



Province of Alberta

The 30th Legislature  
Second Session

# Alberta Hansard

Thursday morning, April 2, 2020

Day 14

The Honourable Nathan M. Cooper, Speaker

**Legislative Assembly of Alberta**  
**The 30th Legislature**  
Second Session

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**Party standings:**

United Conservative: 63

New Democrat: 24

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## Legislative Assembly of Alberta

9 a.m.

Thursday, April 2, 2020

[The Deputy Speaker in the chair]

**The Deputy Speaker:** Good morning, everyone.

### Prayers

**The Deputy Speaker:** Let us pray. Lord, the God of righteousness and truth, grant to our Queen and her government, to Members of the Legislative Assembly, and to all in positions of responsibility the guidance of Your spirit. May they never lead the province wrongly through love of power, desire to please, or unworthy ideals but, laying aside all private interests and prejudices, keep in mind their responsibility to seek to improve the condition of all. So may Your kingdom come and Your name be hallowed. Amen.

Please be seated.

### Orders of the Day

**Mr. Schweitzer:** Madam Speaker, I would request unanimous consent of the Assembly that members be able to sit, speak, and vote from any chair in the Assembly for today's sitting.

[Unanimous consent granted]

### Government Bills and Orders Committee of the Whole

[Mrs. Pitt in the chair]

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

### Bill 12 Liabilities Management Statutes Amendment Act, 2020

**The Chair:** Are there any speakers to the bill? The hon. Member for Calgary-McCall.

**Mr. Sabir:** Thank you, Madam Chair. I rise to speak to Bill 12, Liabilities Management Statutes Amendment Act, 2020. As mentioned previously, this is an important piece of legislation that deals with oil field and environmental liabilities, one of the biggest liabilities that this province has ever seen. There are a number of things that would need more detailed discussions, and there are a number of stakeholders that are impacted by these changes – industry, landowners, Albertans in general – because it's a huge liability that's accumulated over a few decades. There are certain sections that need further and detailed discussions.

One section in particular I want to touch on this morning is section 1(17), which reads:

A person ordered, directed or authorized to provide reasonable care and measures to prevent impairment or damage in respect of wells, facilities, well sites and facility sites, or to carry out suspension, abandonment, remediation or reclamation under section 26.2, 27 or 28, is entitled to have access to and may enter on the land and any structures on the land concerned for the purposes of providing the reasonable care and measures to prevent impairment or damage or carrying out the suspension, abandonment, remediation or reclamation.

I think this section is giving delegated authority, access to lands without the permission of landowners. In the previous Legislature I

think there were many occasions when my colleagues from rural constituencies across Alberta talked about this issue very passionately, how landowners need to have better control over their lands, how they need to have more say on who enters on their land, and how their rights as landowners need to be respected.

We are sitting here with a reduced number of MLAs, and I think not all Albertans are represented here. It's an important issue where all Albertans need to have their representatives here to have their say and weigh in on this: how it impacts their constituents, how it affects rural landowners' rights, how it impacts the rights of those where these facilities are situated.

What I will be doing this morning: I will be moving an amendment that will strike this section out. I have the requisite number of copies of that amendment.

I move that Bill 12, Liabilities Management Statutes Amendment Act, 2020, be amended by striking out section 1(17). I have the requisite number of copies. Madam Chair, do you want me to wait until it's distributed?

**The Chair:** Yeah. Just give me a minute.

Hon. members, this is known as amendment A2.

Please proceed.

**Mr. Sabir:** Thank you, Madam Chair. As I indicated, this amendment will strike out section 1(17). That's the section dealing with the entry rights for the landowners. As I indicated, we have heard this many times before in this House, and we have heard from a number of landowners and landowners' associations that are concerned about this bill and the impact it will have on landowners and property rights, including the ability for entry on land without consent. It can be a concern at the best of times, but now it's even a bigger concern due to the lack of consultation, especially given that we are asked to pass this bill without any need to pass it at this time. Many have let us know about specific concerns about the section that this amendment will strike out.

