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The Honourable Gene Zwozdesky, Speaker

Legislative Assembly of Alberta The 28th Legislature

First Session

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Legislative Assembly of Alberta

7:30 p.m.

Wednesday, November 20, 2013

[The Deputy Speaker in the chair]

The Deputy Speaker: Please be seated.

Government Bills and Orders Committee of the Whole

[Mr. Rogers in the chair]

The Chair: Hon. members, I'll call the Committee of the Whole to order.

Bill 34 Building New Petroleum Markets Act

The Chair: I'll recognize the hon. Member for Strathmore-Brooks.

Mr. Hale: Yes. Thank you, sir. I rise today to speak in Committee of the Whole on Bill 34, the Building New Petroleum Markets Act. I would at this time like to present an amendment. I have the required number of copies.

The Chair: Hon. member, this is the first amendment, so this will be – you guessed it – A1. If you would send me the original, please.

Mr. Hale: The original is on the top.

The Chair: Perfect. Thank you very much. Just pause for a moment, and we'll get those circulated.

You may proceed, hon. member.

Mr. Hale: Thank you, Mr. Chair. The amendment that I am proposing I will read into the record. I would appreciate it if everybody would listen, and maybe . . .

The Chair: I'm sure they will in a minute, hon. member.

Mr. Hale: I'm hoping that they will support this amendment.

The Chair: I think they're waiting for you to start with bated breath, sir.

Mr. Hale: Okay. Thank you, sir. The amendment reads that Mr. Hale is to move that Bill 34, Building New Petroleum Markets Act, be amended by striking out section 10 and substituting the following:

Section 11 is amended by adding the following after subsection

(1):

(2) The Minister shall table the general report prepared pursuant to subsection (1) in the Legislative Assembly if it is sitting or, if it is not sitting, within 15 days of the commencement of the next sitting.

So the first portion of this amendment is striking out section 10. It basically deals with – it currently reads in the legislation that we have now that the Auditor General is the auditor of the commission. After I gave my second reading speech, the hon. Energy minister did make the statement that the Auditor General, being the auditor of this commission, is looked after under the Auditor General Act, but there is some confusion with that. The confusion is that under section 11 of the Auditor General Act it says:

The Auditor General

- (a) is the auditor of every ministry, department, regulated fund and Provincial agency, and
- (b) may with the approval of the Select Standing Committee be appointed by a Crown-controlled organization or any other organization or body as the auditor of that Crown-controlled organization or other organization.

The question is: is this new commission a provincial agency or a Crown-controlled organization? If it is a Crown-controlled organization, then it must be approved through a select standing committee in order to have the Auditor audit this commission. If it's a provincial agency, well, then the Auditor is required to audit it. Looking through the different regulations that we have and the Fiscal Management Act, it is not clear under the Petroleum Marketing Act that this new commission that they're forming with the seven board members is actually a provincial agency or a Crown-controlled organization. There is some confusion there, so in order to delete that confusion, I would like to strike out section 10. Then there will be no confusion as to who the auditor is. It will be the Auditor General. He will have power to audit this commission.

In the existing legislation on page 4 under section 8, the commission as a Crown agent, it says that "the Commission is for all purposes an agent of the Crown in right of Alberta and its powers may be exercised only as an agent of the Crown." It does not say anything about being a provincial agency. It's an agent of the Crown, so it looks to me like it's contained within both the provincial agency and a Crown-controlled organization, so I'm open to any suggestions if anybody would like to debate me on that, if they can be one hundred per cent certain that it is classified as a provincial agency. As the legislation tells us, it's with uncertainty that they make these statements. That's the reason why I would like to see the Auditor General be written into this act as the auditor.

Now, the second portion of my amendment. Section 11(1) currently reads:

The Commission shall annually, after the end of its fiscal year, prepare a general report summarizing its transactions and affairs during its last fiscal year and showing the revenues and expenditures during that period, an audited balance sheet and any other information required by the regulations.

To me, that's pretty open and transparent.

Again, in my second reading speech, the hon. minister came back and said that the annual report is looked after through the Fiscal Management Act, but when you look at the Fiscal Management Act, it doesn't quite cover it as well as the existing legislation does. It says, "The governing body of an accountable organization must prepare and give to the Minister responsible for the accountable organization a business plan and annual report for each fiscal year, in the form, at a time and containing the information" – so all it says is that it must give a business plan and annual report, which is significantly less than what the current legislation reads when it mentions a report summarizing its transactions during the last fiscal year showing the revenue and expenditures during that period and an audited balance sheet. That's specific. That tells you exactly what you're going to get from the minister regarding this commission.

Just to say that it's in the fiscal act: well, I don't think Albertans and I know I sure don't want to just see a general statement. That's not why we're here. We're here to ensure that this commission looks after the best interests of Albertans and Alberta. The only way to do that is if we can go through a full audit of their expenditures, what exactly they're doing with Albertans' resources, and there's nothing in the current legislation saying that

it must be presented to the Legislature. That's why I put in section 11(2) that "the Minister shall table the general report prepared pursuant to subsection (1)." That's saying that all this information is in the Legislative Assembly if it's sitting, or, if it's not sitting, 15 days after we start to sit. I don't think that's too much to ask. You know, I'm pretty sure that everybody in this Assembly would like to see the financial report of how they're spending the money, how they're making the money so we can hold them accountable.

7:40

They are an arm of this Legislature. They are looking after resources on behalf of Albertans. They are taking the bitumen in kind and doing with it, you know, the best they see fit, which is great. They're trying to make the most money they can for Albertans, which is good for all of Alberta. But there needs to be accountability, and the only way there's accountability is if the Auditor can have a look at the books and if a full scope of his review is made available to the members of this Assembly.

I urge the government members to accept this amendment, and I'd be happy to debate with them why we should try to be more open and transparent than what is proposed in this current legislation coming forward under Bill 34. I look forward to hearing from some other colleagues and colleagues across the floor.

Thank you.

The Chair: Thank you, hon. member.

The hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you, Mr. Chair. I rise to support this amendment. I think this is one of these amendments where we need a minister to probably explain how this agency is going to be transparent because with sections 10 and 11 repealed, what we're looking for here is this report or some sort of transparency. Now, this has been the big issue, I think, with one of the provisions of the bill, that all the opposition parties picked up on, that we have eliminated the FOIP requirement, I think, for the first five years or the first four years, something like that. The big key here is: is this agency doing what this government wants it to do?

Now, it's easy enough for the government to say yes and try to let it be at that, but that's not the issue. The issue is that this is the public's resource, and there needs to be some reporting mechanism back to the public so that they know that the program is working and they know that the program is continuing to work. What we have is a program that says that we're going to take bitumen in kind. It was presented to the public that this is going to increase the revenue versus taking the initial royalty on the raw material. Now, that's logical in many ways, but we do not have access to the contractual agreement, so we don't have the ability to track it that way. The only way we have to track it as a Legislative Assembly or as any average Albertan is to wait until a report is tabled, and that provision right now is being removed. What we're asking in this amendment is to reinstate that.

Maybe the minister can point to another mechanism that we're not aware of where there is disclosure in a timely fashion so the public knows. That's the key. This is a government now that has set itself up to say that it's going to be transparent, that it's going to be accountable. I can't think of anything more important than this revenue stream that we've created, to make sure that it is both transparent and accountable.

The big question that the public will always have with regard to this is: are we making more money than had we just taken the initial royalties on the raw material? That will always be the question, and we have to measure ourselves against that because if at some point it does not turn out that way – and that is a risk that

we're taking. There is an embedded risk that the public is taking on, but the benefit from that risk is that we would take a higher revenue stream. What we're looking for is the consistent reporting to make sure that this policy, this program is doing what we want it to do and is getting the results.

One of the things that I had posed earlier in second reading was that there needs to be some measurement, some outcome-based measurement that we can measure one year after another year after another so we can track this so the public has a sense. Anyone in the public, particularly any accountant that has the desire to track these types of programs, can match apples to apples and have a clear understanding what the government set out to do, have a clear understanding of what the government is doing, and have a clear understanding of the results. There doesn't have to be a whole lot of guesswork on the part of anybody willing to put the time in to research this matter and understand whether or not this program is working.

So right now what we're seeing is – and the minister can get up and correct me if I'm wrong – less transparency offered as a result of this amendment, not more transparency. We're seeing less accountability, not more accountability. That's fundamentally wrong. That's going in the wrong direction from where this government has told the public that it wants to go. Unless the minister can explain why they shouldn't prepare a report and why they can't wait until we are sitting if we're not sitting and then submit it within 15 days – I would like to know the reason. Is it that burdensome?

I can tell you most corporations file their quarterly returns, and they report to the respective exchanges that they trade their stocks on so investors can follow that process. In this case all Albertans have an investment in this. This seems only logical, that we would have the ability as a public to track it. I don't think that's an unnecessary or overly burdensome request on this government to ask that, to say: "Show us what's happening, and let us track it. Is it doing what it's supposed to do?"

I ask all of my colleagues to support it. I ask the members across the floor to support it, and if they won't support it, I would ask them to explain why. Where is the reporting mechanism? Where is the transparency with this if we don't accept this? That's the key. It's not just a one-off. What we need is consistent reporting. That, in my view, needs to be legislated. It needs to be a requirement. That's the key.

With that, I hope the members will support this or at least provide the assurances in the form of a guarantee by pointing to another part of the legislative scheme that says: here's where these reports are going to be issued, and they're going to disclose the information that is relevant to the process here of the policy the government undertook and the results of how to measure that policy.

So, again, Mr. Chair, I would encourage the minister to hopefully answer that question, and we can get on with the business. Thank you very much.

The Chair: Thank you, hon. member.

I'll recognize the Member for Cardston-Taber-Warner.

Mr. Bikman: Thank you, Mr. Chair. I appreciate the opportunity to speak about our responsibilities to the owners of these resources. They aren't ours as the government or the Legislature or the agency that's going to manage them; they are the people of Alberta's. We have a stewardship obligation to report to them.

The Tom Monson quote that I've used several times, it seems appropriate when we get into discussions like this. I wish to quote it again. It goes something like: "When performance is measured,

performance improves. When performance is measured and reported, the rate of [improvement] accelerates.”

I think that it's incumbent upon us to recognize this stewardship obligation and, like good stewards, report to our bosses because they're the people that employ us, and it's their money that we're spending or investing or that we are deferring royalty on and placing in the BRIK program. I think that's probably a very good program and has a good opportunity to do some of the things that we all want to see, create some upgrading within our province that provides more long-term jobs. The people are entitled to know how well that's working. If we know that we have to report on a regular basis, then I think we'll have more of a sense of accountability to them and be more committed to doing the best job that we can.

I certainly support this amendment, and I think it's vital to the process of discharging our stewardship in a responsible manner. I hope that each of you will consider seriously the things that we've said about this and consider the needs and the rights, if you will, of the people that have hired us to come here.

Thank you.

7:50

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

Mr. Fox: Thank you, Mr. Chair. It's a pleasure to rise and speak in support of my colleague's amendment here to Bill 34, Building New Petroleum Markets Act. When I read this amendment, I think this is a good amendment. I'm looking at what is currently being struck of this act. What's being struck of this act reads:

10 The Auditor General is the auditor of the Commission.

11(1) The Commission shall annually, after the end of its fiscal year, prepare a general report summarizing its transactions and affairs during its last fiscal year and showing the revenues and expenditures during that period, an audited balance sheet and any other information required by the regulations.

