CAPP forecast for the future is much less than what you have in your assumptions.

CAPP is forecasting that for the next 10 years we will have light and medium conventional crude oil. We will have production rates in thousands of barrels a day, roughly 300,000 barrels a day, going down by the year 2025 to 200,000 barrels a day. Yet the government makes this statement in the throne speech that we're going to

get these billions of dollars in extra royalties and taxes from an increase in production, from enhanced oil recovery. That's not reflected in CAPP's estimate, and CAPP's estimate, for the record, is from June 2010, so I would like an explanation of how all this fits together. How can that statement be made?

Then at the same time, if we go to page 101 of the fiscal plan, we will see where with carbon capture and storage – I was a fan of this going back many years because I think this is part of the solution – we are spending \$518 million over the next three years, \$2 billion in total, and three of the four projects that are mentioned on page 101 indicate that as a result of the CO<sub>2</sub> capture, we're going to have enhanced oil recovery. If we're spending this kind of money at this time on enhanced oil recovery – there's a contradiction here – why is CAPP saying that production is going to go down, yet in the throne speech this government indicates it's going to go up and that we're going to get \$25 billion from that increased production?

Thank you. I hope I sort of . . .

**Mr. Snelgrove:** No. Exactly. I get exactly what you're saying, and I guess that absolutely enhances why we have to go to this enhanced recovery. On their own, if the drilling industry or the oil production industry was left to what we're doing now, there is no question that the conventional oil production would significantly drop off because they can't get that oil out using the conventional methods now. If we are not in the middle of this game, to use that, to gather that carbon and to work with industry to get it to those old fields, to inject it and to reinvigorate those fields and actually, you know, produce the oil, we would be absolutely where CAPP is saying. The hon. member would be absolutely right. Our conventional oil would probably drop down, you know, in this program to the 200,000 barrels a day for sure.

Now, this is not unproven technology. It works, we know it works, and I know the hon. member has talked about it. By coordinating these activities and partnering with business on the capture and the pipeline to the fields, to a certain degree we're feathering our own nest. We are going to give those companies the opportunity to produce that oil.

On both accounts you're right. If CAPP was left, if that industry was left, production would decline, yet with the significant investment we're making, we're going to be able to maintain the production levels probably around that half a billion barrels a year. On both ones you're right, but I think you helped make our argument that it's really important to continue with enhanced oil recovery. Too much of the discussion really got to be about carbon sequestration, just pumping it down with no other purpose. That's why the multiple benefit here of investing in that technology and enhancing the oil recovery actually works for the taxpayers very well.

**Mr. MacDonald:** Thank you. Am I correct in assuming that the higher production value predicted by this government for the next two fiscal years than what is predicted in CAPP's 2010 report, where they indicate we would have around 300,000 barrels of conventional crude oil production a day – and you were indicating that we will have close to 484,000 or 471,000, depending on what year – that 170,000-barrel-a-day increase or amount of production, would be potentially from enhanced oil recovery?

**Mr. Snelgrove:** Hon. member, you did quote that that was a CAPP document from June of 2010, and I think we would both agree that the situation around oil has changed dramatically from just about a year ago, you know, in the price. We are bouncing around now at around a hundred dollars a barrel, and the solidify-

ing of solid oil prices and the economic growth requiring the demand is quite different than it was. I absolutely am not going to question CAPP from June of 2010, and I would look forward to what their projection numbers are when their report comes out in June again this year and see what their numbers are to that.

We take the numbers from the drilling applications that come forward, so we may even have more up-to-date information than CAPP itself would have because they are reported to by the companies, yet we know before the action even happens how many applications are there for well sites.

3:10

**Mr. MacDonald:** Thank you very much. Now, this increase or this assumption of this increase in conventional crude oil production: if that is coming from enhanced oil recovery, from CO<sub>2</sub> sequestration, what, if any, would the projections be from this government in increased production that would come from the new process of fracking, with the new technologies for fracking old, mature fields? Do you anticipate that any of the money or the increase in production that's mentioned in the throne speech is possibly coming from the new technology that allows old, mature fields to produce just as much in the future as they have in the past?

**Mr. Snelgrove:** That is a good point. With the horizontal fracking that they can do now and the technology they've got to chase that drill bit where they want to go and frack up into the seams, absolutely. I can tell you – and I know you know I live out in the heavy-oil capital of the country – that what they're doing in the old fields or even on old sites with the new technology is absolutely going to contribute to this production of what were previously thought depleted fields. So the hon. member is absolutely correct in his assumption that that technology is going to contribute greatly to this. Even in the heavier oils and stuff that may not be enhanced, just what you've pointed out is directly related to an increase in production and the opportunity for much less of a footprint on the land to recover significantly more oil from the fields here. You're right. You've got it.

**Mr. MacDonald:** Mr. Chairman, I would like to note that this is an economic advantage because the rights-of-way are already there. The production facilities are already sited. So the costs for the companies should be significantly less, and hopefully we will see a substantial amount of money flow to your treasury or to your bank vault, wherever it is in this building. I hope you have to use a wheelbarrow to get it all in there. And he can count it. I'm sure he won't miss a penny.

I would like to ask, now that we're on that subject, about the business plan. In the business plan on page 54 you note – and I think this is quite controversial – the performance measures for the combined tax and royalty rates for Alberta's natural gas and conventional oil production in comparison to similar jurisdictions. Now, of course, we know this is a new performance measure. Last year there was hardly one, and the year before that it was a range of up to 25 per cent, which, of course, we know was seldom if ever met. The three-year target for natural gas, for a combined royalty and tax rate if I'm reading this correctly, is around 39 per cent. That's the royalty and the tax. We all know the price of natural gas, and I agree with your remarks from the other day at the Hotel Macdonald on natural gas and the immediate future for natural gas.

Conventional oil: you were indicating that there is a 43 per cent take on this whenever we're compared to some other jurisdictions, which go unnamed in this performance measure. My question. I

did some math on the throne speech here, and if we are to get this \$25 billion from an additional \$1.5 billion increase in production at the market prices that you quote – \$89 in the budget, \$89.40 or whatever it is – that’s a combined tax and royalty take of 22 per cent. I would like to ask the minister: if we were to produce this oil and collect this \$25 billion, do you think that is within the performance measure that is mentioned on page 54?

**Mr. Snelgrove:** What exactly is your question? Whether 22 per cent is the right royalty rate?

**Mr. MacDonald:** Looking at this statement from the throne speech, 22 per cent would be \$25 billion. That would be 22 per cent of the total value of that oil if it was produced now, at today’s prices, and we know that the price is going to be much higher over that period of time. Hopefully, it will go up at least a little bit. My math indicates that \$25 billion is a 22 per cent take, combined royalty and taxes, and that is not nearly what you were anticipating you need in your performance measure on page 54 of the strategic business plan. Right?

**Mr. Snelgrove:** To be clear, you’re talking about the government of Alberta business plan, not the department of finance business plan, which is okay.

**Mr. MacDonald:** This one.

**Mr. Snelgrove:** Yeah. That’s right.

**Mr. MacDonald:** That’s part of your budget.

**Mr. Snelgrove:** That’s okay. I’m just pointing out for someone that might be watching and trying to understand but looking at the finance business plan.

We have to use what the number is today for price. I think you’re probably right. When the carbon capture and sequestration is in effect – and we’re dealing with prices 25 years or 30 years from now – I doubt very much that it will be a hundred million dollars. But it will be relative because I doubt that our costs will stay static, too. I mean, if the oil goes up to \$140, it’s very likely that with inflation other things will not put us in a significantly different situation. If that’s the math, if you’re asking me if 22 per cent is the number, okay. But we are dealing with a little bit of hypothetical projections here. You know, we’re saying that if oil is at the price it is and our royalty rates what they are now, that’s what we would generate.

**Mr. MacDonald:** I can live with that, but this hypothetical projection is in the throne speech, which is the blueprint for the future as articulated or written by this government.

Now, I would like to go back to the fiscal plan and again talk about royalties, and this is on page 49 of the fiscal plan. I see your oil assumptions again for crude oil and bitumen. If we were to do a calculation at your projected price and your projected production levels, do the math and then look at what you’re anticipating to get, or are forecasting, in royalties with conventional crude oil, the calculation that I have indicates that we’re collecting on average \$10.89 a barrel in royalty on conventional crude oil production. That is, again, a lot less than what would be measured by this performance measure in the business plan. So, again, at these current prices is \$11.00 a barrel royalty in conventional crude oil production adequate in the minister’s estimation at these current production levels and price projections?

**Mr. Snelgrove:** If the hon. member wants to have the discussion about the royalty rates, I guess that’s okay because it’s his time.

**Mr. MacDonald:** Well, it’s your document.

**Mr. Snelgrove:** That’s right.

All of the percentages and all of the issues around – keeping in mind the difference between bitumen royalties and oil prices. Keep in mind that in the throne speech it does say that it could produce. So you have to base it on assumptions, and our assumptions are based on industry projections – I mean, I know you know that how we do it is by averaging – from a collection of about a dozen different groups that give us the projections. So we use them. Are they right or wrong? We have to do something, so we use the same methodology that we have for years, and if you extrapolate them out, those are the numbers you get. So we could have a discussion about whether we should be charging more royalty or less royalty. Especially for somebody who’s got a background in labour and actually knows how to – we also have to keep in mind the people that are working, which contributes to it, too.

If we have the discussion about the royalty rate, I think we also have to ask ourselves: is it not as important to make sure that the sector that we’ve got has the opportunity to have a job as opposed to putting a royalty rate that may return more from oil, but if it’s not produced or if the wells aren’t drilled, we don’t get anything?

3:20

**The Chair:** The hon. member.

**Mr. MacDonald:** Yes. I can appreciate the hon. minister’s point. I’m reading again from the provincial budget brief from CIBC, which had a lot to say about the potential borrowing habits of this province. The minister is absolutely right. They state in here that “rising activity in the oil and gas and other sectors are expected to contribute to an increase of 41,000 jobs in 2011.” That certainly is positive. I’m sure that whenever you were doing your calculations for this budget document, oil was trading around \$80 a barrel. This morning on the way to work it was over a hundred dollars a barrel, and that was west Texas intermediate. That’s not Brent North Sea crude, which is . . .

**An Hon. Member:** It’s \$114.

**Mr. MacDonald:** Yeah. For sure, and the price of the product is creating a lot of this activity, and this is certainly, I agree with the hon. minister, good activity for the province.

Now, the royalty rates in the fiscal plan for bitumen. Your bitumen production estimates are almost bang on with CAPP’s going out into the future for both mining and in situ bitumen production, so that’s interesting. Their conventional crude oil rates are declining, but you’re on the same page as far as bitumen production.

There are projects that are supposedly in payout. The projects up by Fort McMurray that will be in payout are going to be a factor in increasing the amount of revenue that we take in in bitumen royalty. Now, you know the laws, and I don’t. When they go into payout and then decide six months later to add another stage to their facility, do they go back to the old royalty rate?

**Mr. Snelgrove:** For their expansion?

**Mr. MacDonald:** Yes.

**Mr. Snelgrove:** It would fall under the royalty write-off rate, or the start-up, but once that facility has achieved payout, it stays at payout. The documents that deal with these are this thick, and they address all sorts of issues around what’s allowable and what’s not allowable.

You also made a point for us that we're trying to use in our budget projections, that it is easier to predict bitumen because of the fact that it is a mine that they can't move away. When these companies, regardless of what company, come into northeastern Alberta and invest billions of dollars in that mine site, they're committed to the project whereas with natural gas at the drop of a valve they can pick up their half-ton and go to Saudi Arabia and get gas. They can get it anywhere. But they can't move those mines or those big in situ projects; they're here. They know that when they make that investment, they're going to be operating them for 60 or 70 years, likely, in some areas or until it's depleted, and then they just move the well pads a little bit.

We do have, I think, more certainty when we talk about royalty from bitumen. Obviously, the price of oil can fluctuate, but we've taken one of the things out because in natural gas you have production and price uncertainty. With bitumen you will still have some price uncertainty, but your production levels will be, to your point, easier to predict with an amount of certainty just because of the nature of the production of bitumen. We do have a little more certainty in the projections of bitumen than we ever would have with natural gas.