This bill makes a number of significant changes that could impact landowners. Potentially, they will have to wait longer for reclamation of wells. In passing this amendment, we'll at least give landowners some assurance that when this work will proceed, they will have some time to negotiate with the government, that they will have some time to think through this process and make arrangements that balance the need for a delegated authority to have access with the rights of the landowners. That issue has been raised on many occasions before, and I think it's important that we not rush through this at this time, when we are sitting with reduced numbers and Albertans are preoccupied with the concerns relating to the COVID-19 pandemic.

9:10

At this point I think that if I talk about my own riding, my interaction with constituents over the last couple of weeks, not one person who has reached out to my office or to me personally was concerned about this piece of legislation. Anyone and everyone I talked to: I think I would say that people are concerned about their health and well-being, and they want this government to make sure that they have all they need for their health needs and for their well-being.

I think that the government called the session back to deal with things that couldn't wait during this pandemic, and if we talk about this liability, that liability . . .

**The Chair:** I hesitate to interrupt you, but I can't help but see that you might be inconvenienced by the sun in your eyes, and I just want to remind you that you can move over, if you so wish, to proceed with your speech.

**Mr. Sabir:** I tried, but it's everywhere.

**The Chair:** It's following you.

**Mr. Sabir:** It is, Chair.

**Mr. Eggen:** It looks good.

**Mr. Sabir:** My colleague tells me that it looks good.

**Mr. Smith:** Go over to the other side.

**The Chair:** Wherever you like. The Chamber is yours. It's your spotlight.

**Mr. Sabir:** Okay. Let me start again. If we go into the history of this liability, that accumulated over a few decades, I think the government had opportunities before to deal with this liability, but they didn't. On a matter of this much importance, they are trying to rush it through at a time when we are sitting with reduced numbers. I think it's not fair. I don't disagree that it's an important issue. There may be things in this legislation that we agree with. Broadly speaking, I agree with the government, in principle, that this liability needs to be dealt with, but this is not the time to deal with it. This issue needs thorough and serious discussions and the full deliberation of this House. Albertans deserve this issue to be deliberated in full, with input from all those who are impacted by this piece of legislation, all Albertans, in fact, who have a vested interest in managing this liability.

I was talking about how over the period of the last two, three weeks I have had many interactions with my constituents. People have reached out through e-mail messages, phone, and I didn't hear from anyone that in the midst of this pandemic the government needs to go back and make changes to the Orphan Well Association's mandate. That's not what I heard. I think people are concerned about their health and well-being. They want this government to focus on making sure that they have all they need to get through this pandemic in terms of health resources.

The second thing. I would say that since there are many people in the private and public sectors that are being laid off – they're losing their jobs – they want this government to make sure that they have the resources, that they have the wherewithal to get through that crisis. In that regard I think the government announced a bridge program that will help them with that until the federal programs, federal benefits kick in, but even in that, we have seen many concerns with respect to the website going down on and off. I do understand that the website may not have been designed to deal with that kind of volume, but still that was happening over the period of one week or so, ever since that program started. I think that should be the priority for the government at this time.

Dealing with an issue that successive previous governments didn't deal with or stayed quiet about at a time like this: I don't think that's the best use of this Legislature's time. This particular issue, this particular amendment will make sure that landowners who have raised concerns with respect to oil and gas development, with respect to their rights in oil and gas development have the opportunity to think through these provisions, to think through this piece of legislation and negotiate with the government a deal, negotiate with the government an arrangement that is fair to the landowners and that is also fair to the oil and gas companies, to the delegated authority that's mentioned here. With this amendment I think there are still many issues that remain a concern with this legislation, but at least if we pass this amendment, that will protect the landowner's, the private property holder's rights. The other side

has always been very passionate about and has advocated for those rights.