I don't understand why we need to get rid of this. You do say that there's something that might cover this off in another act over here, but that act can be changed. It can be changed very quickly by a government of about 60 members, with probably a little consternation from the opposition over here trying to stop you from taking more transparency and accountability out of our acts.

Why don't we do what the Premier promised? I mean, we're willing to help you on this. We want to see your government be accountable and transparent.

An Hon. Member: Agreed.

Mr. Fox: I hear “agreed” coming from the other side of the aisle over here, so does that mean that you're going to vote that way and that you're going to support this amendment? I hope you support this amendment because I do want to see some more accountability and transparency coming from this government. This government promised it. So here we are; we're going to help this government. We've put forward this very good amendment to help bring some transparency back in, to make sure that the Auditor General does have the ability to show the revenues and expenditures over a one-year period of this commission. I don't see any reason why we shouldn't allow the Auditor General to do that and why we shouldn't expressly state it in this piece of legislation.

If you change that other piece of legislation, and it has been changed – there were two acts that were completely wiped out by Bill 12, which is what you guys are referring to, where it actually was covered off here. You know, what was taken out of that bill

means that Albertans may not receive information in a reasonable, recognizable, and responsive format, which is the format that we get from the Auditor General. We've got to keep this stuff in the legislation. If you want to be able to prove to Albertans that you truly are accountable and you truly are transparent, let them know what you're doing with their resource, with their royalties. Let them know through the Auditor General that you are managing it properly, that you have managed it properly, and that you would continue to manage it properly. You do that through regular reports back to the Legislature, back to the citizens of Alberta.

You also prove that to them by stating categorically in another piece of legislation that you are committed to that. It really doesn't hurt to have a little bit of redundancy in the system. If you do come back and change the Fiscal Management Act later on, you might not even be thinking about how it's going to affect the reporting of the Auditor General on this petroleum commission. It just astounds me.

Anyway, I hope that you do in fact support this amendment, which will help you in your goal of making your government more accountable and more transparent. Thank you.

The Chair: Thank you, hon. member.

The hon. Member for Edmonton-Gold Bar.

Mr. Dorward: Yeah. Mr. Chair, I believe that section 11 is redundant in the sense that the Auditor General Act reads in section 11 that the Auditor General “(a) is the auditor of every ministry, department, regulated fund and Provincial agency.” I don't pretend to be an expert on that, but I do believe that this falls under the categorization of a provincial agency, which means that the Auditor is the Auditor already without having that section in there.

The Chair: Thank you, hon. member.

I recognize the Member for Strathmore-Brooks.

Mr. Hale: Thank you, Mr. Chair. I'm not sure if the member heard my opening remarks, but that is the question. That is the issue. If you would read further in (b), it says that the Auditor General

may with the approval of the Select Standing Committee be appointed by a Crown-controlled organization or any other organization or body as the auditor of that Crown-controlled organization or other organization.

So it's not clear whether this commission – there's nothing in the current legislation or this new bill that says that it is classified as a provincial agency.

Now, that's the question I have. I would really hope that someone can clarify this because the lines are very blurred. In order to have a full audit by the Auditor General – it doesn't just go back to the Fiscal Management Act. It doesn't state it in the Auditor General Act, and they're taking it out of the current legislation. That's why I would like to see it stay in the legislation. Then we know for sure it's looked after.

The Chair: Thank you.

The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chair. Well, I guess three points. First of all, the hon. member indicated the Minister of Energy did come to him after second reading and indicated to him that the reason why this was not needed in this act is because it's covered in the Auditor General Act, so I think he can take from that that somebody has actually done their homework on this. We don't take auditors out of the act just for no reason at all. When they do

draft acts, they do try to draft them in parallel structure and remove surplusage. The reason that the reference to the Auditor General in this act is being removed is because under another section of the act, as you read out, hon. member, clearly says that this is an agency of the Crown, so it's a provincial agency.

Now, the distinction that the hon. member is making – and the answer is in his question – is that when you refer to a Crown-controlled corporation, there can be Crown-controlled corporations that are not agencies of the Crown. That's why the act specifically says whether it's an agent of the Crown or not. You'll see in a number of acts a section which says specifically, as it does in the Petroleum Marketing Act, that it's an agent of the Crown. So if it's an agent of the Crown, it's a Crown agency. It can be a Crown-controlled corporation without being a Crown agency. The act will make that distinction. In this case it's a Crown agency. It comes under the Auditor General Act as the Minister of Energy informed the hon. member.

The Chair: Thank you, hon. minister.

The hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you, Mr. Chair. But the one thing that's not redundant is the filing of the report.

I thank the hon. minister for addressing the issue about the Auditor General, and the question was answered. I'll give the minister credit and not the deputy whip . . .

Mr. Khan: He answered your question, Joe.

Mr. Anglin: I know. I'm going to give the minister credit for it because he answered the question. But what it doesn't answer is: when do these reports come forward? What was being struck out was . . . [interjection] Ssh. Be quiet. I'm speaking. "The Commission shall annually, after the end of the fiscal year, prepare a general report." That was being struck out. What we're asking to do is have a report filed.

Again, it comes back to the whole issue of transparency. It is important that we have an auditor. There's no question about that. Every organization has to have that. What good is the audit if we don't get to see it or if we see something that is not consistent with what probably a normal corporation is given? Basically, what is being struck out here is a report summarizing its transactions and affairs for its last fiscal year, and what the amendment does is ask that a general report be prepared pursuant to subsection (1).

What we want to get here is some transparency and some accountability. We're back to the one question, the most overriding question, that hasn't been answered. The public needs confidence to follow this from point A to point B. Is this program, this policy, doing what this government intended it to do? How do we measure it? The only way to measure it is to have these consistent reports so we can track it. I don't know of any other way. If the hon. minister wants to explain another way the public can track this so they can have the confidence that (a) the policy is doing exactly what this government intends it to do and that it is producing outcomes that are measurable – that's the key.

What this is about is that we made a deal that we would take the raw material and trade it in kind for an opportunity for more revenue. That's a very simple formula. I'm sure the actual contract is quite complex. But for the public to track this, they just want to know: what were the royalties we were going to get? What did we really get as a result of the policy? Is it working? The performance-based outcome will tell the public whether or not it's working. This amendment is attempting to address that very simple question.

8:00

Now, if the hon. member wants to explain how else that will be addressed, I'm open to it. Show us in legislation where it is. Then I'm sure the member would probably withdraw the amendment. But we can't find it. We can't find it in there. There needs to be accountability. There needs to be some sort of tracking mechanism.

This government prides itself on being performance based. I've heard it time and time again. Here's a great place to apply it. Let the public measure the performance. Let the public know that they made a better deal here, that you made a better deal on the public's behalf. But if we can't track it, no matter what this government says, it can't be proven. It can't be reliable to the public because they can't see the proof. The proof is in the reporting, the proof is in the transparency, and the proof is in the accountability.

Again, I thank the minister for answering the first part of the question, but the larger question is the tracking of this. Is it doing what it's supposed to do? What is the performance, and how do we measure that performance? That's key.

Again, back to the minister: I hope you can address that, and we'll see where this amendment goes.

Thank you very much, Mr. Chairman.

The Chair: Thank you, hon. member.

Hon. Member for Lac La Biche-St. Paul-Two Hills, I'll recognize the Member for Edmonton-Strathcona and then back to you.

Ms Notley: Thank you, Mr. Chair. I'll be brief and just follow up on the point made by the last speaker. We raised this issue last night in second reading, and the minister responded. He responded on both of these issues, the issue of the Auditor General and the issue of the annual report.

Now, with the issue of the Auditor General it's been helpful, the clarification that we've just received. Of course, what happened at the time was that he said: oh, it's in the Auditor General Act. We looked at the Auditor General Act, and we were trying to figure out whether this agency would fall within the discretionary group of organizations or within the obligatory group of organizations with respect to the role of the Auditor General. Now the Government House Leader has explained that definitively they are within the obligatory group of organizations, so that's fine.

However, last night the Minister of Energy responded as well to our concerns about the absence or the removal of the annual reporting obligations. Really, his response was simply: well, any good corporate board would do that. That was the response. That was the answer that we got at the time on how we could be guaranteed that there would be an annual report, but frankly I think people here, for the reasons that have already been outlined, are looking for more. We want to know, you know, for sure when that report is filed, where it's filed, and what's going to be in it.

Given the importance of the work that this organization would do, it's unfortunate that we see it removed from legislation. As the last speaker stated, if there are other places where you find the legislative requirement for that annual report, great, but that was not the answer that the minister gave last night. The answer that the minister gave last night was simply that any good corporate board would as a matter of course prepare an annual report. Quite frankly, I just don't think that's good enough.

The Chair: The hon. minister.

Mr. Hancock: Thank you, Mr. Chairman. Well, in the last 10 seconds I went on to the Alberta Energy website and found the financial statements for the Department of Energy, and embedded in those financial statements is the annual report of the Alberta Petroleum Marketing Commission. That's where it is. That's where it will be, I presume. You know, you've got a marketing commission that's an agency of the Crown. It has an obligation to get its financial statements audited, and it can't have financial statements audited unless it's got financial statements. Financial statements are reported annually with the Alberta Energy report, and the Auditor General, when he audits a financial statement of a Crown corporation, releases them. That's not a secret process.

The Chair: Thank you, hon. Government House Leader.

Hon. Member for Lac La Biche-St Paul-Two Hills, I'll go to the hon. Member for Strathmore-Brooks, and then I'll come back to you, sir.

Mr. Hale: Thank you, Mr. Chair. Thank you to the hon. House leader for trying to clarify that, but in his point he said that he brought it up on the website. Well, that's from the old act. This new act takes that provision out. The new act is taking out what this commission needs to have in its report for its fiscal year:

Prepare a general report summarizing its transactions and affairs during its last fiscal year and showing the revenues and expenditures during that period, an audited balance sheet and any other information required by the regulations.

Good. That's in there. That's what we want to see. So why are we taking it out of this legislation? You take it out of this legislation, so next year the financial report that they'll have on the Energy minister's website doesn't have to have this in there because this has been taken out.

But it says what they will have. This is under the Fiscal Management Act. It says, "The governing body of an accountable organization must prepare and give to the Minister responsible for the accountable organization a business plan and annual report for each fiscal year." That's it. It does not say anything about what needs to be in that. I know they'll say: well, any good company will put this, this, and this in it. But it's not in legislation. The old bill had it in legislation. It had exactly what needed to be reported, which he just referenced that he brought up on the website. That's great, but why take it out? Why take it out and then just rely on the Fiscal Management Act, which has very, very minute recommendations that need to be put in this report?

You know, that's what we're getting at, that you're taking the information away from Albertans. You're taking away the right for Albertans and for the rest of us to go in and see exactly what is in this financial report. It does not say anything about where it has to be made public. It doesn't. It just says that it has to be presented to the minister.

That's why, you know, I put forward this amendment, to ensure that the proper information is there after the auditor does the audit, which has been clarified. Now we know that the auditor will audit it fully as a provincial agency, so that's great. But what's in that report? When is it going to be tabled? Who's going to be able to see it? That's very, very important. Trying to maybe keep it from people when you're dealing with the province's resources and, you know, the royalties and the money that comes off Albertans' resources – we should be making every effort possible to clarify how much money is going in and out. That will enable us to determine if this corporation is actually doing the job that's required of them.