**Mr. MacDonald:** Thank you for that. Mr. Chairman, to continue along that line, we look at what occurred with Kearn Lake and Imperial Oil and the fact that they decided to have \$250 million of steel fabrication done in South Korea – right? – at a time when many of the steel fabrication shops in Calgary and in Edmonton were idle or working a modified week just to keep their key employees around. Do you think that we should continue that practice of allowing this work to go offshore at the same time that we are giving royalty and tax breaks here and particularly – you can understand this coming from a rural constituency – when a country like South Korea, if my research is correct, has an 80 per cent duty to protect their local farmers from the products that we grow and would like to export to them?

How is it fair that they can subsidize their steel industry in that country, protect their farmers from competition from Alberta growers and producers, yet we allow Imperial Oil these tax concessions and royalty concessions to ship this work offshore? Do you think that if we really want to create a lot of jobs in this province, we should be doing that work here?

**Mr. Snelgrove:** I don't think it's fair to point to Imperial Oil and say that they've got something in South Korea and that's bad, when if you and I got in our cars and went to Walmart and saw all of our neighbours and friends taking out the TVs: they're made in China. If we went out and got in probably a third of the vehicles here, I'm sure they are Hyundais, that are made in South Korea. If you look at the equipment on our roads: Samsung. You know, if we start to say what we can and cannot buy from around the world, we lose.

You know, if you go back to the 1850s, China and India at that time accounted for 40 per cent of the world's trade. Then they changed their regimes and, especially China, decided that they were going to stay home, and they literally turned their economy around. A hundred years later they were less than 6 per cent of the world trade. You can tell by the standard of living in China that it did not serve their country well to close their borders. We could have a dozen days here of discussion about the merits of free trade.

Now, I wholeheartedly agree with you that we need to work with them about some of these barriers to agriculture and their protection, but we can't do it as a country when we hide behind the Wheat Board and all of the supply management areas of agri-

culture that we protect. In my world as, I'm sure, in yours that's called blow and suck. We can't ask other countries to do something that we're not prepared to do ourselves. But we need to work on it.

Because these are big vessels and they got world attention and the route that they've got to go to get here and the fights in Montana and Idaho, it's easier to say: well, gee, that would be simpler if that was built here. But I can assure you that Imperial Oil went around the world to get the best price and in some cases the best technology to do it. Would I like to see them here? Absolutely. But would I say to business, "You have to buy local"? Boy, that would be a tough call to make.

**Mr. MacDonald:** That's certainly interesting. I would hope that at some point in the future if we were to reduce those trade barriers for agricultural products that South Koreans, among others, have, then situations like what occurred with Imperial Oil and their Kearn Lake modules – and I read in the newspapers that they're now being reduced in size so they can travel on the interstates up to Montana and then on up to Fort McMurray. It's in no one's best interests to see that sort of circus, but that's what has happened.

My next question is along the same lines. It is also with some of the royalty reduction programs. It has been suggested that in order to enhance upgrading here in Alberta – we know what the Premier said when he was running for the leadership of the Progressive Conservative Party, and I hope it will be an issue in the leadership race this time as well. The North West upgrader was certainly a real good first step, but I think we need to do a lot more upgrading in this province. The value added is just remarkable.

3:30

There have been suggestions made. I would like to know if your department has any idea of how much less we are collecting in royalties because we allow the bitumen transportation costs to be deducted, from the royalty calculation. We allow the cost of the dilutant or diluent, or whatever you want to say. That is net of the royalties. If we were to change those royalty regulations to modify those cost reductions, what kind of money are we talking about here? Do you think that would encourage bitumen upgrading to be sited here, not in Wood River, Illinois, or Borger, Texas?

**Mr. Snelgrove:** That's a valid argument, discussion. The issue is that we are a part of Canada. We do have free trade agreements with our biggest trading partner to the south. So we do have some tools. As you pointed out, I don't think the North West upgrader will be the last venture that we go with. The first stage is only 37,500 barrels. I think you'll see that double shortly.

The game changes a little bit in Alberta when other countries are coming here. We've previously been pretty much attached to the U.S. But when you have countries coming here, like sovereign nations, whether it's Statoil or whether it's the South Korean or whether it's the Chinese oil company, they don't have that attachment to the American public, which is served by the big American companies. When they come, they also have probably a greater interest in establishing government-to-government relationships to understand what's in the best interests for them.

There are sensitivities that come from the other companies that come to Alberta to look at what their investment is: how secure, you know, what their opportunities are. While it may drive more upgrading here with some policy changes or some incentives, ideally we need a pipeline to the west coast so we open up the markets.

When you start to ship, then the business decision gets made about what's the most economical way to get this product to the

consumer. When you already had refineries built in the States that just needed to adapt the front end, then the financial decision was probably much easier to make. But if you're India, for example, and what you need is diesel fuel, the cost to carry the bitumen there to upgrade it would be different than to already-built refineries in the States. So some of the increase in bitumen production will naturally find a home to be upgraded in Alberta because we'll have other markets to send it to.

Yes, there can be ways to drive business decisions, but they have to be kept in the context of the free trade agreement, where we can't differentiate what we charge ourselves or what we charge them. So the best solution is competition for that product.

**The Chair:** The hon. member.

**Mr. MacDonald:** Thank you. I think we always have to look after the public interest first, the public interest of Albertans, and what may necessarily be in their interests may not be in the interests of an energy company. Energy officials, the CEOs, have a job to do, and that's to maximize profit and look after their shareholders. We all understand that. But your job, the government's job, is to look after the public interest. With all this bitumen having been shipped away, I think there has been a failure here to protect the public interest, and I would like to see in the future some changes made to those regulations. I think it's good public policy, and it's not violating anyone's trade laws. Your suggestion that we need a pipeline to Kitimat or to Prince Rupert, whatever they choose: I couldn't agree with you more.

We have to diversify our trade, our energy exports with America, because whenever you look at the differential between west Texas intermediate and the North Sea crude, we've got to make sure we've got another market for our oil and our oil products. I agree with you.

Now, we don't have much time, and there's a lot to discuss in this budget, but another important part of the revenue stream is how we are treating Suncor and Syncrude in the bitumen valuation methodology. We talked about that in question period last week, I think, Mr. Chairman, but I'm surprised to see on page 49 of the fiscal plan that you're still trying to work out the royalty-amending agreements between Suncor and Syncrude and your department, or your government. I'm surprised. I see where Suncor recently had profits triple as, you know, Fort McMurray's output hit a record, yet at the same time they squeezed another \$150 million out of you in a royalty rebate. They paid some taxes on that, and they got \$104 million for themselves. For the Syncrude joint venture, if you go through the financial statements, you will see similar amounts which are theirs.

I can't understand, in light of the Auditor General's report going back to 2007, that this issue is still unresolved. When are you going to finally blow the whistle on these outfits and say: "Enough is enough. If you don't agree with us, we'll see you in court"? This surely has to be settled at some point as production goes up.

**Mr. Snelgrove:** I think you might be taking some of the recommendations from the Auditor General where he talked about the collection of royalties in a little bit of a different frame than he made the suggestions. The simple fact is that this is a contract. This was a business contract with these two companies, and we're obligated. As much as you can say, "We'll see you in court," we already have a legal document, a legal agreement with them. So negotiating with them – I also have to tell you that you're absolutely right. It is our responsibility to balance the public interest – no question – but it's also our responsibility to balance the contractual agreements.

I don't think that the people who represent Suncor or Syncrude are any less committed to their shareholders. They have an obligation to stick up for the people that put them there. So they're doing their job. Our department is doing our job. We'll get there someday, but the simple fact is that we also do have an obligation, if we have overcollected, to refund it. It would be no different than if you had paid more taxes – and Lord knows I don't like paying taxes myself, but if I have paid too much, I am entitled to a refund. I don't think you would say that just because you're rich or wealthy, you don't deserve your refund on the same basis as anyone else who has overpaid their taxes. They deserve a refund. If that's what the agreement has stated, then we're obligated, as a matter of fact we're required to live up to that agreement.

**The Chair:** Hon. member, you still have 20 minutes.

**Mr. MacDonald:** Yes. Thank you very much. Now, I want to see your inner Danny Williams come out here. He negotiated a significantly higher royalty rate with the same company, Petro-Canada/Suncor, for their operations offshore Newfoundland. They're getting significantly more.

As I understand it, that wasn't an overpayment on the royalties. They state in here – and this is in their third-quarter report – that they continue to negotiate final adjustments to the bitumen valuation calculation for the 2009-10 interim period and for the term of the Suncor royalty-amending agreement that expires December 31, 2015. So it's not an overpayment. It seems to be just the whole idea of how much we should pay in the first place based on quality of the bitumen and other factors. I certainly think you can get that right.

**3:40**

Now, your inner Danny Williams. The Conservative Premier of Newfoundland negotiated – and this is the royalty rate they pay in Newfoundland. For three months ended December 31, 2010, they were paying \$29.17 a barrel. It would be a little less for the 12 months. This is a better number for the year. It would be \$27.99. They were one penny less than \$28 a barrel.

Now, the royalty rate that Suncor is paying is not noted in here that I could find in their quarterly report, but the Syncrude joint venture, which is under that same sort of agreement, is paying around \$7 in royalty. We put a lot of money over the years into both Suncor and Syncrude, and by "we" I mean the taxpayers, so I would really like to see in the future this minister and this government show us your inner Danny Williams, please.

The nonrenewable resource revenue in the fiscal plan. You make note on page 50 that many of the royalty changes that were temporary have now become permanent. The drilling stimulus initiatives totalled, I think, over \$3 billion if we add them up for the three years. For the estimates for 2011-12 I understand the drilling stimulus programs are going to be netted off the amount here, whether it's crude oil or bitumen or natural gas. It would be certainly crude oil and natural gas royalties. It would have nothing to do with bitumen. Excuse me. Now, how much do you anticipate that is going to be for this year for the drilling stimulus initiative?

**Mr. Snelgrove:** There are two parts to that. There's the royalty change that we made permanent, and the \$200-a-metre will be expired, so that one, hon. member, I don't know. I will get the officials – I told them I wouldn't make them work too hard, but we'll try and get that number for you, okay?

**Mr. MacDonald:** I appreciate that because in last year's fiscal plan there was a projection, I believe, for what that would be in this year. Certainly, last year the projection was that there would

be a \$700 million amount, \$732 million in drilling stimulus initiatives, but because of the higher number of credits for smaller companies it grew into that \$1.6 billion amount. There was a similar number for the year under budget estimates that we're discussing. I would really appreciate some information on that, just exactly what. I view it as hidden now. We have no idea what's been given back, and surely someone on that side of the House would know that. I hope it's a small amount at these high prices.

Now, my next question would be around the Health and Wellness operating expenses on page 17 of the fiscal plan. In 2010-11 Health and Wellness's operating expenses included \$527 million provided to Alberta Health Services related to the Alberta Health Services 2009-10 deficit. How is that money accounted for to your department? When Alberta Health Services gets that \$527 million for their deficit, how do they account to you for it?

**Mr. Snelgrove:** The deficit in Alberta Health Services would've been a part of our consolidated financial statement, so you would see over there where they were actually run the same as with any other assets or whatever they would have. They would have been accounted for in our consolidated financial statement. The reason that we spread this over two years was just because there was that big a number. So where that number from us would show up would be in Alberta Health Services' financial statement.

**Mr. MacDonald:** Okay. The Wildrose Alliance there had a lot to say about this on the radio. I think you were talking on the radio at the same time, and I enjoyed listening to the conversation. I did. I didn't press the button and go to Sirius. I was listening to you.

Now, the capital investments not included in the expense: they note \$2.7 billion. This is on page 67. When you changed the government estimates – and I'm not trying to confuse you, but in the government estimates 2011-12 you note in the front where you have changed the voted expenses, right? You have made significant changes to the voted expenses and the definition of an expense. If you go to page 2, expense is defined.

Expense consists of program expense and debt servicing costs.

Program expense consists of salaries, supplies and services, grants and certain financial transactions. Debt servicing costs consists of interest paid on various forms of government debt.

In last year's estimates this included consumption of inventories.

On the next page, page 3, you will note that estimate amounts which do not include cash are no longer required in any supply vote. So if estimate amounts that do not require cash are no longer included in any supply vote, why did you make these changes to your accounting procedures or accounting tables this year? Why did you do that now?

**Mr. Snelgrove:** I would suggest it's because we're trying to maintain a set of books that is consistent with what we're asked to do by the Auditor. More importantly, we're trying to make sure that they're readable. You will probably appreciate that even our business plans have shrunk down now to four or five pages with relevant information as opposed to amounts in the budget that had no bearing on the budget. They were in many cases irrelevant. So what this is is really a modernization. I mean, you disclose all of these other amounts; they're just not part of your budget. The budget is about cash. So while they're disclosed, you don't vote on something that's not money. All the votes for our estimates are about money. All of these other ones are about identifying but don't require a vote.