Also, with this legislation there are concerns that if we don't pass this amendment, the government has put in place other arrangements, other regulation-making powers here that give the government a lot of power, and that may also impact these landowners because the government is reserving a right to administer the orphan fund through regulation – that's in section 16 – and the government is also putting in place powers to limit, regulate, and control the exercise of the Alberta Energy Regulator's discretion with respect to orphan funds. The government has also added powers where they can make regulations respecting the purposes for which the orphan funds may be used.

Having these powers leaves a lot of room for government overreach, so it's more important that we protect those landowners who may not have the same bargaining position with the government. The government has a lot of powers, so having those powers makes it necessary that we remove this section from the legislation and protect the landowners and give them the opportunity to have a more balanced and a more fair process for right of access.

**9:20**

They have done it in other places where the delegated authority is accessing some facility. They have put in place provisions that the delegated authority will not be able to produce without the consent of the lessee or the owner. So they are protecting one set of owners, those who own leases, those who own the rights to subsurface minerals – they are protecting those – but they are leaving this provision in without any protection, without any regard to landowners' property rights, without any ability for them to restrict anyone's access. That's, I think, not fair, and this amendment will strike out section 1(17) and make it a little bit more balanced in favour of property rights holders with respect to access.

With that, I urge all members of this House to vote in favour of this amendment, vote in favour of landowners' rights to have a say in who can access their properties. Thank you very much.

**The Chair:** Any members to the amendment? The hon. Minister of Municipal Affairs.

**Mr. Madu:** Thank you so much, Madam Chair. I wanted to rise this morning to respond to the Member for Calgary-McCall's proposed amendment to Bill 12, Liabilities Management Statutes Amendment Act, 2020, with respect to section 1(17) of the act. I, for one, am someone that respects the role of opposition to make sure that we have rigorous debate on bills that have been proposed before this particular House. But sometimes I scratch my head and I wonder whether or not we actually stick to that particular principle, and this is a classic example of why I do think that for the members opposite it's always politics as usual when we are discussing important issues. You know, we are talking about the protection of landowners and property rights, and I ask myself: when did the NDP start caring about property rights and landowners' rights in this province – they spent their entire four years antagonizing those groups of people, farmers and the oil and gas sector – that benefit mostly landowners and those with property rights? Again, this is a classic example.

I just want to refer members of this particular House to the original section as contained in that particular act, which is section 101 of that act. That section has got five subsections. What we are seeking to amend here deals only with section 101(1). All of the protection that the Member for Calgary-McCall talks about in protecting landowners' rights are all enshrined from section 101(2)

all the way to (5). For the benefit of the members of this particular House, I'm going to read you those sections so that you understand that when members on this side argue and insist, for the NDP it's all partisan politics as usual. It is true. And for viewers who are watching from home, please follow along.

(2) A person shall, before entering on any land under subsection (1),

which is what we are seeking to amend,

give prior written notice of the person's intention to enter to the owner and to the occupant, unless it is impractical under the circumstances to do so.

(3) If a person who enters on any land under subsection (1) is prevented from entering, that person may apply to the Court of Queen's Bench for an order permitting the person to enter on the land for the purposes specified in the order, and an order so made may be enforced by the sheriff.

(4) A person who enters on any land under subsection (1) shall compensate the land owner or occupant for direct expenses and for any damage to the land owner's or occupier's land, crop or livestock arising directly from that entry.

(5) If a dispute arises as to the compensation payable pursuant to subsection (4), the compensation is to be determined by the Surface Rights Board.

Now, the subsection (1) that we are seeking to amend, again, is also largely contained in section 101(1). I want to read that subsection to you again. Subsection 101(1) says:

A person carrying out suspension or abandonment operations pursuant to section 27 or 28 is entitled to have access to and may enter on the land and any structures on the land concerned for the purposes of carrying out the suspension or abandonment.