Thank you.

The Chair: The hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you very much. I think we're getting closer to an answer. I hope we get to an answer.

The hon. minister is correct. It is on the website, but what we see in the amending act is that the requirement by legislation is being removed. Now, granted, it may still be put there by regulation, but we have no guarantee by legislation that they would make that by regulation.

Now, the act could be amended to say that the minister or the commission or somebody would ensure that regulations will stipulate the reporting period and the auditing period and all that, but it doesn't do that. What we have in front of us here is an amending act that is going to remove the provision that has a legislative mandate for the filing of that annual report. Now, I presume that's the annual report the minister found on the Internet. It's only logical that they would post the annual report that's required by legislation. It's the income statement and the balance sheet.

That's logical, but what's missing is that there's not going to be the legislative mandate anymore. Will it still be there? I don't know. I suspect it would be. It seems logical. I think you run into huge problems if you don't create these reports because you won't know what you're doing, and anyone who understands business knows that. But it's going to be removed from legislation. What this amendment wants to do is put it back into legislation, and we get back to the very basic premise.

I'm going to make a different argument to try to convince the hon. members. I know they're not egotistical, but they like to tell the public how smart they really are. I can't think of a better way to show the public how smart you are than to show the success of the program in the form of balance sheets and financial statements that would be required by legislation. Anybody in the public, any reasonable person, any reasonable accountant that so desires to follow this program, this policy of this government can look at the value of the bitumen and at how much a per-barrel royalty they would have gotten and how it compares to the income that we get as a result of this BRIK program.

8:10

Then this government could stand up and take credit, and I'll be the first one to give you credit if you can prove this showing the facts and figures. Now, I'd rather you don't do it one time; I'd rather you do it annually. I'd rather there be consistent reporting annually. That's all we're asking for here. This is a Crown corporation, this is an agent of the Crown, and it will have the ability to contract on behalf of the Crown, but what we need is protection in legislation that is either going to stipulate the reporting or at least, at a minimum, stipulate to this agency that by regulation they will set up the reporting mechanism, that it would be a requirement.

I think that would be consistent with a whole lot of legislation that has been passed in this House before. There's nothing wrong with how you want to stipulate this, but I see no reason to remove it from the legislation the way it is, none at all. But if there's a reason for that, then so be it. Let us know the reason.

It's a very basic principle that we cannot leave behind: is the policy working the way this government wants it to? The only way to figure that out, the only way to consistently see that, is by tracking it on financial statements that are reported on a consistent basis using the same methodology so that we're comparing apples to apples and there's no confusion.

Clearly, I don't understand why the commission's mandate to annually report its fiscal position is being removed. I don't understand why this government would be shy about reinstating that. It doesn't make sense to me. Again, on the premise of X amount of barrels of bitumen going in, what would the royalty have been, and what is the outcome based on that as far as the amount of revenue we received?

Now, the royalty scheme is actually complicated. It does change, depending on the capitalization, the company, when they started, under what agreement they were working. There are different royalty schemes. When we look at the amount of bitumen coming in, if that's not identified, then we can't track it in the sense of: would we have made more money off a royalty scheme versus the BRIK program?

Again, I believe that when I looked at the website, I could calculate the amount of raw material, but I cannot calculate what the royalties would have been on that because I don't know where it came from, what program it came through on its royalty scheme, or where it is in the royalty scheme. There's no way to track that, and that should be trackable. We should be able to know that. We should be able to measure that this is what we would have made had we just taken a straight royalty and that this is what we did make on the final product and then match it up. Is the policy good? Is the program good? Is the public benefiting?

Again, on my initial argument, what better way to show how smart this government is when it divulges this information so the public can look for itself without anyone on the other side saying: look at us. You can have the shining star of success that says: it worked, and here's the proof.

With that, Mr. Chair, I welcome the members' comments. Thank you very much.

The Chair: Are there other speakers?

Seeing none, I'll call the question on amendment A1.

[Motion on amendment A1 lost]

The Chair: Back to the main bill.

Mr. Hale: Thank you, Mr. Chair. I would like to propose another amendment to the bill.

The Chair: If you would circulate that, please, hon. member.
Proceed, hon. member.

Mr. Hale: Thank you, Mr. Chair. I will for the record read this amendment to Bill 34, Building New Petroleum Markets Act.

The Chair: For the record, hon. member, this will be amendment A2.

Mr. Hale: The amendment reads: "Mr. Hale to move that Bill 34, Building New Petroleum Markets Act, be amended in section 9 by striking out the proposed section 9.2(4)."

Now, 9.2(4) in the proposed Bill 34, under information to the commission, reads:

- (4) With respect to any record or other information obtained by the Commission under this Act that is used for
- (a) determining or verifying royalty liability or collecting or forecasting royalty, or
 - (b) determining, prescribing or verifying an amount, factor or other component that is used to calculate royalty,

the regulations made under this section prevail despite the Freedom of Information and Protection of Privacy Act for a

period of 5 years following the end of the year to which the record or other information relates.

My amendment proposes to strike this subsection (4).

Speaking in second reading of this bill, it was mentioned that as a commercial entity there's a commercial aspect to this corporation that has very sensitive parts. Well, I don't disagree with that at all. There is information that shouldn't be shared publicly, dealing with the markets, because it would give the power to that commission to maybe, possibly, change those markets. If we're going to be putting all of our eggs in one basket and everybody knows that, then everybody's eggs are going to end up in that basket, and then the eggs are worth nothing. You know, it's a little bit of farmer logic: you don't put all of your eggs in one basket. It's just like playing poker. You keep your cards close; you don't lay them all out there. I do agree with that.

It talks about some very important information that they are trying to keep secret, and that's the royalty collection. Why shouldn't Albertans, who own that royalty, who own the resources – it's their money. Why should it be hidden from them for five years? Verifying the royalty liability is the same thing. Why hide that for five years?

Forecasting royalties. In the budget estimates the Finance minister talked about going to all these banks and getting all of this information so that they can do their budget forecasting based on energy prices. Why shouldn't everybody else, you know, the other parties in this House and the other ministries, be able to plan? Why shouldn't they be able to see the proposed royalties and know how many barrels of oil and how many barrels of bitumen we're going to be shipping? We already know that there have been a hundred thousand barrels of bitumen a day committed to the east-west pipeline when it gets built. So they're calculating the royalties. How are we supposed to hold them to account to show that they are actually getting value for our royalties on behalf of Albertans if we can't find out how they calculated the royalties for five years? It doesn't make much sense.

8:20

When you look in the Freedom of Information and Protection of Privacy Act, sections 24 and 25 in there deal with a lot of this. They are professionals that run the FOIP office. Believe me; we've put in a lot of FOIPs. You don't know how hard it is to get information out of them. Something that is this important, that they don't want the commission to divulge to the rest of the world, believe me, it will be tough to get out of them. There's no need to put a provision in for five years because you can't get it from them anyway. Why hide everything for five years? Information that is important, that needs to be held close to this commission's chest, can be held. It does not have to be put out there. The FOIP legislation, under sections 24 and 25, already has provisions in there that will not allow this type of information to be put out there, you know.

But there is other information that should be allowed to come out if that information is requested. The contracts for the board members: if that information is held for five years, how are we supposed to know what they're getting paid until five years later? You know, governments change in five years. The people in these seats change in less than five years. In less than five years we're going to have an election. Five years ago there were many different people sitting in here, so to hold it for that long is ridiculous, really. The information that needs to be held will be held through the FOIP legislation. The government boasts that we have the best FOIP legislation in the world. Well, if it's so good, why do we have to enhance it by five years to cover important information?

So that's the skinny on this amendment. I hope that, you know, we can hear from some of the members on the other side as to why they think we need to hide all this information for five years and why maybe the FOIP legislation won't do it. I will sit down and eagerly await the debate forthcoming.

The Chair: Thank you, hon. member.

Hon. members, might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

Introduction of Guests

The Chair: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. It's come to my attention that in the members' gallery we have two wonderful ladies who are visiting us tonight and watching the proceedings. Barb Sturdy has been a stalwart in Alberta politics for the last – well, I won't say how many years, but let's just say that she and I go back a long way on the political trails. With her is Pam Cholak. Many, many years after I was president of the young Conservatives, I think she was president of the young Conservatives, and she's been active in Progressive Conservative politics for many years. Both of them have done wonders for involving young people and Alberta citizens in the political process in our party. I'd like to ask them both to rise and receive the traditional warm welcome of the House.

The Chair: Thank you.

Bill 34 Building New Petroleum Markets Act (continued)

The Chair: I recognize the Member for Lac La Biche-St. Paul-Two Hills.

Mr. Saskiw: Thank you, Mr. Chair. I'd like to speak in favour of this amendment. I find it, frankly, a little shocking that you have a major entity where every single bit of information from it is going to be kept secret for a period of five years. I go along with the arguments of my colleague here. Of course, there are certain types of information that perhaps shouldn't be made available to the public, but clearly not every single piece of information that is within this entity should be kept secret.

I'm wondering if the Minister of AT and T believes that this bill is consistent with his gold standard approach and whether it meets his gold standard approach to keep all information secret for an entire period of five years. Of course, if there is commercially sensitive information, yeah, maybe that shouldn't be made public, you know. But if every single piece of information within this entity is going to be kept secret for five years and this Premier is going to campaign on being open and transparent yet this piece of legislation right here keeps information secret for five years, this is the type of hypocrisy that I think over time is going to erode the credibility of this current Premier. You can't say that you're going to be open and transparent and then put forward a bill that is completely secretive and keeps every single piece of information within the entity secret for five years.

Mr. Chair, I don't think this meets the gold-standard approach of the Minister of AT and T, and I don't think it meets, frankly, any type of test. It doesn't meet the smell test.

Thank you.

The Chair: Thank you.

The hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you, Mr. Chair. If this is the gold standard, it's time to short gold. I can tell you that right now.

This is terrible because what we have going on here is that we are beginning to remove the transparency and accountability, at least to the legislative mandate. That's what this amending act is doing. It is no longer making it a requirement by legislation that the commission shall annually report. It talks about the balance sheet and the financial statement. It may or may not do it by regulation – we don't know – but even if it is doing it by regulation, what this section that we're looking to strike out is purporting to do is to keep whatever regulations are keeping track of some financial information from any freedom of information request for at least five years.

You know, there's a standing joke that when the Wildrose becomes government, the lights are going to blink and possibly go out. [interjections] Now, the reason for that is that all the paper shredders will turn on at once. But there's nothing we can do about that. The good news for the Wildrose and for the Alberta public is that there are not enough paper shredders in the province to do the things that they need to do. With more and more information that they're going to keep secret, I don't know how they're going to destroy it all at once. The fact is that keeping more and more information secret – if you made it public, you wouldn't need paper shredders when you get voted out.

An Hon. Member: Speak up.

Mr. Anglin: Well, I had to. They were all yelling at me. I have to hear myself.

The Chair: Through the chair.

Mr. Anglin: I'm not sure who's chairing this, you or them, but I'm going to believe it's you. I'll talk to you. That's okay.

The Chair: Just talk to me.

Mr. Anglin: But in all seriousness, what's the reason for keeping this information secret?