**Mr. MacDonald:** Okay. So the non cash expenses by department: we've got \$895 million there, on page 15, and then we have these non cash capital investments by department, which is another

amount. Am I right? I was trying to figure this out over the weekend, and if you think this is simple, it gave a guy like me a headache. I was trying to follow this and understand why you made these changes this year, this year being the fourth consecutive year when you have had a budget deficit, and the budget deficits over the last four year total \$10 billion. I was listening to your conversation and the Wildrose conversation on the radio, and I was wondering if these changes added or reduced the \$2.7 billion in capital investments that are not included in expenses.

3:50

**Mr. Snelgrove:** No. All of these are still included in the deficit numbers. This total is included in it. It just simply doesn't need to be voted on. But they are all absolutely included.

**The Chair:** The hon. member.

**Mr. MacDonald:** Thank you. Then why this year did you decide to change how the budget estimates are presented in the estimates book, and why are there such significant differences in each and every department? If you compare government estimates this year to last year, you will see where there's a totally different accounting of some of these non cash expenses.

**Mr. Snelgrove:** This doesn't have any effect on the budget numbers. This is simply trying to streamline some of the accounting to make it, you know, more understandable. It doesn't have any effect, any change on the actual numbers in our budget. There's no reason to do it this year other than when. You're going to do it sometime. It has nothing to do with a deficit. It has nothing to do with trying to change numbers. It's simply saying that this is a more relevant accounting principle. There is no step being missed in the discussion. These numbers are still all included. They do not require the Assembly to vote on them. It makes no difference to the budget numbers in the total. Okay?

**Mr. MacDonald:** I have another question. This is on page 85 of the fiscal plan, where you have ministry expenses by object. I have no idea, and I would appreciate it if you could tell me what this is. You have a net or a reduction of \$4.4 billion of the total expense, and it is an intraministry consolidation adjustment. Then over two more columns to the right you will see an interministry consolidation adjustment. What the heck is the difference between an intraministry and an interministry adjustment? Can you shed some light on that, please?

**Mr. Snelgrove:** This is accounting, hon. member. This is accounting. The first one, the intraministry consolidation adjustments, is for adjustments within a ministry – seniors, for example – and the second one, the interministry consolidation, is where there's a transfer from ministry to ministry. This is simply accounting for monies that would move internally, in the first column as you go across from left to right, and the column that's one over is when it goes to another department.

**Mr. MacDonald:** An example of going to another department would be legal costs provided by Justice to Service Alberta for something, and that would be interministry, right?

**Mr. Snelgrove:** That's correct.

**Mr. MacDonald:** Okay. We're almost out of time, and this is unfortunate. I would like to ask a question from page 70 of the fiscal plan, please. This year \$228 million will be debt-servicing costs for the Alberta Capital Finance Authority. There are some other debt-servicing costs here. P3 projects are not included in this

that I see except that ring road, the \$40 million there. Am I correct in my understanding that these debt-servicing costs are not included in the total expenses of the government?

**Mr. Snelgrove:** Debt-servicing cost, for example for the Alberta Capital Finance Authority, is recovered. We loan the money to the municipalities at a lower rate, but they pay us that money. The \$40 million wouldn't be recovered. So some are not a drain on the government; they're simply facilitating. If you go back to page 67 on line 7 down, debt-servicing costs, they're all included there. Then you'd have to go back to the revenue lines, where you'd see the return from these different corporations. So there would be a different number, but they are accounted for on page 67, and then you have to go back to the revenue tables to see the return from the capital financing corporation.

**The Chair:** The hon. member.

**Mr. MacDonald:** Yes. Thank you. Now, I don't know how much time I have left, but I want to talk about page 145 of the tax plan. There's a page sort of highlighted, or it looks like it came photocopied from somewhere. Buyer Beware: Charitable Donations Schemes. Some newspaper reporters picked up on this, and I thought I would google or check out "tax planning arrangements Alberta" to see if any citizens or anyone who might be scammed on this would have an alert from the government, and I did not see anywhere on a government website a buyer beware warning other than what would pop up in this fiscal plan on the Internet.

I think more should be done to educate consumers of this potential trap because I think donors have every right to be aware that some of these generous tax refunds as promised may not be all what we think they are and more. I would really urge you to make sure that somewhere on the government's – I mean, you can spend all this money on Public Affairs Bureau advertisements to talk about how great you all are. Surely, you can alert consumers to the potential scam that exists under this legislation. I think it was the Premier's flagship legislation going back two or three years, if I remember correctly. I would really urge you to put somewhere where people can see, other than on page 145 of the tax plan, the potential scam that could occur as a result of unscrupulous people promoting this legislation in an unscrupulous fashion.

Thank you.

**Mr. Snelgrove:** I agree, but it really doesn't have anything to do with the community spirit program that the Premier brought in. I think this is an absolutely clear attempt to defraud the government and people, and I'm not sure what the best vehicle is to make people more aware. I'm not sure how many hundred court challenges there are. It's a huge number across Canada. So this isn't an Alberta issue; it's an all-across-Canada issue. I think the federal government is very aggressively pursuing them, but I do agree with you.

You know, sometimes you cannot save people from themselves. How many times have we heard of people that have mailed money to Uganda or somewhere to get their rich uncle's inheritance? You would think, as an average Albertan: who would fall for that nonsense? But people do all the time. You wonder: how much money can you spend to try and get them to give their heads a shake and realize that if it seems too good to be true, there's a very real chance that it is. So it's not only this scheme, but there are countless schemes out there. What did Barnum and Bailey say? There's a sucker born every minute.

There is talk about it at the federal level, certainly at the fed-prov working ministers, about financial literacy. So it's not just about this. It's about planning for their future and understanding

about investments and the risks from them. So I don't disagree with you, you know, awareness around this and other ways to defraud people. We could certainly take a look at how we can do that.

4:00

**Mr. MacDonald:** Okay. Thank you. Now, in the Ministry of Finance and Enterprise's statement of operations in the estimates there is an amount of \$451 million for the teacher's pre-1992 pension.

**The Chair:** Hon. member, the first hour has terminated, so the next 20 minutes are reserved for the third party.

The hon. Member for Airdrie-Chestermere for 20 minutes. You wish to have dialogue?

**Mr. Anderson:** Yeah. Back and forth. I promise not to pontificate as long as the minister promises the same.

The first point I want to go over real quick is with regard to the deficit number versus the cash shortfall number. I want to be very clear with the minister up front that I am not accusing you or the government of not following generally accepted accounting principles. I've never said that, and I don't claim it, but what I have said is that the \$3.4 billion deficit number that you're claiming doesn't tell the whole story. Your budget document does tell the whole story, and if you dig a little deeper, it's clear that the cash shortfall – in other words, the money we are taking in – is \$6.1 billion less than we're spending.

Where I get those numbers from – and I just want to make sure that the minister and I are on the same page with regard to the cash shortfall. Obviously, on page 88 of the fiscal plan you have the deficit number outlined there, \$3.4 billion. Then if you go to page 16 in your fiscal plan, under capital investment there's \$2.737 billion worth of capital investment, and then it has a little footnote that says: "Capital investment in government-owned assets is not reported in expense. Capital Plan spending equals capital investment plus capital grants and other support." So that \$2.7 billion is not included in the deficit number, and the total of that, if you add it to the \$3.4 billion deficit number that you're claiming is \$6.1 billion, which happens to be roughly the amount that the sustainability fund on page 88, is projected to go down this year. This year it's projected to go down from roughly \$11 billion to roughly \$5 billion, so roughly \$6 billion.

Is what I've outlined here, Minister, the correct number? Are we taking in \$6 billion less than we are expending this year and taking that \$6 billion almost completely out of the sustainability fund? Is that true?

**Mr. Snelgrove:** Not totally. The fact is that we are amortizing projects, even ones that were built 10 years ago. We're still having to allow now in the amortization, and we're going to have to carry that amortization on a go-forward basis, just like you would do if you were depreciating or building in a business. You pay up front, and you amortize it over a longer period of time. So the \$808 million of amortization also reflects a cost for projects that were completed years before.

The fact on the capital investment is that we are taking a liquid asset, or a cash asset, and turning it into a physical asset, so on a consolidated basis it's a saw-off at the end of the day because your total asset of a government, whether it is in cash or in a building, less the amortization is how you end up with that consolidated statement. So there is a twist, but the numbers as they are are all in there.

**Mr. Anderson:** They absolutely are all in there, and I appreciate

the explanation. I guess my basis for the question was this, though. If you have \$11 billion in the sustainability fund one year and you have \$5 billion the next year, clearly you're taking out \$6 billion to pay for things.

I understand that you consider \$2.7 billion of that as a capital asset, and as you say, it saws off. But, I mean, roads, bridges, and buildings and things: the vast majority of that is stuff that you can't put up for sale and sell one day. In fact, it's going to cost money to maintain them, which is fine.

I think we're working from the same number. We had \$11 billion. We're spending \$6 billion more in cash, roughly. Taking into account amortization, these other things, \$6 billion more is going out of our coffers this year than is coming in, and that's being sponsored out of the sustainability fund. I think we're essentially on the same page, but I think Albertans get confused because they hear "\$3.4 billion deficit," and really they see the sustainability fund going down by \$6 billion. It's confusing to them. Hopefully, we can be a little clearer on that moving forward.

I would note, for example, that it would confuse the heck out of people if the target surplus in 2013-14, that you have here on page 88, that you're expecting is \$1.2 billion – that's the surplus you plan for in 2013-14. Yet the sustainability fund is still planned to go down about \$700 million. That's why average Albertans don't quite understand when they look at this. Why is the sustainability fund going down when we're running a surplus? They wouldn't understand that. I'm not accusing anyone of not following any accounting principles or being fraudulent. I'm just saying that the spin on these things can be confusing for people.

With regard to the sustainability fund the question I have now is that last year we had roughly \$15 billion in the sustainability fund, and by 2013-14, if your projections hold true, which I think, obviously, is volatile – who knows? – that sustainability fund will be down to \$1.7 billion from a high of \$15 billion just last year. I hope oil is at \$120 a barrel. I hope the Canadian dollar is at 90 cents, 95 cents, at a good healthy rate for our export markets. I hope natural gas recovers to \$5. I really do hope that. But if it doesn't occur, what happens when we reach the end of our rope in the sustainability fund? Is it going to be this government's policy to raise taxes or to go into debt or at that point cut deeply into our social spending or infrastructure spending? What's your strategy if things don't pan out?

**Mr. Snelgrove:** I think you would have to consider a combination of all the options that are available to you. As we talked about with Mr. MacDonald before, it's more predictable to have bitumen as your biggest source of revenue because, like we said, they just can't leave. I guess that ultimately they could if the world economy collapsed and there was no demand for oil and they closed it down and left. All of this country would have some real tough decisions to make.

I appreciate what you're saying. I don't think that will happen. If circumstances are such that we have to continue to slow down the growth in government, in fact start to make some cuts and reductions, we'll have to look at that, and Albertans ultimately will have the say in that.

I'm not sure it's even appropriate to speculate about what might happen, but I can tell you that we are keenly aware that Albertans don't want to go back into accumulated deficits to run their province. We can be back there, to where we wanted to be on our operating now, so we are making choices with cash we've got. If circumstances changed so that our revenue sources were going to be at risk and nonexistent, in all fairness, we would have to cross that bridge at that time. But I think Albertans ultimately will tell their government what direction they want to go.

4:10

**The Chair:** The hon. member.

**Mr. Anderson:** All right. Thank you for that explanation. So we would probably be looking at cuts or reductions, which makes sense. I mean, if it runs out, that's what will happen inevitably. I hope that we will look to restraining the growth of government and the size of our spending rather than looking towards raising taxes or, alternatively, going back into debt. I hope that given the wealth that we have, we don't pass that debt on to our kids.

One of the things that I have found troubling is our treatment in the province of the heritage fund. I've spoken about this a lot, both in my time with the governing party as well as in opposition. Our heritage fund now, when you adjust it for inflation, is worth roughly what it was in 1980. One of the reasons for that is because although we inflation-proof the heritage fund, which is good, we raid the fund. Anything above that inflation rate we take out of the heritage fund earnings every year and stick into general revenues.