Now, take a look at the amendment that we have proposed. All that amendment adds to subsection (1) is to make sure that we protect the ability of the person having been given the right to enter that particular land to carry out the remedial or reclamation work on the damaged property. That's all. That is the difference between the original section 101(1) and what we have proposed. So, you know, I don't understand what the Member for Calgary-McCall is trying to get at. Subsections 101(2) all the way to (5) cover all of the concerns that that member has raised, and we have preserved each and every one of them.

The amendment that he has proposed is to delete the one piece, the one sentence that is meant to make sure, on the concerns of those landowners, the property rights owners, that have been brought before successive governments, that if we have given someone the right to enter the property, they have the right to be able to go in there and actually do the work, remedy the damage which the landowner or property rights owner is concerned about. How, then, do we expect this particular House not to really do that if not for politics, if not for a political party that have no understanding whatsoever how our oil and gas sector works, the importance of property rights owners or the landowners?

Let's be clear about that. This is, in my view, an amendment that should never have made it to the floor of this particular House, but here we are. I'm going to just keep it short and ask all members of this particular House, for those of us who are actually in favour of property rights and landowners' rights, to simply vote down this amendment.

Thank you, Madam Chair.

**The Chair:** Are there any other speakers to the amendment? The hon. Member for Edmonton-North West.

**Mr. Eggen:** Well, thank you, Madam Chair. I take this opportunity to speak to the amendment as brought forward by my colleague from Calgary-McCall. Certainly, I think that categorically it's important to understand that we do need reform around orphan

wells, and we need to ensure that we have both policy and financial backing to ensure that wells that are discontinued or might be abandoned – there's some responsibility that should be taken for this.

We know that we have a multibillion-dollar liability here in the province with many thousands of wells that have been abandoned in the province, and it's important for us to have both legislation and a commitment, going forward, for future wells, to have a responsible policy for that but also to reach back and ensure that these thousands of abandoned wells have the attention paid to them that is due. We also know that it's been a sensitive issue for a long time. I've gone for years to surface rights meetings here in the province of Alberta and have learned a lot about how landowners feel as though their rights and their property rights have not always been respected by oil and gas companies and by the government as well. It's interesting because we were looking at this bill that came forward to us here in the last few days and we were approached by the surface rights people to say that this particular section, as outlined by the Member for Calgary-McCall, is exactly the kind of thing that they have been fighting against for a long time.

**9:30**

To strike out section 1(17) was a request that was brought forward to us by surface rights people. It's very important to understand this. It's very important to understand that this is constructive criticism that is resulting from outreach undertaken in a very short period of time, considering the timeline that we're dealing with here, with this bill being brought forward, and it's a useful detail that I think would improve this bill considerably.

You know, any notion that it is brought forward in any other spirit besides constructive criticism, I think, is definitely incorrect. I'm very happy to see the hon. Member for Edmonton-South . . .

**Mr. Madu:** South West.

**Mr. Eggen:** South West. Yes, yes.

. . . come back and, you know, entertain us with his – it's funny. I mean, irony is an interesting thing. I'm an English teacher. Irony is instructive, and when somebody is yelling about partisanship in a most partisan way, that's ironic, right? That's the definition of irony. I'm sure the Member for Edmonton-South West would recognize that, and that's fine.

Anyway, I think this amendment has merit. I think that people accessing a landowners' property without permission goes against the basic tenet of property rights, I believe, and both the spirit of the law and the actual letter of the law, too. In any change around this you have to be very sensitive, and I think that Calgary-McCall's very reasonable amendment is something that everyone should support. I look around the room here, and I see lots of people from rural areas, so you know exactly what I'm talking about. You know, it's good to put people's minds at ease, to say, number one, that we recognize that the orphan wells issue must be addressed but, number two, that property rights as enshrined by law and history must be respected as well.

So I urge everybody to accept this amendment. We'll all feel really good about it, right? It will give us all that feeling of working together and all that kind of thing, and it will be a great way to start off this legislative day.

Thank you.