As I mentioned earlier, even on the last amendment, this is a very simple process. The public wants to know, and I think the public has a right to know: what was the bitumen worth in royalty before it got processed? What did the public give up? This shouldn't be top-secret information. This should be something that should be reported. Regardless of what this commission determines or verifies as the royalty liability or forecasts in royalty, we should have an understanding of what that royalty revenue would have been had we just taken the straight royalty revenue. What is the income? What is the revenue source from the BRIK program? Is it more than what we would have gotten using the present value of money and the future value of money, depending on the length of time the first part of the process meets the second part of the process?

This is the point of accountability. This is the public's resource. The public has a right to know. This government has a responsibility, a fiduciary responsibility, to disclose. This is this government's program. This government has created this program, this policy, has promised the public – and it has sold it so – that this would increase revenue because it's a good deal. You've all heard it; some of you have said it. The issue here is: now prove it, verify it, and allow the public to see it. What the public won't be

able to see if the information is kept from them is that they will not be able to calculate it.

8:30

Now, in the spirit of the accounting gods if you decide to do it of your own goodwill, all well and good, but I don't understand why you would remove the legislative mandate to require it. I don't see the logic in that. All private corporations, particularly those that sell stock publicly, are required by rules and regulations to construct and file financial statements so investors can see, and this should be no different. This should be no different than that in the sense that the investors here are the public. This is their resource. They are investing in this, that they're going to get a better revenue stream by buying into this program, and they should have a right to see that it's doing exactly as this government has stated it would do, without disclosing any proprietary information but just looking at financial statements.

I'm happy to withdraw all those statements if the minister could show me where in legislation this is going to be required and how this is going to be done consistently. What we're seeing here is the withdrawal or the removal of a requirement to report and then the ability to use FOIP to track what I will call the beginning stages of what the royalty scheme would have been. Really, what this section (4) is consistent with is verifying, determining, and forecasting what the royalties would have been.

We have a situation here where we're just going to protect it for five years, and I don't see the value of hiding that for five years. What am I going to learn 5.1 years down the road that is so secret that I can't know, say, annually? Starting from today I should see an annual report and see four annual reports before I get to that fifth year. I don't understand. Even if it's a loss, it doesn't mean you change the program. What it does mean is that I can track it from year 1, year 2, year 3, year 4, year 5, and we should be able to track it in that case. Lots of companies show a loss or a downturn in one year versus another.

We're not looking for the proprietary information. We're looking for accountability. I think the minister is going to get up, and I want to hear what he has to say.

Mr. Hancock: Mr. Chairman, I think the hon. member just answered his own question over and over and over again, and that is that, in fact, what he is looking for is proprietary information. The Petroleum Marketing Commission gets information from individual operators just as the regulatory authority for energy has the same type of provision, where they get proprietary information from the companies that are in the business, and in order to make the system work, they have to be prepared to keep that information.

They have to get that information so they can do their operation, but they have to keep the information subject to commercial proprietary – the commercial operation requires that each of these companies be able to operate without releasing their information publicly. So there's a balance here, and the balance is that you need to have an ability to get the information to make sure that you're getting your share of the royalties, that you have access to all of the production information, all of that proprietary information of the company. Obviously, you're not going to publish that.

The audited financial statements, which we've already dealt with in the previous amendment – you keep coming back to that piece and the reporting piece – that's already been dealt with. There are reports. There are the financial reports. There's the auditing of the reports. All of that is done. But in terms of the internal operations, where the Petroleum Marketing Commission

deals with individual producers with respect to their production and what the public of Alberta's share of that is in terms of its bitumen royalty in kind, for example, that can verge on proprietary commercial information, and you would not, I think, want on behalf of Albertans to interfere with our ability to actually have that commercial operation work effectively.

It has oversight. It has appropriate oversight. It has audit. It has financial reporting. But in terms of the commercial information which we are by legislation requiring people to give, we also, then, give them the assurance that we won't hand it out on the street. I think that's a perfectly valid assurance to give and five years is a perfectly valid period of time to give it for.

The Chair: The hon. Member for Strathmore-Brooks.

Mr. Hale: Thank you, Mr. Chair, and thank you, Mr. Government House Leader, for trying to clarify that. But it doesn't address the current FOIP legislation that we have now. If it's so proprietary, why wouldn't the legislation that we have now look after it? Why does it say five years? Why doesn't it just say, you know: corresponding to the FOIP legislation that we currently have, proprietary information will not be made public? I mean, we know that that stuff doesn't need to be made public.

An Hon. Member: Apparently not.

Mr. Hale: Yeah, we do.

But why do you have to have it in here? If the FOIP legislation is so good, why do you have to add it in here? You're taking out the Auditor General because you said that, you know, it's already looked after under other legislation. You're taking out what has to be reported in the old legislation because it's covered under other legislation. Well, this is covered under other legislation, which is the FOIP legislation, so why do you have to put this in? If you could speak to that, I'd appreciate it.

The Chair: I'd like to recognize the Member for Cardston-Taber-Warner, followed by Rimbey-Rocky Mountain House-Sundre.

Mr. Bikman: Thank you. I expect all of you to show your gratitude for me giving you a break from the hon. member that sits next to me. Contributions are gratefully received.

I appreciated the comments of the hon. Government House Leader. It cleared up in my mind part of the reason why some of this does in fact need to be kept private, and the very things that he mentioned do need to be. It's like the 29 herbs and spices or the secret recipe. There are things that people are trusting the government to keep private, and that ought to be, and they ought to know that they can trust that to happen.

I think the other issue that the hon. Member for Strathmore-Brooks just mentioned, that I know my friend next door here is eager to re-engage the foe on, that kind of information needs to be public. Who here would make an investment if the salesman, broker, or pitchman said: all of your reports on how your investment is doing will be five years out of date. That's each report. If it's secret for five years, then we're going to get one report in six years, and then in the seventh year we'll get the report from the second year of the process if I'm reading that correct. If I'm wrong, please let me know.

We're not asking for the patented secrets, but on behalf of the investors – in other words, the citizens who put their trust in this government and all of us – we are saying that we need to let them know how, for example, the BRIK project is doing. Has it been a good idea? Is it giving us more over time? You've got to trust the people to be able to recognize that not all investments are going to

skyrocket. There are going to be ups and downs. But we as citizens and the citizens we represent as legislators, MLAs, have a right, I believe, to expect to get regular reports on how projects like BRIK, for example, the upgrader, are doing so we can compare and contrast, and then we'll draw our own conclusions.

As I read the information that's being proposed in Bill 34 to be deleted, it makes – I'm not naturally a cynical person or suspicious. In fact, I can be fairly easily conned because I trust people to be as honest as I am.

Mr. Khan: A play on words?

Mr. Bikman: Yeah, a little bit.

The idea is that if this was a great idea, if we had a lot of confidence in BRIK, for example, then we'd want people to see how bright we were and how well we're doing as stewards of the asset that they own. They've elected us to represent and to help keep you the government transparent, as you'd like us to believe that you are and that you apparently say you want to be. Taking this out, I think, doesn't remove from you the ability to keep private and confidential those things you promised, the sources that would put them at a disadvantage if they became public. But I do think they have a right to know how other aspects of the investment are doing.

8:40

I think that's the point that we're arguing from or that we're trying to convey. If somehow we're off base seriously, I think we'd all like to know that and save us all some time. I hope you understand where we're coming from with this. We think we're doing it because we believe that it's in the best interests of Albertans.

Thank you very much.

The Chair: The hon. Member for Rimbey-Rocky Mountain House-Sundre, or did you want to respond, hon. minister? Maybe we'll have the minister's response.

Mr. Hancock: Yes, just briefly, Mr. Chair. I'm suffering from some confusion here because the hon. member has actually made again the argument that needs to be made, and that is that under subsection (4), which the amendment attempts to remove, it specifically says:

(4) With respect to any record or other information obtained by the Commission under this Act that is used for

(a) determining or verifying royalty liability or collecting or forecasting royalty.

That would be the commercial information of the producing company. That would be the information that they have around their production, obviously, because that's what you need if you're determining royalty liability.

(b) determining, prescribing or verifying an amount, factor or other component that is used to calculate royalty.

That language is so precise as to specifically point you to the commercial information. That is not the section under the Auditor General Act which allows for auditing financials. It's not the requirements under the Financial Administration Act and other acts which keep Crown agencies honest and reporting the information. It's not about aggregate information. It's about any record or other information obtained by the commission under the act, obtained by the commission from, obviously, the producing companies, that's used for the determining or verifying of royalties. That's precisely commercial information. That's the proprietary information of those companies that they're using in

their day-to-day operations that they probably don't want their competitors to know.

The Chair: The hon. Member for Strathmore-Brooks.

Mr. Hale: Thank you, Mr. Chair. We're not disputing that that information needs to be kept.

An Hon. Member: Yes, you are.

Mr. Hale: Well, no.

The Chair: Through the chair, please.

Mr. Hale: You're taking redundancy out of the old bill, you say, through scrapping sections 10 and 11. But if you read the FOIP legislation, the FOIP act, under section 25(1) it says:

25(1) The head of a public body may refuse to disclose information to an applicant if the disclosure could reasonably be expected to harm the economic interest of a public body or the Government of Alberta or the ability of the Government to manage the economy, including the following information:

- (a) trade secrets of a public body or the Government of Alberta;
- (b) financial, commercial, scientific, technical or other information in which a public body or the Government of Alberta has a proprietary interest or a right of use and that has, or is reasonably likely to have, monetary value.

And it goes on and on and on. So that's great. You're taking this other stuff out that's covered under other acts, so why are you putting this in if it's covered under this act?

Mr. Hancock: Here's the explanation for that. Under the Auditor General Act there's a very clear delineation of where the Auditor General's authority is and what the Auditor General gets to do, and that's mandated. Under the Freedom of Information and Protection of Privacy Act there is the opportunity for interpretation, and the freedom of information and protection of privacy commissioner does interpretation all the time.

Now, when you're dealing with significant commercial assets, the players do not want to put themselves at the risk of somebody adjudicating as to whether their information should be released or shouldn't be released. They want some assurance. They need that assurance for their shareholders. They need that assurance for their investors. There are some places where you need a definitive statement up front in the act to say: "We will collect your information from you. We'll mandate that you have to give it to us, but we will protect it in your commercial interest." So there are two different actual tests in there.

We know about the Freedom of Information and Protection of Privacy Act and the interpretations that happen and some of the unintended consequences that have happened under that act with respect to the sharing or the not sharing of information. That is not a structure, a process that actually lends itself to good commercial operation. If I were a major commercial corporation with investors, I would have a significant risk factor built in to having to release my information if I was looking for the protection of the Freedom of Information and Protection of Privacy Act and the potential adjudication of a privacy officer who might have entirely different views or interests with respect to what they believe the interpretation ought to be.

The Chair: The hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you, Mr. Chair. Nuts. Totally nuts. Let's take a look. The whole auditing thing is a different issue, okay? Let's deal with that separately. That's not the amendment in front of us. That's a different issue, and it's being removed under section 10. Where 10 and 11 are being repealed, we were trying to get that back in.

Let's talk about this proprietary information because this is something that I would disagree on with the hon. member. This is not proprietary in the sense that I'm getting any secret information. They're talking about forecasting the value of royalties. It's quite simple. I mean, this isn't a hard forecast, in many ways. What they need to know is the price of a barrel of oil, the price of a barrel of bitumen, and if they're going to be forecasting, over what time frame . . .

Mr. Hancock: There's nothing about forecasting.

Mr. Anglin: Nothing about forecasting in there? Son of a gun. It says, "Determining or verifying royalty liability or collecting or forecasting royalty." Forecasting means forecasting to me.