We saw this when we had the recent stock market crash. The heritage fund went down in value about 18 per cent one year, reflecting the stock market crash. It went from roughly \$17 billion to \$14 billion during that time. Then when the stock market essentially recovered the next year and actually is now higher than it was previous to the crash or very close – it's essentially on par right now – the heritage fund gained a lot of its value back. But the majority of that money was taken out and put into general revenues, so now we have a heritage fund that is worth \$14.4 billion, projected to be \$15 billion by the end of this year in the third-quarter update.

I think there are a lot of people in the province that really do feel the heritage fund is key to making sure that if oil and gas revenues go down because we run out, which is highly unlikely anytime soon, or if the price of oil goes down because of new technologies, et cetera, we have something permanent there that our kids can use the interest off so that they won't have to make the decision to have a PST or to have higher income taxes or corporate taxes or what have you. So protecting that heritage fund is critical to a lot of folks in Alberta.

I guess I would ask the minister if there is a strategy going to be put in place. There should have been a long time ago. The first step, the kind of minimum standard that I think Albertans expect, is that we keep every cent earned in the heritage fund in the heritage fund every year rather than throwing it into general revenues.

**Mr. Snelgrove:** There will be a strategy coming forward, and I'll give you my personal take on it because, I mean, it's something that the government has to work on. I think that when we are back in surplus positions, the first thing we need to do is to re-establish the sustainability fund savings account. I think we need to establish what level that would be. I think 25 per cent of what our annual budget is would be the appropriate number, and that would be roughly \$10 billion.

Then I think you need to have a discussion about what you're going to do with the heritage savings trust fund. You know, ultimately, it could become a massive chunk of money with the future we've got here with bitumen, but if it's not producing wealth other than just sitting there, I think we're missing out on opportunities.

I think the endowments in the heritage savings trust fund for medical research are critical. I really think they need to be targeted. They need to be put up where you can commit. If we're going to attract teams of world-class researchers here, I think you need to be able to say them: "Guess what? We've got \$5 billion in the heritage savings trust fund medical research account, and

that's going to guarantee you funding for your research for, you know, forever."

So, yes, it would be great to leave the wealth that's created in it, and I also think that that is certainly a goal we should work to, but I think we have to be very clear about what we intend that money to do on behalf of Albertans. I'll tell you that the one thing I've seen destroy people is not having to work. I don't want to ever have to use that heritage savings trust fund as something that would say: well, our kids don't need to work; look at the money we've got. We all know the examples of the spoiled rich kid who, you know, daddy looked after.

So I want it there. I think there's stability. The ability it has to contribute to our economy has to be really thought out. Have a good discussion with Albertans, and then lay out the medical research, the scientific research for the innovation fund. That's where we need to direct the money. It could grow to a very large number. Then you start to increase the exemption level for people. In my world the most appropriate tax reduction you can give people is to let them keep the most money they make at the start. It is troubling that the federal government has left their exemption level at \$8,000. Who the heck can live on \$8,000? Who can live on the \$17,000 that we're at? So if they were at \$17,000 or we worked to \$25,000 or \$30,000, that would be where I would like to see us target in the future.

**Mr. Anderson:** Well, I'm glad that we're thinking about these things. I would suggest, though, that although I agree that a portion of the money we earn in surpluses or – essentially, it's surpluses. I completely agree with putting a portion of that into endowment funds, scholarship funds, those types of things. I do think that we need to put a large portion of our surpluses, when we return to a surplus, into the actual heritage fund itself. It's not about having it so that our kids don't work, but it is about making sure that we have an environment for them after oil and gas revenues decline, that they don't have to make the choice of hiking up taxes, cutting programs, those sorts of things. You have to obviously envelope some of that money for ongoing use in the way you're talking about with endowments, but also some of that just has to be put aside for the time when we won't have the same oil and gas revenues. So I hope the minister will take that under consideration.

The last point – I know we have just a few minutes – is regarding the capital plan. This has been a source of consternation for me because I'm in a situation, as are all MLAs, where there are infrastructure needs in our own constituencies. For me, obviously, as everyone in this House knows, it's schools. We need about \$60 million to \$70 million worth of schools. We don't need any more roads for this year. We don't need bridges. We don't need anything except two to three schools. That's all we need. Don't give us a cent.

The problem is that we envelope this money. You're proposing \$6.6 billion for infrastructure; we're proposing \$4.2 billion, which, by the way, is more than the average of B.C., Quebec, and Ontario per capita. But when we say this, we get accused of: "Well, you know, what are you going to spend the money on? What are you going to cut? Which hospital aren't you going to build?"

The problem with being in the opposition a lot of the time – and in government; I was in Treasury Board – is that there's no list, that I've ever seen, no priority list. You give a little bit of a breakdown of the projects in the budget but only the largest ones. You don't get down into: what is this government going to be spending its money on, what projects over the next three or four years, and what criteria did you use to arrive at that? It makes it very difficult

as an opposition member who's trying to propose ways to balance the budget when we don't have that list in front of us.

I understand that you don't want to pit one community against another. I get that. But in the interests of being open and transparent and being able to discuss what the priorities are and if these criteria that we're using are appropriate, et cetera, it just seems backwards. As an opposition MLA my hands are tied. I have no idea because there's just not enough information out there for me to look at that would allow me to make suggestions on what project should be delayed, what should be moved up, et cetera. That's very frustrating, especially coming from a constituency that does need some investment in it because it is such a fast-growing constituency.

4:20

**Mr. Snelgrove:** There are criteria in place, and the hon. member would remember. We don't pick the schools. The school boards send in their lists, and the priority is based on standard criteria across Alberta. Obviously, they take into account some of the safety issues as paramount, certainly student numbers.

Even someone as slow to learn as me was able to pick up from the hon. member that he would like some schools built in Airdrie. You know, I managed to pick that up anyhow.

The fact is that we know that in the next 10 years in Alberta there are going to be a hundred thousand more students. A hundred thousand. I can tell the hon. member and I can tell all members that we are working with school boards, with the Department of Infrastructure, and with the Department of Education to look at: how do we accelerate schools?

I would also certainly like to hear from the opposition the ideas they've got about long-term financing. It doesn't make sense to have to write off these schools this year or next year when you're going to use them for 30 or 40 years and you know you need them. So we are looking for opportunities.

**The Chair:** Hon. member, the time limit is reached.

**Mr. Snelgrove:** It was just getting good.

**The Chair:** Well, we still have a chance to come back. Three hours.

Now, the next 20 minutes is for a member of the fourth party. The leader of the ND opposition, the hon. Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** Thank you very much, Mr. Chairman. I'm happy to just go back and forth in the same way.

I want to start just with a discussion of sort of the basic concept of the budget. Of course, there's been a major draw on the sustainability fund this year in order to balance the budget. I just have a basic question because, in my view, the fund is being used in the way for which it was designed; in other words, saving when you have surpluses, then drawing it down. We're not borrowing money; we're using accumulated savings that were allocated for that purpose. So maybe you can enlighten me. This may be a very naive question. Why is that considered a deficit budget?

**Mr. Snelgrove:** That's a good question.

**Mr. Mason:** Don't say I've never done anything for you.

**Mr. Snelgrove:** The Saskatchewan government – and gosh knows everyone has a great deal of respect for Brad Wall, but he stands up and announces their third consecutive balanced budget, and they do exactly what we do. They take their money out of their

savings account and use it. Manitoba I think, too, just took \$500 million out of theirs.

To the hon. member: I guess technically we are spending more money than revenue this year, except that's not counting the revenue from our savings account, which would be balanced. If this was your household account, you would consider that you've done it. You're not borrowing money. So why is it considered a deficit? I guess in accounting terms that might be the definition. In practical terms I don't know. I'd be happy to listen to a motion from whatever party they call you now to call it something else. I would support that completely.

**Mr. Mason:** Well, we haven't changed our name, Mr. Chairman.

It just seems to me that, you know, the government shoots itself in the foot. This is the government's own definition of a deficit. It strikes me very much that this is the way the fund was intended to be used.

The problem is that the way the sustainability fund has been drawn in the last several years is no longer sustainable. I mean, in this particular year you've drawn more out of it than is left. I know you've got some projections that it's going to last two or three more years, but in actual fact if we have the same set of circumstances in next year's budget that we have in this year's budget, it won't cover the shortfall in funding. So that's really a question that I sort of wanted to raise because I think this is a real problem. I don't believe that the government is overspending. I don't know if we can sustain the current level of annual increase in some of the big budgets, but I think that the government has taken the better course to adopt this budget rather than the one that was advocated, I guess, by the previous minister of finance.

The question, though, is how you will be able to maintain that level of funding for important social programs that the people of Alberta want without making significant cuts in the next couple of budgets. Now, that would satisfy some parties in the Legislature, it would satisfy some leadership candidates and their supporters in your own party, but I don't think it would satisfy the people of Alberta. The question comes of how that's going to be made sustainable in the long run. This is sort of where I wanted to focus a little bit tonight.

You know, in the past when Stockwell Day was the Treasurer, he brought in a flat personal income tax. I remember that debate, and I didn't like the priorities for tax savings. I'm not necessarily opposed to giving people some savings on their taxes, but I think the flat tax gives it to the people that don't need it. It also costs a government a significant amount of revenue year over year. When Steve West was the Provincial Treasurer, one of the first events I attended when I was newly elected as an MLA was a lunch at the Edmonton Chamber of Commerce, where he announced changes to the corporate income tax rate, where the plan was over a period of years to bring that down from 15 to 8 per cent. Now, I think the government has leveled off around 10, but that's still a 33 per cent reduction in revenue from that source.

Then, of course, when the government brought in some higher royalties, there was an additional \$2 million, minus some offsets, that was going to be captured there. When they backed away from that, that also affected our revenues. I've always been concerned that we've been too dependent on revenue from natural gas. Of course, now the situation with all the shale gas finds is that there's more gas on the market and prices are not as high as they used to be and are unlikely to go back up to those levels. We got so much of our royalty revenue from that, and a lot of the surpluses were due predominantly to natural gas royalty windfalls over a period of years. I think the government was right to accept the proposal from the opposition – I'll give the Liberals some credit; that was

really sort of something they championed – and set up the sustainability fund.

Mr. Chairman, the point I want to make is that whether it's good policy or bad policy, you know, I understand that your philosophy is different from our philosophy. The fact of the matter is that there have been a number of strategic decisions made by the government that has had them walk away from very significant amounts of sustainable revenue and become more dependent on unstable revenue, being royalty revenue. So I'm wondering: if your projections for an increase in economic activity, that this budget is based on, don't come to pass – and the document does identify this as a risk – what do we do? Do we go the way of the Wildrose and start cutting all of the spending on important social programs? Do we borrow? What's going to happen if it doesn't come to pass? You're kind of gambling, I think.

4:30

**Mr. Snelgrove:** You know, that's the balance that we're trying to achieve, somewhere between where you are and where they are. If you just take a look at what taxes do to an economy – I mean, they're a necessary evil; there's no question about it. People talk about a sales tax. That may provide a stream of money, but it's coming from a finite amount of money. It's like the dealer in Las Vegas. They're taking a little bit out of every pot. They can't lose. But, ultimately, unless you bring more money to the table, that dealer ends up with all of it.

The whole focus of the Premier and of our government is the fact that if we need more money, we have to grow a bigger economic pie. There is no other sustainable way for us. Certainly, your two parties know how much Albertans, Canadians across the board want that public health care protected, preserved. You know how much they want their education to be world class. We know that, too. The work that's been done around developing the innovation strategy, developing the royalty strategy that gets the jobs here, the initiative to partner up with North West upgraders so that that economic pie grows here: the only way that we can maintain the standard of living, including the education, the health care, the seniors, the roads, the whole nine yards, is to grow a bigger economic pie.

Having what I would call a responsible tax structure is one thing that does attract investment, and it'll keep people here. We can agree to disagree on whether the flat tax is good or bad. Personally, you know, it's hard to suggest that it isn't very fair. I mean, a guy that makes \$100,000 pays \$10,000, and somebody that makes \$40,000 pays \$4,000, so they are paying more. Look at the U.S., where the progressive tax really only affects the people who are working on a salary. I can tell you that in business I can have an unbelievable standard where I can hide it. You shouldn't be driving people into tax havens because they won't pay the tax, so a fair tax allows people to pay in and still maintain their fair share.

Our proposal is to grow a bigger economic pie because we agree with you that we need to continue to pay for health and education and seniors, without question.