**The Chair:** Any other members? The hon. Minister of Municipal Affairs.

**Mr. Madu:** Thank you again, Madam Chair. I just wanted to very quickly respond to the member's submission, the proposed

amendment. Again, my response will be to just again read what we have proposed in Bill 12. I am asking every member in this House to take a look at the original section 101(1) and compare with the proposed 101(1) in Bill 12 and ask yourself: what have we added? That section reads:

A person ordered, directed or authorized to provide reasonable care and measures to prevent impairment or damage in respect of wells, facilities, well sites and facility sites, or to carry out suspension, abandonment, remediation or reclamation under section 26.2, 27 or 28, is entitled to have access to and may enter on the land and any structures on the land concerned for the purposes of providing the reasonable care . . .

Now, I want to emphasize that particular piece because that is where the addition we have proposed comes from.

. . . and measures to prevent impairment or damage or carrying out the suspension, abandonment, remediation or reclamation.

Those are what we have substantially added to section 101(1).

To that extent, when I hear the member say that the proposed amendment is reasonable, it is not reasonable in any way or shape whatsoever. Again, I would urge the members to ignore this particular proposed amendment and vote it down.

Thank you, Madam Chair.

**The Chair:** Any other speakers to the amendment? The hon. Member for Calgary-McCall.

**Mr. Sabir:** Thank you, Madam Chair. Let me try again, and let's see if I have any chance of convincing my colleague from Edmonton-South West that it's a reasonable amendment.

I don't think that giving property owners the right to refuse access or protecting a property owner's right to regulate access on their property is unreasonable. I indicated earlier that for the last four years, the 29th Legislature, I've sat on that side and heard from many of my colleagues, predominantly representing rural constituencies, talk about this issue. If you would say that standing up for those landowners' right is unreasonable, I don't know what, then, reasonable is, what your definition of reasonable is. Even in this Legislature we had Bill 27, trespass amendment act, where I heard many passionate speeches about how and why it's important to protect people's right to regulate access to their properties, and actually this Legislature passed that piece of legislation as well.

In this piece of legislation there are two provisions that deal with the owners' rights. On one hand we have subsurface rights owners, people who own rights to the minerals, who have leases from government. They own those mineral rights. With respect to their rights the provision is subsection (2.1) on page 4 of the bill.

Where a delegated authority takes over management and control of a facility and is not the owner or holder of the mineral rights associated with the facility, the delegated authority shall not undertake any production without the consent of the owner or holder of the mineral rights and the person who has the right to win, work and recover the minerals.

This provision is saying that even when a delegated authority is asked to step in and provide for reasonable care and measures to prevent impairment and damage, even when they are entering under those circumstances and they're asked by the regulator or delegating authority to enter, they have to respect the rights of those who own those minerals. They have to respect the rights of those lessees. We are giving that protection to those subsurface rights owners. I'm not saying that we shouldn't do that, but it's still debatable: why would a delegated authority need the consent of those owners when they were not managing that properly? That's the reason the delegated authority is asked to step in.

**9:40**

Still, under those circumstances, the government is willing to protect those subsurface rights owners' rights, but at the same time they have a provision in here that, no, the delegated authority doesn't need the consent of surface rights owners. So we are dealing with two different sets of owners differently. Those who own subsurface rights, mineral rights: it appears that they have more sway with this government. It looks like they have more say with this government. That's why legislation protects their rights. But when it comes to surface rights owners, the government didn't think that it's worth asking them for access. Their ownership rights are treated differently. I think that under common-law traditions, property rights come with, like, a bundle of rights and that ownership also gives the owner the right to exclude others. In this case, again, the government, that champions free market, free enterprise, private property, and all those good things, is walking roughshod over the rights of surface owners in favour of another set of owners, who own subsurface rights.