The fact is this. For any reasonable economist to do any kind of forecasting, they're going to look at the NYMEX, they're going to look at the International Petroleum Exchange, the ICE, and they're going to look at their market. This is no great secret in the world of economists. They have all these resources to try to project where the price of oil is going to be next week, where the price of oil is going to be in two months, in three months. We have the futures exchange, we have the spot market, and we have the forward market. However they come up with it is not so much the issue as is what value they're actually putting on that because that's how you want to measure the performance, based on: is this working or not working?

What's happening here is that you're saying we get this information after five years but we don't get this information between one and five years. That's what doesn't make sense to me. If it's such secretive information, why would you release it in the first place? I don't think it's that secret. I don't think it's that proprietary. What we want to know is an accounting value of what they're projecting.

It goes back to the very basic question: what is the value we're forgoing, which is the royalty, versus what is the value of the BRIK program for the revenue we're going to get? Is it more than what we would have gotten based on – and you've got a time frame in here – the present value and the future value of the money you may or may not have gotten. I mean, that's it.

Now, the average gas company out there that's drilling today, particularly under the old royalty scheme before it got sort of changed problematically, drillers would sit down with companies, and they could look at what they were planning on doing with a projection of what they thought the extraction of the resource find would have been, what the expectation was of the production level, and based on that, knowing the royalty scheme, they could figure out whether this was worth the risk or not worth the risk, based on their projections. They knew what royalties they would have to apply. They knew, basically, the cost of what they were going to do for drilling, and that's how a lot of these companies entered these agreements. Now, they took a risk – everyone knows that – because the resource that they're extracting, if the find was more production than they originally anticipated, all well and good. If it was less, it could be problematic.

Again, we're dealing with the same matter here. What is the value of the royalties that we're not taking in because it's bitumen in kind, the BRIK program? How do we measure that, if we believe in performance based, so we can track this?

Staying away from the whole audit situation right now, which I disagree with the minister on – yes, it's reported, and it is on the Internet, and it is on the website, but what's being removed from the legislation is the requirement for this commission to file it annually. It doesn't mean they're not going to. I'm not saying that. But the requirement by legislation is being removed.

8:50

What we're talking about right now is having access to information to even begin to make that determination of the royalty scheme. That should not, in my view, be hidden from the public, and this government sort of agrees with that because after five years they're not going to hide it anymore. I don't see where the secret is prior to that, prior to the five years. I don't see where it's proprietary. I see where it's of great value to the public to have knowledge of it, at least to the public that wants to track whether or not this program is working.

Now, the thing that gets me is this. If the problem is as good as this government claims it is, then it's easy. Prove it. Show it. Have confidence. Disclose it. Be accountable. Be transparent. Be everything that you said you want to be. [interjection] It's like joining the army.

An Hon. Member: The marines.

Mr. Anglin: Nay, nay, nay, that's not the marines, sir; that's the army. I assure you.

The explanation is going back and forth. I know we're getting nowhere with it, but it doesn't stop us from trying. I don't see the logic in the government's argument at the moment. I want to see the logic, but I don't. I don't see why we're removing the legislative requirement. I firmly believe that you'll still show financial statements; I'd be crazy not to. But I don't understand why the legislative requirement is being removed. I don't see where that's redundant.

As far as access to records and information for verifying royalty liability and forecasting, this is what you need to do. You can't just fudge figures. You can't rely on fudged figures, so you need to verify this stuff. If it's relied upon because some economists made a forecast, so be it, but most economists that make forecasts show you what the raw data is that they drew from and how they calculated their forecast. That's what gives their forecast validity. That's done every day in the business world. Exxon Mobil does it, Shell does that, BP does that, and they disclose that information. They say: this is what we think the value of the oil will be; we got it from this economist, based on this. It's not top secret stuff. So when we're dealing with the whole royalty scheme, that would be based on the royalty schemes of wherever this bitumen is coming from.

I just don't see where that would undermine the process. In a nutshell, I don't see where disclosing how this is done is going to undermine the program, how it's going to put it in jeopardy of not succeeding. If it were to do that, I would support keeping it secret, but I don't see where it does that. What I see is that we're withholding information from the public, and I don't see the value in that. I don't see the value in that at all.

In this case here if the program is so good, then show it. Prove it and enjoy the success of the proof. Why wouldn't you? Thank you very much, Mr. Chair.

The Chair: Thank you, hon. member.

I'll recognize the Member for Calgary-Varsity.

Ms Kennedy-Glans: Thank you, Mr. Chair. I'd really like to narrow down this wide range in conversation. A couple of really

good questions have been asked, and I think we've been trying to answer them, and I'll add some more information that will hopefully guide your understanding of our proposed legislation.

One is that companies rely on raw data from other companies when they do marketing like this. There is nothing more sensitive in the marketing business than that raw data. For an agency of this government that is acting on behalf of Albertans to put itself in this incredibly uncompetitive place where it was bound to publicly disclose sensitive and raw data, unlike its competitors, would compromise all Albertans and the ability of this agency to do its work in a way that was effective or competitive. In fact, this legislation is intended to be in the interests of Albertans.

The five-year question. Actually, I can respond to that question. I'm not that long out of the private sector. I negotiated these kinds of agreements on a daily basis. Five years is a standard term in the business for retaining this information confidentially. I very much agree with my colleague that to rely on FOIP in a determination by FOIP under FOIP legislation as to what the time frame was or what inputs were commercially sensitive is just not appropriate with the magnitude of this kind of competitiveness advantage that we are offering this agency through these provisions.

We absolutely will be accountable to Albertans for all sales, and that information will be disclosed. This agency is acting as a marketer on behalf of all Albertans. Why would we ever want to put them in a place where they're not competitive? These are commercially standard and reasonable terms, and I very much endorse them.

Thank you, Mr. Chair.

The Chair: Are there others? The hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Dorward: We ain't going to listen.

Mr. Anglin: No. I know you're not going to listen, but somebody else will, hon. member.

Thank you very much for that input, but I'm not convinced yet of this secret proprietary information. I'm sorry, but I'm not. There are checks and balances for every private company; there's no question about it. It's called the profit margin. What's gone on here – and this is clear from our own program. When we created this program, the public took on a risk here. You know, the public had the ability to take the royalty on that bitumen as it's produced. That was the initial agreement before the BRIK program came along. Now we come in with a new policy that says that we're going to create this program. We're going to produce more. I mean, that's why this is coming forward, I believe, because we're going to be producing a lot more, and the value we're going to get for it is going to be more than what we would have gotten had we taken the straight royalty.

Now, we started out this discussion where this wasn't about forecasting, but now we know it's about forecasting. I look at this, and it's like: yes, we're competing, but how much of a competition is this going to be with this marketing arm? I don't know. I'm trying to figure this one out. I'm going to tell you something. Oil products are the most liquid market in the world. What comes out of refineries sells. I mean, it's one of our great – it's called the Alberta advantage. If I remember, that member over there doesn't like that word, but it's a great advantage. It's called oil, and it works quite well for this province, no matter which government thinks they can take credit for it. It works, and the fact is that those products do sell.

Yes, somebody is marketing those products, but the real risk is this. The real risk is the input and if the market drops off. As

everyone knows, the market rises; the market falls. It does move. End of story. Companies have routinely taken losses, but we're taking market risk now. So the question is: who's overseeing this? This is: trust me. This is saying that we're not going to allow any access to this information for five years, and I just don't agree with that. I don't see where the great secret is here, dealing with the fact that we're not going to have access to the contracts. We didn't ask for access to the contracts. What we want to know is how they're coming up with the value. I don't think that that is a proprietary thing of such importance that it would put anyone at a disadvantage.

This is what I want to say about forecasting. The thing about forecasters is that they are extremely intelligent people. Most of them are, anyways. Most of the ones I've met are extremely intelligent. The other thing is that as a majority, they're always wrong. If they were right most of the time, they'd all be just trading the futures market and be extremely rich, and that's not the case. As much as they try to predict, it's all based on percentages, and that's really where you take the risk. The fact is that coming up with these projections is not some great secret. It is a market risk that companies take even when they negotiate very complex contracts. Most companies will hedge in one form or another. We understand that. We're not looking at the investments of the hedge. What we want to know is how they're coming up with the forecast. We want to have access to what that royalty liability is that we're undertaking. I think the public should have access to that.

Again, we have a contract right now that this government has signed with the upgrader for this BRIK, bitumen in kind. The public doesn't get to see that. We'd like to see that, but we don't get to see that. But we should be able to at least see how they're coming up with a value because that's ours. They're going to base it on something, and it should be tracked on however – you just can't pull these figures out of the air.

9:00

Dealing with this, I don't see where we're getting in to the contractual nature of any agreement. To me, this would be different than what the hon. member said. When you're sitting down with another company and you're drafting up a contract, that's one thing, but we're trying to track here what the public's is coming right out of the ground. We want to know what that value is, and we want to know what the royalties would have been. How did they come up with that? You don't want them fudging the figures.

Where is the balance on this? If this doesn't work for Albertans, where are the checks and balances? A private company goes out of business if those losses mount up. How long can this operate? We're paying a fee to have this stuff upgraded, and then we're marketing. If we just continue marketing at a loss, do we just continually lose? I mean, these are questions that we need to track and follow.

So, again, it would be proprietary, I think, in the private sector because the checks and balances are there, but in this situation right here I'm not sure we're competing with the private sector. I think this marketing agency has an advantage over the private sector, and it's significant. It would be interesting to see if there's ever a complaint coming forward from the private sector in dealing with it. They definitely, in my view, have an advantage. I'll tell you what. The guys that are running this, I think, you know, are probably pretty sharp guys, but they've got a pretty good gig. I bet you their money is good.

It's a good life, but we don't know what's going on inside because we don't have access to the information. What we want

access to is the whole scheme: what is the value of what we would have gotten versus the value that we're getting? Without knowing what that royalty would have been, I mean, we can't even begin the calculation, and that's what I'm looking for out of this. So when I see "determining or verifying royalty liability [and] collecting . . . forecasting royalty," those are the figures I want to know because this government, technically, will be reporting the revenue income, and I want to be able to match that up to that. I think the public should have a right to match that up to that and not have to wait five years.

All you want to do – it's got to be reasonable. That's all. I mean, it has to be based on something. All companies have their own private forecasters. As I said earlier, they are very smart people, and they have some very complex modelling that they do, but in the end nobody is right on the market. A lot of people think they are right, but the market just does what the market does, and sometimes they're close; sometimes they're not.

I can tell you that on the futures market, particularly oil's, the experts are wrong more times than not. They always have been, and I'm sure it's not going to change. Many here remember when natural gas went above \$10. It was never, ever going to drop below \$8. I remember people saying that for two years: you'll never, ever see it below \$8. Here we are. Technologies change.

So, with that, I'll continue this if the members would like to. Thank you very much, Mr. Chair.

The Chair: Are there others?

Seeing none, I'll call the question on amendment A2.

[Motion on amendment A2 lost]

The Chair: We're back to the main bill. The hon. Member for Strathmore-Brooks.

Mr. Hale: Yes. Thank you, Mr. Chair. I do have a final amendment that I would like to propose for this bill.

The Chair: If we'd have that circulated, please. That will be amendment A3.

Proceed, hon. member.

Mr. Hale: Thank you, Mr. Chair. I'd like to read this amendment into the record. It says: Mr. Hale to move that Bill 34, Building New Petroleum Markets Act, be amended as follows.