**The Chair:** The hon. member.

**Mr. Mason:** Well, thanks, Mr. Chairman, and thanks for the answer. You know, I don't want to get into a big debate. I mean, we kind of have a little bit of this debate every time we deal with your estimates. This is the only chance I get to actually ask questions that aren't limited by 35 seconds and a Speaker there who's watching you like a hawk.

The Auditor General has said in the past that when you give a tax cut, you have to look at it as an expenditure. You're trying to

achieve something. He's asked the government to say: what are your objectives by cutting taxes? If you want to cut taxes, that's fine. That might be a legitimate thing. But what's your goal by doing that? I mean, you're talking about greater competitiveness, yet these things are never sort of laid out. And I think it's something that the Auditor General has never really got an answer to from the government.

Here's the thing. You talk about growing an economic pie. By all means, I think that people are going to be drawn to Alberta. Our taxes are considerably lower. They could be increased in some cases at the high end, for corporate taxes or on very high incomes, for very wealthy individuals, and still remain below any other place in the country.

What happens – and this was really the gist of the question. In your own fiscal plan on page 115 it says:

- Although Alberta's economic growth is forecast at a robust 3.3% in 2011, and to average a healthy 3.2% over the medium term, there are significant risks to the outlook.
- . . . This type of concentrated, commodity-based mega-project driven growth leaves the province particularly vulnerable to external turmoil in currency, credit and commodity markets.
- The US, Japan and key parts of Europe continue to struggle with structural problems in their financial sectors, high levels of public debt, and sluggish labour markets. The challenge in these countries is how to reduce government deficits and raise interest rates to more normal levels without jeopardizing their continued economic expansion.

The question is: if Alberta does not meet the revenue estimates in the budget and as a result the government has to take more money out of the sustainability fund and it's not there because it's gone, what are we going to do?

**Mr. Snelgrove:** It is hard to say with absolute certainty that everything is going to unfold as we've said in here. I guess I'd have to ask the hon. member. Given all the abundance of natural resources and renewable resources in Alberta and the fact that we do have this economic relationship with Saskatchewan and British Columbia and although Canada has challenges, there is no doubt it's one of the very best countries going forward because we are not dependent on anyone else in the world. The world economy and the crash that was caused by the American financial sector – I would call criminal action to people – if that happens, there's not much we can do about it. If the rest of the world crashes, there is no question that Canada and Alberta will see a lower standard of living than we have now.

You know, we're working on trade agreements with the United Arab Emirates for food. People are coming to Alberta for some of the things that we've done around agriculture because we have the most secure food sources in the world. And I've said it, that the other part of our food production that is undervalued, in my opinion, is the fact that we do not have rats. Like the Premier said, there might be some two-legged ones. The fact is that the world and much of the very wealthy part of the world looks to our food products as the best there is. We can guarantee it is because of the standards that are in place. We've had these other countries come here, go around Alberta, and be absolutely blown away by how clean. And we've seen this increase in forestry.

All of this put together says that if we don't have faith that Alberta is going to at least hold its own on the world stage, who in the heck is? We know we're going to be challenged by the Brazils and Argentinas and some of those emerging countries. They're going to run into their pressures, too. Even the Chinese economy is starting to realize that as they develop that wealth internally, they start to consume what they produce. Where they had a very

cheap labour force and could shuffle off everything over to the European and North American economies, now they want to keep some of their own. They want their own TV, they want their own car, they've got to start building roads, and that starts to change the way their economy affects the rest of the world.

I mean, to a great extent you want your economy to be based on consumer spending and trade, but things around the world will change. I think everyone in this room would probably agree that the potential for Alberta to continue to be where we are is as good as – I can't think of another country or another state or province that has what we've got. In the eventuality that we're all wrong and our revenue sources dry up, then you really do have a discussion with Albertans about: what do we absolutely have to do, and what could we do without?

**4:40**

**Mr. Mason:** Well, good luck.

Now that I've got the minister kind of warmed up, I'm going to hit him with one of my favourite subjects, and that is nonrenewable resource revenue. In the fiscal plan on page 14 nonrenewable resource revenue is estimated to be \$8.3 billion for 2011-12, or 23 per cent of total revenue. That's down from the 33 per cent actual for 2008-09.

The government's resource rent target for conventional oil and gas is between 50 and 75 per cent. Over the last 10 years royalties and land sales captured an average of 47.4 per cent of the resource rent generated by the sale of conventional oil and gas. If the government had managed to collect somewhere in the middle of the target range – that is, between 50 and 75 – it would have collected an additional \$37 billion over the last 10 years. For the oil sands the government has only collected between 8.9 per cent and 14.6 per cent of rent since 1997. According to figures from the Canadian Association of Petroleum Producers oil and natural gas producers are operating in Alberta at pre-tax profits of \$148 billion.

Mr. Chairman, it is my contention that Alberta continues to charge some of the lowest royalties in the world, particularly with respect to oil sands, and I don't advocate raising royalties on conventional oil and gas. But as the Premier said the other day in the House, we now have a third of the world's available oil reserves. We can just look at what is going on in other parts of the world to realize what an advantage we have with respect to security of supply and proximity to major markets.

**The Chair:** Hon. member, the 20 minutes allocated have been reached.

The next 20 minutes are for a member of any other party or an independent member. The hon. Member for Calgary-Currie.

**Mr. Taylor:** I'm in the other category now, am I, Mr. Chair? Thank you. Thank you very much.

Just because I'm interested in hearing what the finance minister's answer might be to my colleague from Edmonton-Highlands-Norwood's last question – if, in fact, there was a question in there; I think there was – I'm going to cede just a little bit of my time here, if I can, to the minister just to give a brief answer on that.

**Mr. Snelgrove:** I don't think it's fair to take the royalties in isolation and say that that has to go up. I think you have to look at the total economic rent we cull from the activity in the oil sector and put that in context of jobs, land sales, the whole meal deal. Could they be higher? In hindsight, what's the point? But I will say: let's use the total economic rent that's derived from that oil activity, natural gas activity in Alberta, what we get from it, as opposed to just picking one.

**The Chair:** The hon. member.

**Mr. Taylor:** Thank you, Mr. Chair. Thank you to the minister for that answer. I mean, frankly, I have less of a concern with where the royalties are today than I do with what we're doing with the nonrenewable resource revenues that we bring in. Finally, after a couple of years of less than spectacular results, to put it mildly, I think we've seen that with this latest new, new royalty framework we have generated economic activity and jobs and all the rest of that in the patch. The energy industry is such a key component of our economy in this province, as I'm sure the minister would agree, that I think we are on a better track now than we were a couple of years ago.

That said, though, I think that the art to this whole thing in terms of not only building the bigger economic pie but getting the full benefit from the pie has got to be in what we do with especially the nonrenewable resource revenues that we bring in because that is, I think, more like our inheritance than it is our employment income, if you will. We get the royalty from a barrel of oil once, before that barrel of oil is turned into gasoline or diesel or whatever and then consumed by somebody, so we only have one shot at doing something of value with it.

As a sort of general comment on the budget – and I'll make this comment to the finance minister because he's the guy where the budget buck stops – I'm concerned that I don't see any long-term savings plan or savings strategy here. I'm concerned that it's not obvious to me what the formula for reinvesting in the sustainability fund is going to be, other than that you're going to start putting some money back in when you're back in the black, and we've already seen a one-year delay in the prediction for when that's going to occur. I wonder if the minister can start out with my time by just addressing that whole issue of how we're going to rebuild the emergency savings and then, beyond that, how we're going to start reinvesting in the province's RRSP, if you will.

**Mr. Snelgrove:** We had a brief discussion, before the hon. member came back, with one of the other parties, too. Personally, I think that to start to talk about a savings strategy right now is a little early, and I think it takes away from how critical it is that we make sure we're doing things right right now with the budget. I'm not as keenly aware as maybe my predecessor was about developing that savings strategy. I know it's an issue. Personally, I think we need to rebuild the sustainability fund to 25 per cent of our yearly operating budget. I think that is the appropriate amount. Then I think we need to develop a strategy around the heritage savings trust fund and how it affects the endowments and what we are going to expect from them. My personal belief is that the endowment for medical research is as critical a thing as we do and the endowments around research, especially, as I think the minister of advanced education mentioned earlier today, the work around nanotechnology.

It's not just about putting money in the bank. It's taking the nonrenewable resources and saying: we're going to use this to develop a culture of medical research in Alberta that is world class and committed to for a generation. The strategy I see is not just about taking that money. You're absolutely correct. We get it once, so what do we want to do with it? I think the overwhelming majority of Albertans would support: replenish your sustainability fund, and then use your heritage savings trust fund, maybe even more focused on those kinds of really important advancements, whether they're economic, medical, educational, all this stuff. But let's get our endowments and focus them on what is really important for the next generation, not three, five years but 30, 50, 60, a hundred years.

**The Chair:** The hon. member.

**Mr. Taylor:** Thank you, Mr. Chair. I couldn't agree with the minister more except that I would say that the more money we put into whether it's the heritage fund or any other specific endowment that we're investing in, the more income it produces. The more income it produces, the more specific legacy projects and programs we can undertake with that money. So I would urge the minister to move up the date for when all this starts again. I would urge the minister to look over the course of the next 12 months, as he's preparing next year's budget, for areas that sort of fall below the line of what we absolutely have to do for the people in the province of Alberta and see where he can make some cuts in spending that he can reallocate to investing.

You have \$240 million in in-year savings this year, for instance. Find another \$10 million. You've got a quarter billion dollars that you could plug into one fund or another. A quarter billion dollars, as I read this budget, out of almost a total of \$40 billion, is kind of like the financial planner telling the young married couple: yes, you've got an outrageous mortgage that you have to pay down, and you've got kids on the way, but can you find \$25 a month to start putting away for a rainy day?

On another topic, your goal 1.2, encourage economic diversification and strengthen the province's fiscal resiliency. It seems to me we're told every year that that's our goal, yet this budget repeatedly acknowledges that Alberta is highly dependent on resource revenues, so how is the government going to encourage diversification? Does the government have specific goals for diversification of the economy, and how are your plans different from past goals of diversification?

**Mr. Snelgrove:** Well, I thought we might go the whole afternoon not talking about the department of finance, but, darn it, he got to it. See? You got me.

You know, I think you see the action in the fact that we were able to sign the agreement on the North West upgrader. That agreement was well over a year, just about 18 months in the making, to put a deal of that size together, and there's a great deal of credit that needs to go to the department staff. You know, we're in something that is not normal for a government to do.

The other thing that we've done is the realignment of our research into Alberta Innovates and the way that they are governed and funded and accountable.

You know, I don't think there will ever be a time that a government isn't going to say: we're going to continue to do these things. It's not like you build something and then you walk away. It has to become a mindset, a culture of government, a culture of the province that you're going to continue to look for ways to do this.

**4:50**

The in-year savings strategy: you know, we have found nearly double our target every year that we've put it there. In the last three years well over a billion dollars was found the right way. I can tell the hon. member that I'm a firm believer that you shouldn't drive change from a budget. You should change and reflect it in a budget. The changes that we need to make need to be done for the right reasons and then go forward. So we're going to continue to work in that vein.

**Mr. Taylor:** A couple of questions arise from that answer. Question number one, as you go forward and you continue to develop this culture of diversification and government taking a role in partnership with business in doing that and promoting it, how do you measure your successes as you go? How do you know that

this is a program worth continuing and that this is one that didn't work out and you want to get out of that one as quickly as you can? How do you know how to realign your goals and your vision as you go forward with this? That's question number one.

Question number two. The minister brought up North West Upgrading, for instance. This opens the issue of value-added activities and, I think, goal 2.2:

Support the implementation of government strategies to encourage value-added activities in areas of competitive advantage within our resource processing industries, focusing on sustainable, integrated approaches to economic diversification.

Does this government see value-added activities for resources beyond bitumen, and what are they?

**Mr. Snelgrove:** The wood fibre. You know, I had the chance to go to two plants down in Rocky Mountain House, where, I think, there are the only two in Canada that make that specific product.

But I want to go back to: how do we know when we're going to achieve what we set out to do? I think it's absolutely essential that you understand what your goal is before you start. This isn't something where you head off down the road and see where it takes you. I think you have got to be able to put out and say, "We're going to attract X number of dollars in private research" or "We're going to see six patents come from this thing in this time." You have to put the goal out first so that you can measure to it.