As my colleague indicated, that's a long-standing issue, and there are many Albertans, there are many advocacy groups who have called for better protections for some of these property rights owners because they don't have that kind of equal bargaining power when they are dealing with industry or when they're dealing with the government. But instead of stepping up and protecting these property owners' rights, government is basically putting in legislation that their consent is not needed and anybody they wish can go onto their lands without needing any consent from those owners.

I think this amendment is a very reasonable one that will make sure that those owners are respected. It's a very reasonable amendment that will make sure that rights of property owners are protected. It's a very reasonable amendment that will make sure that the government doesn't rely on their majority and overreach people's property rights, long-standing property rights that for centuries have been established, legally protected. It's reasonable that we treat surface rights owners with the same respect that we give subsurface rights owners.

So to all my colleagues in the House and, in particular those who are representing constituencies with oil and gas development, where it's more relevant: I think that they should think about this amendment. They should reach out to some of the landowners. They should take time to talk to them and also come back and, I guess, share that perspective with us. We want to hear as well what they think about this provision and this piece of legislation in general instead of rushing it through in the middle of a pandemic.

This kind of overreach of government into people's private property and their rights, I think, is not justified under any circumstances, especially within this piece of legislation. There are two provisions dealing with property right holders, and we can see clearly that subsurface rights holders are treated differently than surface rights holders. The legislation makes it clear that for mineral rights holders, when their property rights are at stake, legislation protects them and makes it a requirement for the delegated authority to seek their consent, but the legislation doesn't treat surface rights holders with the same respect and instead says that no permission, no consent is needed to go onto these properties. Subsurface rights holders' rights are completely disregarded, and that's unreasonable. I urge all of my colleagues, especially colleagues from constituencies where surface rights access is an issue, that they should think about this piece of legislation, and they should take time to talk to those who will be affected by this legislation and vote in favour of this amendment.

We don't need to rush this bill through. We don't need to walk roughshod over surface owners' rights in the midst of the pandemic, when people are thinking about the pandemic and their health and well-being. We shouldn't be passing legislation that will have far-reaching impacts, far-reaching consequences for their rights and for their ability to manage access onto their lands. So again I'm asking all my colleagues, urging all my colleagues to vote in favour of this amendment.

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

**Mr. Orr:** Thank you, Madam Chair. I rise to speak to the amendment currently before the House with regard to the Liabilities Management Statutes Amendment Act, 2020, which deals with orphan wells. I speak, really, on behalf of the landowners in my riding. I've had numerous e-mails over the years from very, very, very frustrated landowners. While I understand that the opposition, by presenting this amendment, purports to be standing up for landowners' rights to regulate access to their property, the practical reality is that the current status quo utterly and completely denies them the ability to control and to clean up and to correct their land.

Alberta farmers want their land cleaned up. That is the absolute bottom line here. Yet there are thousands of these well sites on farmers' lands that have been in limbo for years and years. There are currently almost 3,000 well sites that need abandonment and over 3,000 that require reclamation. Yet the reality is that these wells are on good farmland that should be used for farming, and the farmers can't get paid for them because they're abandoned. They can't use the land. They lose the acreage to production, and they want it cleaned up.

9:50

Let me explain to you what one of these sites looks like in my riding. There's a road that goes through the middle of the field, actually, almost half a kilometre into the middle of the field. There's a huge area with a dyke around it all graveled in. That's got fences around it. There are wellheads on that site, abandoned pumpjacks on that side. There are oil shacks for management of the site. There are storage tanks with various levels of distillates. Who knows how full or not full they are. There are literally stacks and stacks of pipe and drill stem on four-foot-high sawhorses that are 35 feet long, some of the drill stem is scattered all over the ground, and they can't touch any of it. They haven't been able to touch it for years. Why? Because it's caught in a legal limbo. It's caught in a situation where there are no effective mechanisms for them or anyone to be able to clean up their land. The governments have kicked this can down the road for years, and the reality is that money alone will not solve this problem.