- A. Section 12 is struck out.
- B. Section 15(b) is amended by striking out the proposed clause (b.1).

Looking at this proposed Bill 34, under section 12 it talks about the commission buying shares. Now, it does say, you know, under the Financial Administration Act what shares are – and you can read that easy enough – under section 42. "The Commission may, with the approval of the Lieutenant Governor in Council, (a) directly or indirectly purchase shares." So now we're going to have a commission working on behalf of Alberta, looking after Albertans' resources, purchasing shares in companies. This raised a huge red flag with myself because now we're going to allow this corporation to gamble with our money. It is buying shares. If it's such a sure thing, why doesn't every person in Alberta buy shares? Why not? If it's so good, why do people lose millions of dollars buying shares?

An Hon. Member: They're not good at it.

Mr. Hale: They're not good at it. That's right. It's unpredictable. You don't know what's going to happen. If these guys do know what's going to happen with the shares, maybe that's why they

can't share this information for five years. If they can get that proprietary information, there are a few other things going south there.

The people on the other side laughed when I mentioned gambling with our money. Enron: you know, those people there were pretty sure, weren't they? How many of them lost millions and millions of dollars? You can make all the strange faces you want, but there's never a sure thing in buying shares. Why should this corporation, this commission, be allowed to buy shares with money that isn't theirs? That's totally wrong. Totally wrong.

Now, in the existing legislation under section 12, where this would follow, it talks about the Treasury Board and the Ministry of Finance and the Lieutenant Governor in Council and making sure that they pay their fees and any debt they incurred gets covered. You know, all that's good, the day-to-day business of this commission, working on behalf of the government and Albertans. That stuff I don't have a problem with.

The Lieutenant Governor in Council may authorize the President of Treasury Board and Minister of Finance to guarantee on behalf of the Crown in right of Alberta the repayment of any money borrowed by the Commission pursuant to subsection (3) and interest on that money.

If they lose a bunch of money on these shares, they're losing the money originally invested. Now they're going to get bailed out more by Alberta taxpayer dollars? Is that what's going to happen?

I look forward to hearing some comments. I see lots of heads shaking around here, but let's see what they have to say. There's no possible explanation for why this commission should be allowed to purchase shares with money that isn't theirs. There isn't. I mean, if they're going to buy GICs and bonds, you know, guaranteed investment certificates, that's not a bad thing – I know that the government talks about them all the time – but shares are different. Publicly traded shares are different than guaranteed. You know, I'd like to hear from the minister on this to see what explanation he can give for this.

Thank you.

9:10

The Chair: The hon. Member for Lac La Biche-St. Paul-Two Hills.

Mr. Saskiw: Thank you, Mr. Chair. I stand to speak in favour of this amendment put forward by the hon. Member for Strathmore-Brooks. He makes a lot of important points here. Does the legislation, as it stands now, give the authority to this entity to borrow money to purchase shares, and subsequently what is the government's position on that? The member talked about, you know, public corporations purchasing shares with resulting losses.

I know that this government's new mantra is: debt is hope. That's now the cornerstone of the values and principles of the PC Party. That is their core value. When they go to bed, they say, "Well, debt is hope," and then they dream at night. So maybe that's why they decided to put this section in here. That's their new mantra. When you change your value system, you have to change legislation that fits it.

It would be interesting to see what the government's position is on this. I know that the hon. member has researched this amendment, has put forward many cogent arguments, and it's unfortunate that we haven't heard from the government on this and why they wouldn't consider accepting this.

Thank you, Mr. Chair.

The Chair: Are there others? The hon. Member for Strathmore-Brooks.

Mr. Hale: Thank you, Mr. Chair. You know, it talks about the shares in the Financial Administration Act, what they mean. In here under 42(2): “a member of the Executive Council shall not, on behalf of the Crown, directly or indirectly purchase shares, make a loan of money.” So it’s talking about – personally, any member can’t purchase shares, but this commission can now purchase shares. I just want to reiterate that entering that sort of market with taxpayers’, Albertans’, dollars, you know, royalty dollars made off the royalty revenues, is not very responsible.

Also, it allows the government to pick winners and losers if they have, you know, a partner or they see a company, maybe a government-friendly company, that’s having some problems: well, jeez, we can help you out; we’ll buy a bunch of your shares and put a bunch more value back in your company. They’re going to be helping out these companies. That’s another option. They’re getting in the business of keeping businesses alive. That shouldn’t be part of their mandate with Albertans’ dollars. That’s just too much risk – too much risk – for them to be taking on behalf of Albertans, especially when we don’t get to see how they’re coming up with these forecasts, that they’re investing Albertans’ money with. It’s a bad mix.

You know, there are lots of statements in this Petroleum Marketing Act that we have now that will ensure that this commission runs smoothly and pays its debts and makes its money and puts its money back into the general revenue. If it’s making that much money that it can go out and buy shares, why can’t it give that money back to the government? The government can say: oh, jeez, you know, we’re making so much money; let’s put it in the heritage savings trust fund for future generations. Why take the chance with the shares?

You know, under section 12(5) on page 5 of the current act it talks about:

The Commission shall, when requested to do so by the President of Treasury Board and Minister of Finance, pay to the President of Treasury Board and Minister of Finance for deposit in the General Revenue Fund the net profit of the Commission for a fiscal year . . .

That’s good. Their job is to make money. So they need to be making that money and putting it in general revenue, and that’s how you can build some schools and hospitals and keep the heritage savings trust fund up so you don’t have to keep taking the interest made off it, you can put more money in, and all Albertans will benefit.

But, you know, let’s roll the dice and buy some shares with it and try to maybe double down and maybe get lucky. Maybe it’ll come out looking great, or maybe they’ll have to come back to the general revenue fund and the Finance minister to cover what they lost at the casino. There are some big dudes down in Vegas that look after that sort of thing, and we’re hoping that that sort of thing doesn’t happen here.

All jokes aside, it’s very important that this commission works in the best interest of all Albertans. You know, I mentioned yesterday in my comments that the public interest was kept in this bill, which is great. It was taken out of Bill 2, but it’s still in here, so that’s good. This commission is working in the best interest of Albertans, and I just don’t see how buying shares and gambling with their money is in the best interest. It should be put back into the government and into, as I said, the heritage savings trust fund for future generations to enjoy.

Thank you.

The Chair: Thank you.

The hon. Member for Medicine Hat.

Mr. Pedersen: Thank you, Mr. Chair. I’m happy to stand in support of this amendment by the Member for Strathmore-Brooks. One of the things that I just want to mention here is that I agree with the fact that, you know, creating the ability for the commission to buy shares – from my understanding, we already have an investment firm with the government called AIMCo, and I think their primary job is to do this. If they see an opportunity to purchase shares in any company that they see fit on the market, that’s their job. That’s how they perform their duties. That’s what they’re tasked with. To mix and match this commission with dealing with their duties, that this act is rolling out, and to give them the ability to purchase shares I think is getting a little sketchy.

I think we’re starting to cross boundaries, and I don’t know if that’s in the best interest. I think they need to focus on what this act is all about, and I think it’s going to be a big job and a big challenge in the first place. I don’t think they have a role in actually reaching out and purchasing shares or doing any joint agreements with any companies. If they do see opportunities, they can take their profits from what they do and they can make recommendations to the individuals at AIMCo. They are the experts, and it’s their job to look into any business opportunities or investment opportunities out there. The fact that we’re trying to do two things with one group, I find that a little bit disconcerting. I think it’s, you know, maybe not in the best interest of trying to keep the goals and the ideals and the objectives straightforward with this act.

So, again, I think that we should be very cautious going down this path, and I do recommend that everybody consider this amendment, and hopefully we have a positive outcome.

The Chair: Thank you, hon. member.

Are there others? The hon. Member for Cardston-Taber-Warner.

9:20

Mr. Bikman: Thank you, Mr. Chair. I’ll be brief. I just have a couple of concerns about allowing this agency, this marketing agency, to buy shares in another company. I think that my concern focuses on monitoring and controlling this. We’re getting confidential information, if I understood the minister who spoke on this a few moments ago. Are we using that confidential information in a way like insiders, to then acquire or trade in stock? Are we taking stock in lieu of some other form of revenue? Is that what this is about? I think we need a little bit more clarity on this. I can see why my hon. friend from Strathmore-Brooks has expressed these concerns, and I think they’re grave concerns.

I believe that another part of this issue will be those people who then are in a position of management or direction of this agency, who are making a decision to have the agency buy shares on behalf of the citizens of Alberta because they obviously must think that there’s an advantage. They’re betting that there will be with somebody else’s money, which is always a dangerous power to give to someone, spending other people’s money on other people. In addition, for those people who are the agents or who are the employees, will there be some provision to prevent them from trading and taking advantage of this secret proprietary inside information to trade on their own behalf? I think there’s a risk there, and I’m not sure how that’s going to be addressed. But if it is, I’d like to know about it.

Thank you.

The Chair: Are there others?

Mr. Hancock: There seems to be a desire to have a response to some of these comments, and while I wasn’t really tempted to do

so, I'm more than happy to indicate that when you have a marketing agency that's charged with getting Albertans best value for their petroleum products, it behooves you to make sure that they have access to the full range of tools. Will they be accountable? Absolutely. They have to be accountable. Will they have to adhere to appropriate standards of conduct? Of course they have to adhere. I mean, the whole concept of insider trading, of people taking information that they access in their position and using it for their personal benefit, is at the root of codes of conduct and at the root of insider trading rules and all those sorts of issues.

I think we're stretching it here to try and find a problem where there isn't one. What we're actually doing is giving the Petroleum Marketing Commission the tools it needs in a modern marketing environment, with the nature of the bitumen and the petroleum markets that we have, to be able to have the flexibility to maximize Albertans' return.

Will there be oversight? Yes, there's oversight. Will there be audited financial statements? Yes, there are audited financial statements. Will there be reporting? Yes, there's reporting. Will they have to operate in a commercial field, where it requires them to keep certain information confidential because they got it as a result of the legislation but it's commercial proprietary information? Absolutely. Do they need all the tools that a marketing commission or marketing agency would need to have? Yes.

Are they going to go to Vegas with our dollars? No. Are they going to be gambling it away? No. Are they going to put our money in socks under the mattress? No.

They're going to be a modern operating agency with modern operating tools, with appropriate financial structures, appropriate reporting pieces, and with appropriate auditing and oversight. I don't know if I can say it any plainer than that, Mr. Chair.

The Chair: Thank you.

The hon. Member for Strathmore-Brooks.

Mr. Hale: Thank you, Mr. Chair. I appreciate the hon. minister getting up and speaking. I agree with some of his points, but with most of them I don't. You know, he said that they're trying to do the best that they can. We're just trying to stop a problem before it occurs. It is a problem. You've taken bitumen royalty in kind from North West upgrader. Next thing you're going to be buying shares in North West upgrader. Well, you might as well own the whole thing. You might as well build your own refinery if you're going to be taking bitumen in kind and you're going to be buying shares in these companies. You know, who's going to determine what companies to buy shares in? It's bad business. It's just bad business.

The Member for Medicine Hat said that you have AIMCo. You know, we've got the heritage savings trust fund. We've got other ways to invest Albertans' dollars that are made more public, with actual companies that do that rather than a commission that looks after oil royalties and revenue, investment in oil and gas companies.