I'm a firm believer in a lady named Georgann Hancock, that used to look after the health unit in Vermilion. She said: if you can't measure it, don't do it because you really don't understand what you're doing. Let's get our goals, clearly, put them out there so everyone can see what the goal is. It really isn't about trying to establish innovation and then living up to your budget. Previously that was a success. If you spent your budget, you achieved your goal. That's not the culture anymore. It's really: what are you trying to do, and how are you going to be able to report back to us that you've achieved your goal? It really is setting the targets before you head off down the road.

**Mr. Taylor:** A fair comment, but there are goals, and then there are successes. I mean, the goal starts out. It's the beginning of the journey. At the end of the journey or part way along the journey you have to measure whether you are actually getting to your goal or not. Certainly, when we talk about some of the activities that Alberta Innovates will be a part of, you have to assume that some of those activities are going to produce much better results than others are, for instance. How do you measure success?

**Mr. Snelgrove:** The economy has a funny way of measuring it for you. You know, we are kind of bystanders in a lot of what goes on here, where we can compare year over year numbers that are relevant, whether it's GDP, whether it's disposable income. It can be as far down or as maybe disconnected to the budget as health, birth rates, age, how long you live. You've got all the spectrum of things you measure towards success. Often we don't have to be the ones out there trying to measure this. We can watch, and if our innovation and research attracts businesses, that shows up in the economy. If our personal income taxes and corporate taxes are growing, then we know something is working.

It's not that we have to really have the tape out on everything you start out on. In many ways it is really about seeing how it fits into the bigger picture of your province. Is there a way? In some circumstances, yes, there is.

It's also hard to accept that it's all a financial measurement. In many ways there are other measures that we talk about and some of the other business plans of departments that actually measure what we're doing for the people, how the people see their part

being addressed, too. It might seem like a little bit of an evasive answer, and it is, but it's simply just not that clear.

**Mr. Taylor:** Yes, Minister, it does seem like a little bit of an evasive answer. And by the way, I would agree with a little bit of that evasion because you cannot actually always measure results in fiscal terms. I get that. I mean, when you're engaging in proactive spending, whether that's preventive spending, where you're spending today on measures that will keep people from getting sick or keep people from falling into poverty or keep people from losing their jobs on down the road, you're saving some money there. You know, it's pay me now or pay me later and pay me a whole lot more if you pay me later. If you're spending for investment purposes on postsecondary education, for instance, where we know that we're going to get back a multiplier effect of the money that we as the state put into Joe's or Jane's education.

I mean, those are good investments, some of which you can measure at least partly on a fiscal scale and some you measure in quality of life and human resources and health and environmental skills. So I've got you on that. But it doesn't take away from the fact that we're talking about 40 billion tax dollars here or tax and nonrenewable revenue resource dollars here. I would think that the minister can give me maybe a little clearer answer around the issue of wealth. Whether we're measuring it ourselves as the government of Alberta or the Alberta economy is measuring it for us, here are the markers that we're looking for, the mileposts that tell us whether we need to stop throwing money down this black hole because this is not working out or whether this is working just fine. You've got to have some measurements, some performance indicators there to tell you when to get out of a bad deal.

**Mr. Snelgrove:** That's true. In our business plans, in our targets we do set out goals, and I know the hon. member will have looked. We've tried to consolidate those documents down to something that's actually readable. You know, it really is a shame that in the past, I think, we covered people with so much paper that they weren't able to actually understand what the heck we were trying to accomplish. But if you get into our business plans, it does set out goals. It does set out the targets that we're going to try to achieve, and then we hold to that. We do have the business plans that we are ignoring today for the most part, but we do have them, and they do state the outcomes and do state the goals that we're going to measuring ourselves to.

**Mr. Taylor:** I don't think I have too much more time, so there's one thing in here that I want to zero in on. It's on page 165 of the ministry estimates. The tax and revenue management 2011-2012 estimate indicates that \$1.958 million is not required to be voted on. Then on page 168 of the estimates, the reconciliation of supply vote to fiscal plan line – let me see if can you give you a reference point for that. No, I can't. That line cites the amounts not voted as \$10.958 million. Am I on the right page here? I think I am. Yeah. On amounts not voted, the second column in, three items down in the expense by program category. I don't know; it kind of looks like a typo. It kind of looks like a \$9 million discrepancy in there, and I need to know that it either is or it isn't. If it's not a typo, can you show me where the other \$9 million exists? You've jumped from \$1.958 million to \$10.958 million, and when you type those numbers out on a piece of paper, it looks like somebody may have dropped a zero.

**Mr. Snelgrove:** Are we talking about the line where it has the interest payments and corporate tax refunds as the \$9 million change?

**Mr. Taylor:** No.

**Mr. Snelgrove:** Page 165?

**Mr. Taylor:** Page 165.

**Mr. Snelgrove:** If you go back down about a third of the way down the page under department statutory amounts.

**Mr. Taylor:** Under department statutory amounts. And there I see now: is that the \$9 million that I couldn't find before?

**Mr. Snelgrove:** I think so.

**Mr. Taylor:** You think so.

**Mr. Snelgrove:** Well I'm not sure if. . .

5:00

**Mr. Taylor:** It looks plausible, Minister, but if you could just confirm that and get back to us on it, that would be good.

**Mr. Snelgrove:** Okay.

**Mr. Taylor:** Mr. Chair, how much time do I have left? Two minutes?

**The Chair:** You have two.

**Mr. Taylor:** Okay. One more question, then, which is on the Alberta cancer prevention legacy fund, which is on page 175, I believe, of the estimates. In 2009-10 revenue was nearly \$26 million, and expenses were about \$22 million. I'm rounding the numbers off. In the 2010-11 budget the estimates were tuned back to \$12 million, but the forecast actual revenue for this fiscal year that we're coming out of looks like it's going to be in the \$20 million range. Revenue for the ministry's other funds in the 2010-11 budget all appear to have been overestimated except that this fund was underestimated, so I've got a couple of questions. Why was the original estimate for this year in the cancer prevention legacy fund so short of what actually turned out? You seem to have produced a much better rate of return here than you did on some of the other funds perhaps.

The other thing here that troubles me is that for 2011-12 the revenue is estimated to be \$15 million and the expenses for the fund are \$25 million for both last year and this year. That means that for 2010-2011 the fund was reduced by \$5 million. It looks like for 2011-2012 it's going to be reduced by \$10 million. Here we have a legacy fund, a cancer prevention legacy fund – you even use the word “legacy” – where the assets are being drained. Shouldn't they be maintained if not grown? What's the plan for this fund?

**Mr. Snelgrove:** This one isn't an endowment. It is a fund, and it's up to the discretion of the minister to identify how much can go. Quite honestly, it's just that '09-10 was a very good year for the particular fund, and we believe more consistently that the rate of return is going to be what's reflected there. But it isn't an endowment.

**The Chair:** Hon. members, the time has terminated for the party opposition. Now it's individual members, so the hon. Member for Edmonton-Gold Bar.

**Mr. MacDonald:** Yes. Thank you very much, Mr. Chairman. I appreciate the opportunity to participate again in these budget estimates. My first question now would be around the Cabinet Policy Committee on the Economy, where we have a budget estimate of \$240,000. It would be our view on this side of the House,

with no disrespect, that the exact purpose and the use of those cabinet policy committees, that are internally chaired by various respected members of this Assembly, all government members, are in question. What they do, when they meet is certainly mysterious. It's not public record.

I would ask if in light of the difficult circumstances we're in, with a mega billion-dollar budget deficit this year and in past years – and the total is \$10 billion in the last four years – there should be some sort of control and discipline put on this government's expenditures. The hon. Member for Edmonton-Highlands-Norwood and others say: oh, all the spending you do is just fine. Well, I would disagree.

Now, if we were to, for instance, and this is only the amounts that we know about, cancel or eliminate the cabinet policy committees, the pay that's involved in them, the support staff, and transfer whatever work they're doing to the public so that the public could attend hearings – essentially, the policy field committees already exist. They are all party. The members get paid a generous amount to serve on those committees. Why can't we eliminate these cabinet policy committees, including the \$240,000 amount that's included in your ministry support services? We could save ourselves at least \$2,400,000.

Last year the minister of finance, who is no longer the minister of finance, had no idea what kind of money was spent on those, how often they met, what they discussed. It's in the public record. He didn't have any idea, and he didn't seem to care either. I'm asking this minister: why in this time of fiscal restraint could those committees not be eliminated? We could save \$2.4 million and give more work to the policy field committees.

**Mr. Snelgrove:** I think we've had this discussion every year.

**Mr. MacDonald:** No, we haven't.

**Mr. Snelgrove:** Yes, we have.

The one responsibility of government and the responsibility that all caucus members have is the development of policy. Quite honestly, that's our job. I'm going to introduce my staff, and their job is to implement that policy. Our job as elected officials is to develop policy. These policy committees are essential in the process of building sound policy. If you eliminated them – I'm not going to question your numbers – it would be about one-twentieth of 1 per cent of our budget. What you would be doing is removing a key part of the government, which is the responsibility of elected people in developing policy. We can agree to disagree on their importance or their membership, but I can tell you, as somebody who has seen them develop to what they are, from our point of view they are essential in what we do.

We have the people that actually do the work. If any of you don't know, this is our deputy minister, Tim Wiles. This is Darwin Bozek, who's the assistant deputy minister for strategic and business services as well as senior financial officer for our department, so we have to be nice to him. Up in the gallery, being spellbound by the discussion of the department of finance, is Ian Ayton, assistant deputy minister of tax and revenue, the person that we all like to hate, I think. He's joined by Richard Isaak and Shakeeb Siddiqui – I asked how to say it, and I hope I got that right, Shakeeb – and Craig Johnson from our financial services division. On behalf of all of government I hope you can take back to your staff that we do understand how hard you work, and we do appreciate it. This might not be the most exciting stuff we have to do, but in fact this is what governments do, the budget. The budgeting process and the budget documents are the cornerstone of any government. We do appreciate the time that they got to come and see this.

**The Chair:** The hon. member.

**Mr. MacDonald:** Thank you. To the minister of finance: again, you are leading by example. It is my view that the Treasury Board and the ministry of finance should be combined. Essentially, through political luck that's happened.

**Mr. Snelgrove:** This was lucky?

**Mr. MacDonald:** Yes. In difficult circumstances I think you're doing the best you can. That ministry was essentially combined, I should say, through political chance.

Now, you may be reluctant to save \$2.4 million by transferring the work that's done behind closed doors with the cabinet policy committees to the policy field committees, but you can live with that decision.

Horse racing, for instance, is an example of: if you look after the pennies, the dollars will look after themselves, and they will grow. While I was waiting for the budget to come out the other day, I went through the financial statements going back nine years. Essentially, the horse racing and breeding renewal program each and every year has seen an amount from \$33 million up to \$48 million, \$56 million, now \$35 million, \$25 million, in that range, put into this subsidy. If it's 10 years, it's close to \$400 million. That would be an example of money that I think could have been used to build seniors' lodges, for instance. You were talking about the lodge program that the Social Crediters developed and what it meant to rural Alberta. Well, \$400 million would put a lot of seniors in safe, secure, accessible, affordable housing. I think it's another example of having the wrong priorities. That's an example of how we could have saved money and used it for another purpose.

5:10

Now, you're doing a great job as President of the Treasury Board and minister of finance, so if you can do it, there's no reason why others on this front bench couldn't. Like Environment: we could put Sustainable Resource Development in there. We could put Executive Council and International and Intergovernmental Relations together. Infrastructure and Transportation were together one time not too long ago; Justice and Attorney General and the programs under Solicitor General and Public Security; Municipal Affairs and Housing and Urban Affairs. Tourism, Parks and Recreation could be put together with Culture and Community Spirit. We would have a smaller cabinet. Maybe the meetings wouldn't last as long. Who knows? But you could save \$40 million by combining or consolidating the size of cabinet.

In light of the budget deficit was any thought or any consideration given to reducing the size of government to save an additional \$40 million?

**Mr. Snelgrove:** A couple of things. One, I wish Brian was still here so he could talk about this horse racing. We've talked about it every year, and you know we don't pay that money. You know that's an accounting entry that comes from the agreement where they run their slots, and that money goes back to them. If it weren't racing, we wouldn't have the money. It isn't taxpayers' money; it's their money. It's only channelled through government to be accounted for and back to them. So cancelling horse racing wouldn't change one penny. It would just simply put a bunch of people who shovel horse manure – wait a minute. Maybe that's what we do do.

Putting the ministries together. The average minister's office runs around \$500,000. That's the total cost. So you're going to save, if you took out eight ministries, \$4 million in costs, but the

people that do the work in the departments are still going to do the work. The people that do the action requests – and Lord knows we get enough of them – are still going to be working no matter who their minister is. If there was one minister, you would still have 99.9 per cent of the people that do the work.