There needs to be a change of regulation and authority. The members opposite, I understand the virtue of what they're trying to say in terms of limited authority, but the reality is that the status quo, the current regulation, has created such a legal limbo that nobody can actually act on it. So these farmers struggle for years, stressed and unable to get their money or their land, either one, and can't even actually personally access their own land. We need to get this cleaned up. The whole challenge here is that the regulations and the authorities actually need the authority to be able to do it and to get us out of this legal limbo.

I would say that everybody wants these sites cleaned up, the landowners especially, environmentalists, the industry. We need to give the Orphan Well Association and the others the ability to do it, to actually get it done rather than leaving them in legal limbo, farmers frustrated and stressed over it, ignored forever over it. Nobody wants to deal with it. We finally have a bill that will allow this to happen, and we need to stop trying to take the teeth out of it, stop trying to put it back into the place of weakness and inability to

solve the problem. Let's get the problem solved, get the land back to the landowners, and get these risks cleaned up.

Thank you, Madam Chair.

**The Chair:** Any other speakers to the amendment?

I will call the question.

[The voice vote indicated that amendment A2 lost]

[Several members rose calling for a division. The division bell was rung at 9:53 a.m.]

[Fifteen minutes having elapsed, the committee divided]

[Mrs. Pitt in the chair]

For the motion:

|       |         |          |
|-------|---------|----------|
| Eggen | Loyola  | Pancholi |
| Irwin | Nielsen | Sabir    |

Against the motion:

|          |         |                 |
|----------|---------|-----------------|
| Aheer    | Issik   | Rowswell        |
| Amery    | Loewen  | Schulz          |
| Dreeshen | Lovely  | Schweitzer      |
| Ellis    | Madu    | Sigurdson, R.J. |
| Glasgo   | Neudorf | Singh           |
| Hanson   | Orr     | Smith           |
| Horner   | Rosin   | Wilson          |

|         |         |              |
|---------|---------|--------------|
| Totals: | For – 6 | Against – 21 |
|---------|---------|--------------|

[Motion on amendment A2 lost]

**The Chair:** We are now back on the main bill. Are there any speakers to the bill?

Seeing none, shall I call the question?

**Hon. Members:** Question.

[The remaining clauses of Bill 12 agreed to]

[Title and preamble agreed to]

10:10

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

**Hon. Members:** Agreed.

**The Chair:** Any opposed? Carried.

The hon. Member for Calgary-West.

**Mr. Ellis:** Thank you very much, Madam Chair. I move that we rise and report Bill 12.

[Motion carried]

[The Deputy Speaker in the chair]

**The Deputy Speaker:** The hon. Member for Bonnyville-Cold Lake-St. Paul.

**Mr. Hanson:** Thank you very much, Madam Speaker. The Committee of the Whole has had under consideration a certain bill. The committee reports the following bill: Bill 12. I wish to table copies of all amendments considered by Committee of the Whole on this date for the official records of the Assembly.

**The Deputy Speaker:** Does the Assembly concur in the report? All those in favour, please say aye.

**Hon. Members:** Aye.

**The Deputy Speaker:** Any opposed, please say no. So carried.

**Government Bills and Orders  
Third Reading**

**Bill 12  
Liabilities Management Statutes  
Amendment Act, 2020**

**The Deputy Speaker:** The hon. Member for Calgary-West.

**Mr. Ellis:** Well, thank you very much, Madam Speaker. I rise to move third reading of Bill 12, the Liabilities Management Statutes Amendment Act, 2020, on behalf of the Minister of Energy.

The passage of this bill would enable us to clarify the obligations of the oil and gas licensees to expand the delegated authority of the Orphan Well Association, the OWA for short, enabling it to really play a more active role in reducing the inventory of orphan wells and sites across this province. The legislation includes amendments to the Oil and Gas Conservation Act and the Pipeline Act, Madam Speaker. These changes would also enable future amendments to the orphan fund delegated administration regulation anticipated later this spring. Acting now to strengthen how we prevent sites from becoming orphaned and to accelerate efforts for cleanup of inactive wells and associated infrastructure will boost employment. Let me say that it will boost employment in the oil fields service sector, protecting jobs during these challenging, challenging times.