It's going to lead to too many questions, so why not be open and honest and transparent and say, "Yep; we're making all this money, we're giving it to these people to invest, we're investing for our children's future, and we're investing for the infrastructure we need now." But, you know, picking winners and losers is going to happen because: "Geez, I have a company. Why aren't you investing in my company?" The next guy: "Well, I have an oil company. Why aren't you investing in my oil company? I need some help." So it opens up, you know, a whole new can of worms. I think the commission that's looking after these programs, the

royalty money, Albertans' money, should not be investing it back into the market that they play.

Thank you.

The Chair: Are there others?

Seeing none, we'll call the question on amendment A3.

[Motion on amendment A3 lost]

The Chair: Back to the main bill.

Hon. Members: Question.

The Chair: Question on the bill. Are you ready for the question?

[The clauses of Bill 34 agreed to]

[Title and preamble agreed to]

The Chair: Shall the bill be reported? Are you agreed?

Hon. Members: Agreed.

The Chair: Opposed? That's carried.

Bill 43

Alberta Economic Development Authority Amendment Act, 2013

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

Mr. Bikman: Thank you, Mr. Chair. As the Wildrose Official Opposition advocate for enterprise I rise to propose an amendment. I actually will have three amendments, but we'll do them one at a time. I want to make sure I do this right. I have the requisite number of copies, including the original.

The Chair: Sounds good, sir. If you'll just pause for a brief moment, we'll just get that moving. Hon. member, this will be referred to as A1.

Hon. member, you may proceed. Again, I would assume you're going to read it into the record just so we make sure that the one that's being circulated is the one that you're referring to. Please proceed.

9:30

Mr. Bikman: Thank you. This is notice of amendment to Bill 43, Alberta Economic Development Authority Amendment Act, 2013.

Mr. Bikman to move that Bill 43, Alberta Economic Development Authority Amendment Act, 2013, be amended as follows:

- A. Section 3(c) is amended
 - (a) in the proposed subsection (2.1) by striking out "10" and substituting "7";
 - (b) in the proposed subsection (2.2) by striking out "10-year maximum" and substituting "7-year maximum".
- B. Section 6(b) is amended
 - (a) in the proposed subsection (1.1) by striking out "10" and substituting "7";
 - (b) in the proposed subsection (1.2) by striking out "10-year maximum" and substituting "7-year maximum".

The reason for this is because I believe it's necessary and in our best interests to have a change of players in this agency, and I think that this will allow or guarantee that people will have the continuity, that the expertise will remain there for two 3-year terms not to exceed seven years but that they'll still be available and that there will be new faces that will come along with new ideas, fresh ideas. It's in the best interest, I believe, of all Albertans and certainly of the government to be receiving infor-

mation from knowledgeable, capable people who are there for up to seven years, no longer, so that we'll get fresh ideas and fresh perspectives and be able to take advantage of that.

I would hope that you will see the benefit of this. It's a fairly simple amendment, and I think that the reasons are sound. Thank you.

The Chair: The hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you, Mr. Chair. I'm going to support the bill, one, because of the value that advice and consultation have, particularly of this nature and this importance. But I also rise to support this amendment because what it ensures is that we constantly look over a seven-year span to renew versus a 10-year span. Again, this is, I suppose, somewhat prescriptive, but I don't think that it's a burden on the government to look for new members in seven years versus 10. I just thought that the 10-year period was too long, so I agree with the hon. member that brings the amendment. The whole purpose is that as we move forward, this government should always be looking for fresh faces and new ideas, and this is one way to sort of tighten that up a little bit. I just don't see where it's too much of a problem from that seven to 10 years.

Thank you very much, Mr. Chair.

The Chair: Thank you, hon. member.
The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chair. I have a lot of respect for the hon. Member for Cardston-Taber-Warner, who has brought forward this amendment, but I have to say that I think this is an amendment looking for a place to happen. We're talking about terms on a committee, and they're three-year terms. If the member is not able to serve appropriately, the term doesn't have to be renewed after three years. If you're finding that a board is tired and you need to refresh it, you can go out and not renew the terms of members whose terms are retiring.

On the other hand – and I have this experience, serving on the Student Finance Board, for example, and back then it wasn't legislated; it was just policy – if you've served your two terms and you're getting close to the middle of your second term or the end of your second term and then somebody says, "How would you like to be chair? You've got a lot of experience," then you have to say, "Well, you're not going to actually reappoint me because I've timed out."

You really do want to have the flexibility to keep the people who are bringing passion and excitement and continuing to make a contribution, but you don't abdicate your responsibility on every renewal to do a determination as to whether the person is contributing still, has something to offer, or, even if they are, if you need to actually bring in some new perspectives and refresh. So giving not too much latitude but some latitude for a board like this is quite important.

I have to end where I started. It seems like somebody was trying to come up with an amendment and thought that this one might be a good one. I don't see what we were trying to accomplish here with this particular amendment. Some of the others I can understand where they're coming from.

We talked yesterday under Bill 30 about the difficulty of recruiting and getting people who are prepared to put in time and effort and bring their expertise to the table, and when you've got somebody who is actually doing that and providing a leadership role and you want to continue to have them, you want to ask them to continue in a chair position or do something of that nature, a

little flexibility is actually a good thing. One shouldn't take these things as being automatic in terms of renewal terms coming up and terms being renewed. We have to continue to do our due diligence always to say: are we maximizing the potential of this particular board by getting the best people we can to serve on those boards to serve Albertans?

The Chair: Are there other speakers?
The question on amendment A1.

[Motion on amendment A1 lost]

The Chair: Back to the main bill. The hon. Member for Cardston-Taber-Warner.

Mr. Bikman: Thank you, Mr. Chair. I have another amendment to propose. I have the requisite number of copies.

The Chair: Hon. member, this will be amendment A2. You may speak to it. Thank you.

Mr. Bikman: Thank you, Mr. Chair. This is an amendment to Bill 43. I move that Bill 43, Alberta Economic Development Authority Amendment Act, 2013, be amended by striking out section 7 and substituting the following:

- (7) This Act expires on March 31, 2020, unless it is continued for a further period by a resolution of the Legislative Assembly.

I think that it's important that for a sunset clause to be most effective, we have the Legislature determine whether or not the act should continue, not behind closed doors in the cabinet. That's the reason for the proposal. It gives us an opportunity together, collectively, not just the government, which I learned a year and a half ago isn't all of us or all of you but is 17 select people and the Premier. Well, I realize that has expanded recently, but you know what I mean. I think it's better if we have a chance to look at that and keep the sunset clause there in an effective manner.

So I submit that this is not an amendment looking for a bill to happen. It's a legitimate amendment. But I'll accept the initial criticism on the earlier point.

The Chair: Thank you, hon. member.

Any other speakers? The Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you, Mr. Chair. I will just be short and brief. This member truly believes in sunset clauses, and that's why, when we were first reviewing this bill, he was adamant that this is one of the better ways to be more efficient. With that, I will support the hon. member's sunset clause.

The Chair: Are there others? The hon. Member for Edmonton-Strathcona.

Ms Notley: Yes. I also rise to support this amendment because I think that it is of value to have the Legislature actually give some consideration to the record of this organization and to give some consideration to whether or not it's actually doing the job it purports to and whether or not it's doing it in a way that actually reflects the hopes and inspirations and goals of the majority of Albertans. I think that that's a valuable discussion for us to have because, quite frankly, I'm not convinced that the majority of Albertans are totally aware that, you know, we have this economic development authority consisting entirely of business folks who are sitting around the table advising the government on how to

change our Education Act and how to deal with poverty and how to deal with the social policy framework and how to deal with sustainable economic development and how to deal with our education system. It's really a little bit overwhelming, Mr. Chair.

When I look at some of the significant policy decisions that this organization has had an opportunity to weigh in on – and I clearly see the linkage between their objectives and some of the worst policy decisions that this government has made over the course of the last few years – I have to say that I don't actually think that they reflect the majority view of most Albertans around how our economy should develop over time. Now, I'm sure that my view in that regard is currently a minority view in the Legislature. I am not convinced it is a minority view of most Albertans.

9:40

I was just looking at the list of people on the management board, and it reads like a who's who in the oil and gas industry. Then, very strangely, this organization has recommended that, you know, we back away from that idea of diversifying our economy and that instead we just look at ways to make more money for existing successful economic sectors that are in Alberta.

Well, you know, I'm not totally sure that all Albertans realize that this little group of business folks who are sitting around a table advising the Premier have actually said: "You know what? Let's not try to become a leader in some of these other areas that we're not already a leader in. The ship has sailed on renewable energy. So you know what? We're supergood at nonrenewable energy, so let's not work too hard on diversifying our economy into a sector that we don't already do well in."

You know, I'm just sitting here tonight and reading through the reports. I certainly haven't read them all, but I've read through four or five different reports that this organization has produced over the course of the last two or three years, and I have to say that it is concerning to me. I will say that I also don't think it reflects what the majority of Albertans want to see.

I remember when the Education Act changes were made a year or two ago, and I was quite offended to see that one of the objects of the education system in Alberta was to be amended to align with the needs of industry. So our kids in K to 12 are going into school with the stated objectives to ensure that their education aligns with what industry needs and aligns with what industry wants. You know, I don't really want my kids to go into school and follow a curriculum that someone sitting around the table with the Canadian Association of Petroleum Producers has told them ought to be in the curriculum.

I mean, there are some real interesting folks that are in this organization – and I'll get into that in a bit more detail with my upcoming amendment – but suffice it to say that it reads like the who's who of the Conservative Party in Alberta. There's not really anybody else there that doesn't actually reflect that demographic. But I'll get to that in a bit.

You know, when we talk about the economic development of this province, Mr. Chair, we don't just talk about the bottom line of the current businesses that are in place right now. We talk about the overarching economic future of the province and the degree to which that economy will contribute to and support the best interests and the hopes and the dreams of the citizens of the province. That doesn't necessarily mean that we then divert all of our resources into maintaining that the three dominant industries in Alberta right now continue for time immemorial.

I think we need to have a more open conversation around where it is that we're going and how it is that we've got this group of extremely powerful people sitting around a room, you know, defining and giving input to practically every major policy

objective that this government embarks upon right now. We've had nothing but chaos in the postsecondary system, and reading the reports of Alberta Innovates and stuff, there's no question that I can see their fingerprints over many of the very poor decisions that have been made in the postsecondary system over the course of the last year or two.

All that being said, I know that the member who proposed this amendment wasn't actually doing it in order to support this particular set of concerns that I'm raising; however, what he is saying is that: "You know what? We ought to be taking a look at this organization every now and then and deciding as a Legislature whether it still reflects what it is that members of this Assembly, who've been elected by the citizens of the province, want to see."

With that in mind, I'm quite happy to support this amendment, and I hope others will, too.

The Chair: Are there other speakers?

Seeing none, I'll call the question on amendment A2.

[Motion on amendment A2 lost]

The Chair: Back to the bill.

Mr. Bikman: My third and final amendment, looking for a bill to happen, the requisite copies.

The Chair: If you would just have that circulated, please, hon. member. That'll be amendment A3.

Proceed, hon. member, please.

Mr. Bikman: Thank you, Mr. Chair. Reading this in, then, Mr. Bikman to move that Bill 43, Alberta Economic Development Authority Amendment Act, 2013, be amended in section 4 by adding the following after clause (b):

(b.1) by adding the following after subsection (2):

(2.1) The Government must publicly respond within 3 months to reports, studies and recommendations published by the Authority under subsection (2)(d).