Really, to look at the top and say, "Let's have less decision-making at the highest level and more decision-making dumped down into the administrative level," because that's, in fact, what you do, is really not in probably the best financial interest. It's easy for you and for some of the other parties to suggest you could save \$40 million, but that's only a number that I, quite honestly, don't know how you arrived at. I'd be interested for you to jot down on a piece of paper as to how you arrived at the \$40 million total, and we could have a discussion about that. But a ministerial office typically runs around \$500,000.

**Mr. MacDonald:** Well, first off, I would like to say that in the lottery fund estimates is the \$26 million allocation for Horse Racing Alberta. That's in your budget. That money could be used somewhere else, and the hon. member knows it.

Now, I do have numbers. The smaller size cabinet: it worked for the Premier when he was first elected as leader. In fact, it worked so well with that smaller size cabinet, you got this big majority in 2008. So if it worked when the hon. Premier was first elected, why wouldn't it work now? You could save yourselves some money. You could save 10 and a half million dollars by combining Environment and SRD. You could save over \$3 million by combining Executive Council and . . .

**Mr. Snelgrove:** Who are you going to send home?

**Mr. MacDonald:** Who are we going to send home? There would be very few people sent home, but unfortunately there would be some assistant deputy ministers that would go to retirement, hopefully. We all know the age of the civil service here. There would be no layoffs. In fact, I don't know how you could ask that question when last year in the Treasury Board you had \$30 million set aside for separation payments, and that was for staff severance packages. You yourself had that money set aside, so it is not unusual or unreasonable to suggest that this can be done. Executive Council and International and Intergovernmental Relations: there's no reason in the world why they could not be consolidated, some of the duplication that takes place. It makes much more sense. The Premier's office is co-ordinating that department anyway.

You know, the Member for Airdrie-Chestermere talks about who really calls the shots there in the Premier's office all the time, so that's not unreasonable. Finance and Enterprise, now the Treasury Board: from my calculations with you, maybe we should give you a pay increase because just with your work habits we're saving \$2.1 million. Infrastructure and Transportation: \$6.3 million. Justice and Attorney General: over \$10 million. Maybe some of that money could be reprofiled for legal aid. Who knows? Municipal Affairs and Housing and Urban Affairs: you could get close to \$4 million there. Tourism, Parks and Recreation and Culture and Community Spirit: you'd get at least \$3 million there.

That is a lot of money, and whenever you put this into context, it could be used for education. That would almost take care of providing the AISI funding, that was reduced in Alberta Education.

Now, there are a number of ways of also dealing with this. Travel and communications: in the consolidated annual report which you talked about earlier, that budget was close to \$300 million last year. The year before it was \$333 million. To your credit,

travel and communications, on page 53 of the consolidated financial statements, the annual report from last fall: I think there could be more work done there.

We could, for instance, if we really wanted to try to save money – I looked in public accounts. I see all these different hotels that provide an overnight stay for, I assume, a government employee or maybe some group or an individual who has for one reason or another been taken in by either the Employment and Immigration department or maybe children's services. Why could we not have a competitive market and have those hotels or those hospitality enterprises give a competitive bid on prices? Why does that not happen? That's a way we could save a few dollars, I would think. We live in a free-enterprise economy. Let's see what we can get for the best price.

In the public accounts, you know, we have rooms at the Westin. We have rooms at the Hotel Macdonald. We have rooms at Sutton Place, at the Motel 6. The Capri Centre in Red Deer would be another example. Why could we not have one-stop purchasing? That's just one example of how we could save some money.

Certainly, the travel and communication budget, the consulting budget: I'm not satisfied that I'm getting the straight answer on that. You say that you have this hiring freeze on. It certainly doesn't apply to the Liberal research staff. Every term, the closer we get to an election, the more of our staff you hire away. You know, this hiring freeze must apply to everybody but Liberal researchers because certainly we get them trained, and you take them, sign them up.

5:20

**An Hon. Member:** We've got to save them before it's too late.

**Mr. MacDonald:** You've got to save them before it's too late? I know what you're trying to save.

There are many ways, I think, that we can work to get in control of these expenses. I would just like to hear from the minister. Last year there was \$300 million spent on travel and communications. The year before it was 10 per cent more. What is the amount that is to be reduced in travel and communications this year?

**Mr. Snelgrove:** A couple of things while we're looking at them. Let's be clear about what goes on in the government. I didn't come here with a great love for government, but what I have learned is that the people that are working for us work harder here than the people that I work with back home that were trumped up in their business. We do have some hours here as a minister, but the deputies and their staff are there a lot longer than we are. I know that when we task them – and it's not just the deputies – when we're looking for information, when we're trying to put together stuff on whatever it is, whether it's infrastructure or whatever, the amount of work that they have to get done means, quite simply, that you can't do that work with very many fewer people. Even combining the offices of Finance and Treasury means that now our staff work, instead of 12 or 13 hours, 15 or 16 hours. In all fairness to them, you can't ask that of people for very long because it simply doesn't work.

You do have to look at what the workload is, how many people are doing it. Could there be some synergies in it? Yes, there are. That's why we put that \$240 million number in for in-year savings. The day we're done the budget doesn't mean that we're done budgeting and we go back to work. Every year since we started that in-year savings policy, we have exceeded it by nearly double the target by doing things like you've identified.

We do have a serious look at travel, but you can't cut your nose off to spite your face. We live in an international market world,

and we need to support the trade offices that we have around the world. People can suggest what they would like about some of the things we've done in the past, 10 or 12 years ago, and partly true. But I've been to Washington. I've seen what Gary Mar is doing on our behalf. I saw what Murray Smith did. I'll tell you that most of the ministers that travel – an example would be our SRD minister. He is going to catch a plane at 7 o'clock tomorrow morning, go to Washington for two days. He'll be back in the middle of the night, and he'll be back to work here. That's not fun.

Most of us have families. To make the travel schedule that they do – I've been lucky. I don't particularly care, and I've been able to stay here. But lots of the ministers, IIR: they have to go. When they're jumping on planes at midnight to get to meetings for the next day, to get back here, that's not the glorious opportunity that I think much of the general public would like to suggest.

I take the suggestions seriously because you make them with the right intent. Should we continue to look at these things? Absolutely we will. Are there ways to do things better? Yes, there are, but it's about managing change so you don't take what I would have considered the very simplistic view and just say: we'll just cut 5 per cent. That treats things as if they're arbitrary. You have to understand what the changes you're going to make do, and the unintended consequences of not-well-thought-out reductions have come back to hurt government, and they've come back to hurt the public service.

We are hiring some people again. We do have a freeze with exceptions in. We've had to move people from Alberta Health Services to the Department of Infrastructure, who are now looking after the building of the health facilities. We've had to add some probation officers, about 40 or 50 of them, in the Solicitor General. There are some more people going in. They're opening a new park in Calgary or near Calgary. They're going to have a few more.

On a go-forward basis we are working with around 3,000 people less than we were 16 or 17 months ago. Those were in some ways where severances were required. In other ways there were people that retired that we were able to work with. We continue to move people in and out of government through human resources to where their job may not be required in that department. We take them in, we retrain them if necessary, and we'll put them over to another department because we've got an investment in them, and we want to keep them. It is an ongoing process. It is not the easiest one to do, but it is essential for us to continue to evolve government.

**The Chair:** The hon. member.

**Mr. MacDonald:** Yes. Thank you very much. Now, when you look at the expenses by object in the consolidated financial statements, you know, there is a long list of grants, services, salaries, wages for employees, materials and supplies. I don't see any information in there on IT costs. I know a portion of these funds come through Service Alberta. If we look at the full-time employment equivalents of the civil service – and there are 28,800 estimated for 2011-12 – I can only imagine how many of those have a computer system or an IT system that is supported by the government. I know I have an IT system, and I can't keep up with it all. I just can't. They're very generous and kind with their time, and it's a beautiful machine.

You were talking about freezing the hiring of civil servants. Have you ever thought about how much money we may save if we were, for instance, to increase the amount of time one was to have their computer or their laptop from, say, a two-year period to a three-year period or from a three-year period to a four-year pe-

riod? Do you have any idea? I don't know where to even look to come up with a number on what exactly we're spending on computers and IT costs in the civil service and if there is a way that we could control that budget or maybe reduce it.

**Mr. Snelgrove:** That point was made by several members of Treasury and caucus that we should look at: can we go to a three-year turnover as opposed to two or a four as opposed to a three? There obviously would be savings.

The other part that we're working on is bringing all of the government departments into one common domain where possible. I mean, obviously there are different needs in different departments around security and privacy issues, and all that can be worked out. But it really is about getting them on the same thing so that we deal from a position of kind of one corporate entity. I know that you'll be looking forward to when Service Alberta is in here. She will be able to give you a lot more detail on that.

I think we're about \$400 million a year on IT, off the top of my head. It's a big number. It's important (a) that we're current and (b) that the departments can talk. Sometimes you have to spend a little money to save a little money. You have to be able to understand what you're doing. You know, in the past we've had departments that weren't on a common IT, couldn't communicate with each other, and that does cost time because time is money.

Yes, we need to stay current. We can look at being more effective. I hope you bring up this line of questioning with Service Alberta because it's more appropriate that they deal with it, but you're not wrong in the suggestion that we can be better and more effective in delivering IT. That minister right there will be the one.

**The Chair:** The hon. member.

**Mr. MacDonald:** Yes. Thank you. Now, consultants and consulting fees. You can go through the blue books, and you can see every department. There doesn't seem to be a freeze on the use of these consultants. You flip through the pages, you know, and some of them get \$50,000, some get \$10,000, others get \$2 million, \$3 million in consulting fees. Again, expenses by object: nothing like that is listed. If we've had a hiring freeze for potential staff and, zap, it's frozen, does that same rule apply for consultants? Or has it been a consulting free-for-all with this government?

5:30

**Mr. Snelgrove:** I certainly wouldn't categorize it as a consulting free-for-all, but there are targets in departments where they have to use their money, the amount that they're assigned, departments that use consultants more. Transportation and Infrastructure, for example, you know, would need more consultants. I know that occasionally you will have projects where it is not in your best interests to hire someone, to bring them on staff to do the project, so you will hire a consulting firm or a consultant to do a specific project. So it's really about effective use of your money. I would suggest in that line of questioning, too, that you may want to talk to different departments who have larger budgets around consulting as to what their go-forward is to do it.

In Treasury we didn't use a lot of consultants. We're a little too cheap that way, maybe. I don't know.

**Mr. MacDonald:** It means you've got good staff.

**Mr. Snelgrove:** We've got great staff.

Certainly, that question could go to, obviously, the hon. Transportation minister or Infrastructure minister or wherever you see a little bigger line around consulting outside forces.

**Mr. MacDonald:** Okay. I would like to switch directions for a second, if you don't mind, and ask you about the exchange rate that you are proposing in the budget. I mean, we're not even into the fiscal year yet, and the exchange rate I think this morning was \$1.02. I know the sensitivity has changed from this current year to the year in question here, 2011-12, but if the exchange rate were to remain what it is this morning for the entire fiscal year 2011-12, we would be in need of at least \$600 million if I am correct. What contingency do you have in place if, as some people suggest, the Canadian dollar is going to be worth \$1.08 or \$1.10 in relation to the U.S. dollar?

**Mr. Snelgrove:** As a bit of an aside, the biggest regret I've got is that I bought my place in Phoenix two years ago when the dollar was 86 cents. Hindsight is significant.

You know, what happens, hon. member, is that historically our dollar follows the price of oil. You're correct. If it stays there, then, yeah, there will need to be \$600 million to address that, but oil is also well above where we pegged it in our budget. I mean, we have less exposure with the new royalty structure now than we did, and you pointed that out, but we do need to keep the two in context. If the dollar is strong, then more than likely it's strong because our oil is strong.

**The Chair:** The hon. member.

**Mr. MacDonald:** Yes. In the time that I have left, I would like to talk about the savings plan or the fact that maybe we don't have enough of a savings plan. Now, the sustainability fund that's been used, as it was suggested, to protect priorities and Alberta's competitiveness – we all realize that we're in very difficult times. It's tough times, and we're setting the stage for building, hopefully, what we will have in the future, a better province. The sustainability fund will be replenished over time.