The reason for this is consistent with the theme that you'll hear from me almost any time that I get up to speak about transparency and accountability and responsibility.

I've read the reports that were available to me. I see some good things in them. I see some evidence that the government has acted on some of them. But I think that in order to verify and justify even this relatively minuscule budget compared to most of the money we see spent, it's still important that we show the public and particularly us who sit here as their representatives, representing the citizens of our great province, that these reports are in fact being used or that they're going to be intended to be used in this fashion or that fashion. It's just consistent with that principle that if you don't measure it, you can't manage it, that if you can't measure it, you probably shouldn't be doing it.

With that, I would ask you to give serious consideration, please, to the wisdom of this minimalist amendment in search of sanity on the other side.

The Chair: Are there other speakers to the amendment? The Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you, Mr. Chair. I rise in support of this amendment from the Member for Cardston-Taber-Warner. The amendment is not much different from an earlier amendment we discussed on another bill, which is to look for some continuity to the results of reports being filed. I don't see where this one is prescriptive. This amendment gives a tremendous amount of flexi-

bility. It doesn't tell the government how to respond. What it says is that you should respond. It's a little bit like question period. We get to ask the questions; we don't necessarily get the answers or even have to have an answer. The idea is that it would result in an action based on a report that's filed. I think it's reasonable to ask for that. Even if the government responded and said, "Hey, we need six more months before we're going to take action," that would still be considered a response.

Thank you very much.

The Chair: Are there others?

I'll call the question.

[Motion on amendment A3 lost]

The Chair: I recognize the Member for Edmonton-Strathcona.

9:50

Ms Notley: Well, thank you very much, Mr. Chair. I'm pleased to be able to rise to speak a little bit more about AEDA and to talk a little bit about how we might want to change it in order to have it reflect certainly the concerns that I hear from my constituents about what they would like to see the future of this province look like.

You know, I'm just sitting here on their website, and I'm looking at the committees that AEDA has, and it's interesting. They have one called Energy and the Environment. Interestingly, there is nobody on that committee from the environmental advocacy community. Interestingly, even though their mandate is to ensure Alberta's energy resources and infrastructure are managed in an environmentally and economically sustainable way, what they're actually working on right now has absolutely no reference at all to the environment. There's no work being done on enhancing the environmental quality or the environmental standards around our primary industry, which is energy. There's no work being done on coal. There's talk about increasing pipelines, but there's no work being done on dealing with pipeline safety. There's nothing in there around mission strategies. There's none of that stuff, yet presumably all of those issues are issues for somebody who truly believes and understands that our economy, based on a nonrenewable energy foundation, can only move forward if we actually, genuinely establish a meaningful environmental regime within which it would work. There needs to be that understanding.

This group of high-powered business executives are working on developing recommendations around energy and the environment, and they're not working at all on this whole issue of what everyone is talking about these days, this idea of creating social licence. These guys are clearly decision-makers. Just to be clear, they are decision-makers. They're kind of like this government's A-team. These are probably the folks making 95 per cent of the decisions that come through this Assembly right now, yet they're not working on issues of the environment even though there's an Energy and the Environment Committee.

That's just an example of how I think it's very possible that this organization is losing sight of what the majority of Albertans would expect such an organization to deal with and, in fact, instead is just working on their very narrow interest.

Before I get into my amendment, it actually brings a question to mind. I don't know if there's anyone over on the other side who can answer this question for me. I'm really very interested because this organization has such a clear impact on government decision-making. It's good. It's transparent. It's all good. Well, it's relatively transparent.

The question is: are there any conflict-of-interest rules around the folks who sit on this board, and to what extent are they covered by lobbying legislation? I'm just curious. Of course, because they've been invited to sit on this board, I think they're probably exempted from all lobbying. I'm not sure, but I'm just looking to know. There are about 52 people, I believe, on the management board of this organization. A few of them are from postsecondary institutions. The remainder of them are from businesses almost exclusively associated with the oil and gas industry. I'm just curious: are there rules around conflict of interest? Are there standards that they need to adhere to? Are they prohibited from advancing policies that simply benefit their particular set of business interests? Is there a way to track that?

I mean, I think these are legitimate questions. When I look at the degree to which this group sits down to make a bunch of recommendations and then, lo and behold, their recommendations find their way into legislation six months later, I think Albertans kind of need to know. So that's my question.

I will introduce my amendment, and then perhaps in response to my amendment someone from over there could answer those questions for me because I think they're very, very important questions, that Albertans deserve to have answered. I will pass this amendment on.

The Chair: Sounds good, hon. member. That'll be amendment A4.

In the interests of time, you may want to start, hon. Member for Edmonton-Strathcona.

Ms Notley: In essence, what this proposal would do is that it would amend section 3(b) of Bill 43, and it would strike out subclause (ii)(c). "Up to 12 other members appointed by the Minister on the recommendation of the Executive Chair": that is what's currently in there. What we would suggest is that it would say:

- (c) up to 12 other members appointed by the Minister on the recommendation of the Legislative Assembly and comprised of at least
 - (i) one economist,
 - (ii) one representative from a non-profit environmental group,
 - (iii) one representative from organized labour, and
 - (iv) one representative from the Aboriginal community.

Yes, it is prescriptive. It's prescriptive, and you know what else it is? It's asking to be invited to the party. We're asking if other Albertans can be allowed into the family to see if they could perhaps be allowed into that discussion amongst this group of otherwise eminent – eminent – Conservatives who currently play a leadership role in this. Essentially, it's sort of like a super lobby group. That is what it is. It's like a legislatively endorsed lobby group which, because it's legislatively endorsed, I suspect is exempt from any of those lobby rules. That's what it's looking to do.

The other thing, of course, it asks to do is that it asks that it be appointed by the Legislative Assembly. Now, we heard in great detail today about how, when an all-party committee of the Legislative Assembly appoints people, it is entirely fair and entirely objective. I think we all know that that is a bit of a fiction. Nonetheless, the idea is that it is certainly more transparent, anyway, so members of the opposition at least have some insight into how this work is done.

The idea is that the Legislative Offices Committee or some select special committee of the Legislature would meet to come up with the other 12 members or at least approve, have final approval for, the other 12 members that are appointed to the Alberta Economic Development Authority, and heaven forbid that we would be looking at having a person there who is representative of environment or able to advocate on environmental issues, who is a

representative of an environmental group or, goodness – here’s a shocker – someone from organized labour.

You know, here we are talking about economic growth and creating jobs and all that kind of stuff. We’ve got 52 people on the management board of this organization and not one member from organized labour. Surprisingly – surprisingly – one of their first major recommendations was to increase the pool of temporary foreign workers so that the pressures on growing wages don’t hurt employers. Therefore, you know, we can just ensure that we have a nice, healthy pool of low-paid workers who are still compelled to buy houses and groceries and bus tickets in our otherwise very robust economy.

Nonetheless, they came up with this strategy to ensure that we increase the pool of low-paid workers, and that’s hardly surprising, but it is, again, not something that I think most Albertans would have necessarily been behind. Maybe if we’d had somebody who had the interests of, oh, the other 99 per cent at heart sitting at this table, we might have had somebody actually talk about: is this really the way we want to develop the economy going forward, bringing in a second-class bunch of citizens and paying them well below what we pay everybody else and not ensuring that they get to work with safety, with dignity, according to the rules and all that other kind of stuff? Does that seem like a reasonable thing? I don’t think so. However, it’s hardly surprising that this particular group would say: yeah, let’s open the floodgates and bring in more temporary foreign workers.

10:00

The other group, of course, is the indigenous community. I will give them credit that AEDA did talk about the fact that we need to find ways to enhance the participation of indigenous Albertans in our economy. They do talk about it, but when I look at all of their sort of working committees and all of their recommendations, there’s really no strategy developed. There’s very little around that. So there’s lip service, and then there’s actually doing something about it.

Then, of course, as I’ve said before, we have this lovely energy and environment committee that has no environmental representatives on it and, strangely, has not one recommendation or is doing nothing to talk about the environment. The minister over there is looking at me like I just landed from another planet. I know he is. “What do you mean talk about environmental protection while we’re trying to develop the economy? Are you nuts?” Well, some people actually think the two go hand in hand, but obviously not everybody over on that side does, and certainly not everybody at the Alberta Economic Development Authority does.

Just to review, though, some of the other PC stars who do play a role on the Alberta Economic Development Authority, well, you know, we’ve got Les LaRocque, employed with a company that donated \$2,300 to the Premier’s campaign and is also a former chairman from Merit Contractors Association, which, of course, has given more than \$62,000 in donations to the PCs since 2004 and, of course, had a great deal to benefit from having a pro temporary foreign worker labour policy established here in Alberta. So that’s interesting. Then we’ve got the vice-chair, a former PC candidate in Little Bow, so that’s good. He’s fairly earned his place on the board. Then my favourite, of course, is the chair, Barry Heck, who the *Globe and Mail* reported over a year ago as being the broker behind that fabulous and much-needed last-minute half a million dollars campaign contribution to the Progressive Conservatives right before the last election.

It really is sort of the top of the pops for those kinds of really important Tories that we like to find places for. Those are the people

that are sort of in the most senior positions there. Then again, as I’ve said, going through the 52 people that are on the management board, I will acknowledge that there are two or three people from the post-secondary sector and one or two or three that we could characterize as from the municipalities. The remainder are all from business. There are no nonprofit people there, no community people, no environmental people, no indigenous people, no labour people, yet somehow we’re going to develop an economy that works for all Albertans. I think not, not with the way this is currently constructed.

That, Mr. Chairman, is why I am recommending this proposal, that we actually try opening this high-powered group of businesspeople who get to have regular meetings with the Premier without being subject to the lobby legislation, I’m pretty sure, and potentially not being subject to the conflict-of-interest legislation. I can’t tell because no one has answered on that issue. My suggestion is that we make that group a little bit more reflective of the Alberta that exists for the rest of us.

I hope members of this Assembly will consider supporting this amendment. Thank you.

The Chair: Thank you, hon. member.

Other speakers to amendment A4?

Seeing none, we’ll call the question.

[Motion on amendment A4 lost]

The Chair: Back to the main bill. Other speakers?

Are you ready for the question?

Hon. Members: Question.

[The clauses of Bill 43 agreed to]

[Title and preamble agreed to]

The Chair: Shall the bill be reported? Are you agreed?

Hon. Members: Agreed.

The Chair: Opposed? That is carried.

The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. I would move that the committee now rise and report Bill 34 and Bill 43.

[Motion carried]

[The Deputy Speaker in the chair]

Ms Kennedy-Glans: Mr. Speaker, the Committee of the Whole has had under consideration certain bills and reports the following bills: Bill 34 and Bill 43. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

The Deputy Speaker: Thank you, hon. member.

Having heard the motion by the hon. Member for Calgary-Varsity, does the Assembly concur in the report?

Hon. Members: Concur.

The Deputy Speaker: Opposed? So ordered.

The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. I cannot believe I’m saying this, but I move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; the Assembly adjourned at 10:07 p.m. to Thursday at 1:30 p.m.]

Table of Contents

Government Bills and Orders	
Committee of the Whole	
Bill 34 Building New Petroleum Markets Act	2997, 3003
Bill 43 Alberta Economic Development Authority Amendment Act, 2013	3010
Introduction of Guests	3003

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