Your remarks about the \$250 million in in-house savings: last year I think you managed to put \$2.2 billion back into the sustainability fund. I suspect you're going to do that again this year, at least I hope that we'll have at least 1 and a half billion dollars to put back in there. The last three years you did, so I think this year you will have some money under the cushions there that you'll find. So that will be replenished, and hopefully it won't be spent on the election promises. Hopefully. What kind of a plan does this government have to restore the value of the heritage savings trust fund and see it grow?

There are many people of Norwegian ancestry in this House, many members. It's surprising how many of them have Norwegian ancestry. It's nice to go on the bank of Oslo's website and see just how much money they have. I know the Minister of Energy disagrees with me. He's right; there's a different tax structure. But they seem to be saving a lot more money, \$500 billion more than we. I think they're currently sitting at between \$530 billion and \$540 billion, and they project in the next two years to add an additional \$200 billion to their fund. Yet ours isn't growing.

I would like to know what efforts this government is going to make to start saving at least a portion of our nonrenewable resource revenue. I know that you've inflation-proofed a little bit. What's the long-term plan here?

**The Chair:** Hon. member, the 20 minutes is completed.

Does anybody else want to speak?

Seeing none, then the minister will continue the next 20 minutes.

**Mr. Snelgrove:** Okay. I'll start that. You know, it is really not on a level playing field that we talk about Norway. Their sales tax,

their value-added tax, is 25 per cent, and their personal income taxes top out at nearly 50 per cent. They are a relatively small country that doesn't have to carry Ottawa on its back. You know, if the \$21 billion, the roughly \$140 billion over the last 10 years, that left Alberta had gone into our coffers – you know, these are all part of our history, and that's okay, but we have to get into the position where we have money to save.

I know what the hon. member from Calgary said about financial planners that tell young couples: well, just put \$25 a month away. That's easy for them to say that. You know, I can tell you that when I was newly married, we didn't have \$25 a month to put into an RRSP or a savings account. As a matter of fact, we couldn't have put in 5 cents most months. It's easy to suggest you can have a savings strategy, but if you don't have the money, it becomes a distraction to the business at hand.

I do expect that as soon as we can, we will re-establish the sustainability fund to an appropriate amount, and I think personally that 25 per cent of our operating budget is a good amount. I think you could contribute to a capital account at that point, too, where you can start to guarantee what your capital spending is going to be in times like right now. Then I think you look at your heritage fund and say: what are we going to accomplish with it? I've had that discussion with other hon. members, so I won't go further into it.

It isn't practical to suggest that we'll just take 30 per cent of renewable resources and put it in a savings account and somehow, magically, expect that money will reappear. Your option would be, then, to borrow money. Putting money into the bank to save it and borrowing money to replace it kind of defeats the purpose.

**Mr. MacDonald:** I would disagree with you because if we are to maintain our competitive tax regimes, whether it's for personal income tax or corporate tax, we're going to need to have a revenue stream in the future different than personal taxes or corporate taxes if we want to maintain this low tax regime. The only way to do that is to increase the revenue stream from investments.

Now, Norway, it's interesting, if you're looking at conventional crude oil production, is relatively the same as what we have here in this province and also natural gas production. They're the second-largest seller of natural gas in Europe after the Russians. Maybe we would be better served and our prices would be a little bit higher here if we had all the Europeans on the other end of the pipeline. Right? We would be better served, but we're not. Liquid natural gas didn't develop like we thought.

5:40

If we are to maintain our current competitive tax rates, we're going to have to get a revenue stream for future generations somewhere else, and I would suggest that it's by growing the size of our savings account so we have more money annually in investment income. How we do that is debatable. We're only going to get a couple more chances. One would be the royalties coming out of Fort McMurray in bitumen production, and the second one, which no one is talking about – we had a brief discussion earlier – is the second-chance oil from the existing mature fields, which, hopefully, the fracking is going to dramatically increase production from.

You know, in the last year we've had record land sales, we have high oil prices, and we still have this \$3.4 billion deficit. There has been talk of stretching out the capital plan. The Wildrose Alliance is right. Last year in your fiscal plan you stated, I think, that between 10 and 20 per cent was saved in costs because the contractors had to sharpen their pencils and maybe get the eraser out and put in a new number which was lower. That worked out. I

don't see any notice of that this year, or at least I cannot find it, and I'm wondering why there was no note of that in the fiscal plan, of exactly how much money was saved. We do know that the Minister of Transportation unexpended \$400 million, as did the Minister of Infrastructure.

**Mr. Snelgrove:** When you have the swings in-year, then you have to reflect them. The reduction in the total capital plan directly reflects the fact that we're going to get it cheaper because we didn't move the targets off.

What we thought we had in bitumen a few years ago – we talked about 184 billion barrels. We know now, I mean, quite conservatively, they're at about 500 billion barrels. Well, there's 2.2 trillion barrels there. Realistically, with technology and time we will probably get a trillion. It means that we can produce 5 million barrels a day for 200 years.

Somehow people say: well, when this oil runs out. Holy man. Then we'll go to the 800-year supply we have in coal and produce it. The technology around burning clean coal will be established. The natural gas that's stuck down in our basement isn't going bad. The world eventually will need it. We are sitting on, you know, just about the perfect part of the world, where we have enough coal to run North America for 800 years. As long as we're using our resource money now to put some towards research technology with an eye on the fact that no matter how good we get at alternative fuel sources, we're still going to need hydrocarbons in one way or another – whether we get them from oil, whether we get them from natural gas, even establish the liquid natural gas terminals that the Indian and Chinese and Philippine markets are waiting for, all of those are options that are open to us.

Remember that the natural gas and the coal is not going anywhere. It's waiting for us and for our children, our grandchildren, and their great-great-grandchildren. We'll still be producing energy in this province 200 years from now.

**The Chair:** The hon. member.

**Mr. MacDonald:** Yes. Thank you. I have a lot more questions. But what I want to get on the record – and I didn't see this interview. You made a comment last week on the alternate budget from the Wildrose crowd. Fiscal hawks the other night – you know, we were discussing supplementary estimates. The discussion was limited for obvious reasons. I'm restricted by parliamentary tradition from going any further on that. I read in that document that there was a \$44 million allocation for bonuses in the last year for senior civil servants. Could you clarify if you paid that last year? Or was that cancelled, and I missed something?

**Mr. Snelgrove:** No. That would be a very typical entry from their 'fudget.'

We cancelled our bonuses. The only guess I could have would be that there are still bonuses in Alberta Health Services if I'm not mistaken. They may still pay bonuses. I don't know what they are, and I don't know how they determine who gets them, but that must be where they're coming from.

The other entity that we've got is AIMCo. AIMCo has to be competitive with other financial-sector services like them. They pay a very limited amount. I think the maximum is 5 per cent that they have as a bonus, and their salary comparable to other financial investment houses around North America is very, very low. You know, that could be the bonuses they're talking about, but quite honestly I don't know.

**Mr. MacDonald:** For the record neither do I.

**Mr. Snelgrove:** And the ATB bonuses.

**Mr. MacDonald:** Yes. There are ATB bonuses, and certainly AIMCo has a bonus structure set up there, to say the least, that is interesting. We talked about that, I believe, here one day in question period.

Now, in 2009 the Fiscal Responsibility Act was amended to allow for these deficits, and certainly we've seen them. The limit of \$5.3 billion for how much nonrenewable resource revenue can be spent before it has to be transferred to the sustainability fund was eliminated as well as the clause legislating that \$2.5 billion must be retained in the sustainability fund for natural disasters and other emergencies. We saw last summer what happened. Hopefully, the good thing that's coming out of the cold snap is that all the pine beetles that are still living in the province effective Saturday night will be freeze-dried and we won't have to worry about that next year. But disaster funding, as I said, was required in 2009. In 2010 it was almost a billion dollars. I think it was about \$950 million. When will this government start planning for the future in setting aside disaster recovery money in a small, we account somewhere? Could we consider doing that? I think it would be more prudent if we were to set that money aside that way.

**Mr. Snelgrove:** While it may be practical, in some ways it doesn't make sense to plan for a disaster. Why would you want one? You know, we do have the resources to cover our disasters. My biggest concern would be that if you put \$200 million in a fund for disasters, somebody would find a way to get that \$200 million. This way we are able to look after exactly what they need. Disaster funding is all minuted by Treasury Board. If it's not exactly spent on the disaster, then it returns it. So it really does keep a tight envelope.

I guess, to go further, we don't know if the disaster is going to be in agriculture; we don't know if it's going to be a weather-related tornado like Pine Lake or other ones; we don't know whether it's going to be forest fires or what it could be. It's not that budgeting for disasters would be wrong. It's just that we know they're going to be there, and most years we can determine

a certain amount. We also get a copay from the federal government, where a good chunk of it is picked up by the federal government. So, yes, that is a method we could use, but I think it's critical that we don't change how we budget just to suit our financial circumstances at any one year over another.

**The Chair:** The time has terminated for the business of the committee.

**Mr. Snelgrove:** Could I ask for unanimous consent just to keep on going?

**The Chair:** I'm sorry. We have a motion and have to move on. I'll give a few minutes for the department staff to depart, and then the committee will rise and report.

5:50

[The Deputy Speaker in the chair]

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

**Mr. Fawcett:** Thank you, Mr. Speaker. The Committee of Supply has had under consideration resolutions for the Department of Finance and Enterprise relating to the 2011-2012 government estimates for the general revenue fund and the lottery fund for the fiscal year ending March 31, 2012, reports progress, and requests leave to sit again.

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

**Hon. Members:** Concur.

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

**Mr. Denis:** Thank you, Mr. Speaker. I rise with a motion to adjourn the Assembly until tomorrow, March 3, 2011, at 1:30 p.m.

[Motion carried; the Assembly adjourned at 5:52 p.m. to Thursday at 1:30 p.m.]





## Table of Contents

Prayers .....	141
Introduction of Guests .....	141
Members' Statements	
Natural Gas Revenues .....	142
Whistleblower Protection .....	142
North West Upgrading/CNRL BRIK Project .....	142
ACT High School CPR Program .....	143
Canadian Wheat Board .....	143
Innovation and Change in Government .....	143
Oral Question Period	
Health Care System Governance .....	143, 144
Health Care Services .....	144
Provincial Borrowing .....	144
Federal Public Building Renovations .....	145
Cancer Treatment Wait Times .....	145
Regional Planning .....	146
Capital Infrastructure Benefits .....	146
Electricity Generation .....	147
Northeast Anthony Henday Ring Road .....	147
Caribou Conservation .....	148
Air Quality Monitoring in the Three Creeks Area .....	148
Confidentiality of Name Changes .....	148
Logging in the Castle Special Management Area .....	149
Alberta Innovation Voucher Program .....	149
Homeless Management Information System .....	150
Highway 63 Emergency Services .....	150
Physician and Family Support Program .....	151
Supply of Diesel Fuel .....	151
Oil Sands Image in the United States .....	151
Presenting Petitions .....	152
Introduction of Bills	
Bill 203 Alberta Get Outdoors Weekend Act .....	152
Tabling Returns and Reports .....	152
Tablings to the Clerk .....	153
Orders of the Day .....	153
Committee of Supply .....	153
Main Estimates 2011-12 .....	153
Finance and Enterprise .....	153

If your address is incorrect, please clip on the dotted line, make any changes, and return to the address listed below. To facilitate the update, please attach the last mailing label along with your account number.

Subscriptions  
Legislative Assembly Office  
1001 Legislature Annex  
9718 – 107 Street  
EDMONTON, AB T5K 1E4

---

Last mailing label:

Account # \_\_\_\_\_

New information:

Name:

Address:

---

Subscription information:

Annual subscriptions to the paper copy of *Alberta Hansard* (including annual index) are \$127.50 including GST if mailed once a week or \$94.92 including GST if picked up at the subscription address below or if mailed through the provincial government interdepartmental mail system. Bound volumes are \$121.70 including GST if mailed. Cheques should be made payable to the Minister of Finance.

Price per issue is \$0.75 including GST.

Online access to *Alberta Hansard* is available through the Internet at [www.assembly.ab.ca](http://www.assembly.ab.ca)

Subscription inquiries:

Subscriptions  
Legislative Assembly Office  
1001 Legislature Annex  
9718 – 107 St.  
EDMONTON, AB T5K 1E4  
Telephone: 780.427.1302

Other inquiries:

Managing Editor  
*Alberta Hansard*  
1001 Legislature Annex  
9718 – 107 St.  
EDMONTON, AB T5K 1E4  
Telephone: 780.427.1875