Expanding the role of the OWA to manage the risk of orphan wells is really part of a new suite of policies, which will be announced in the near future, that will touch every stage in the life cycle of development to ensure industry is able to meet the environment obligations in a flexible and, really, a cost-effective way.

The OWA is well positioned to manage the inventory of inactive wells and sites that do not have viable operators responsible to clean them up. The association has consistently demonstrated that it has the expertise and the experience to really lead this work. Expanding its authority will help accelerate the association's cleanup efforts and immediately generate much-needed jobs for the oil service workers across this province along with related economic spinoffs such as increased business in rural Alberta. In fact, when the government extended its loan to the association by \$100 million in early March, the OWA projected that this funding would enable the decommissioning of approximately 1,000 wells and commence more than 1,000 environmental site assessments for reclamation and, just as importantly, lead to more than 500 direct and indirect jobs.

Now, more specifically, through this bill, Madam Speaker, we're going to be able to enable the association to make agreements with producers to enable cost-effective site closures, ensure oil and gas resources are not prematurely abandoned, and act more commercially in the management of sites that are at risk of becoming orphaned and sites that are already in the OWA's orphaned inventory.

Now, this legislation also clarifies the duty of licensees to provide reasonable care and measures to prevent impairment or damage to wells and related structures. This action will help avoid negative impacts to public health and safety, property, and the environment by ensuring that no one can walk away from their obligations, and that is very important, Madam Speaker.

These changes would enable the government to give the OWA the authority to operate wells and facilities, including pipelines, that still have value for a limited period of time when it makes sense to do so. Now, by avoiding the premature shutting in of valuable production, this action also protects freehold mineral rights owners, the Crown, and mineral rights holders. Now, these amendments

would allow the Alberta Energy Regulator or its delegated authority to appoint specialized insolvency professionals and use the orphan fund to pay for these services. Now, instead of becoming orphans, this would result in some sites being sold to other viable operators.

Madam Speaker, our government is committed to enhancing our position as a global leader in responsible energy development. This bill is designed to strengthen Alberta's ability to more effectively manage orphan wells and associated infrastructure such as pipelines while protecting landowners and ensuring environmental and public safety.

At this point I'd like to thank my colleagues in this House for supporting this bill. With that, Madam Speaker, I thank you, and I conclude my remarks.

**The Deputy Speaker:** Are there any other members wishing to speak to the bill in third reading?

Seeing none, would anyone like to close debate? The hon. Member for Calgary-West.

**Mr. Ellis:** Well, thank you. Thank you very much. I just want to thank the hon. minister for providing this bill to this House. I think that what I said moments ago really said it all, but really it's about putting people back to work, understanding the importance of that. I'd like to thank all members of this House for their support.

Thank you.

[Motion carried; Bill 12 read a third time]

**Government Motions**

**Oil and Gas Industry**

18. Mr. Schweitzer moved on behalf of Mr. Jason Nixon:  
Be it resolved that the Legislative Assembly
- (a) acknowledges that the oil and gas industry will continue to play an important role in global energy demand for the foreseeable future and that world oil prices will not remain depressed in perpetuity;
  - (b) urge the government to plan for the future and continue to play an important role in ensuring Alberta's oil and gas industry can meet global energy demand;
  - (c) recognize that increased export options for Alberta energy results in better prices, which benefits workers, employers and all Albertans by providing critical financial support for public services; and
  - (d) express its support for the government's plan to provide an investment, through a \$1.5 billion equity stake and \$6 billion loan guarantees, in the Keystone XL pipeline project.

**10:20**

**Mr. Schweitzer:** I'd like to move on behalf of the hon. House leader Government Motion 18, oral notice having been given.

I now move that we adjourn debate.

[Motion to adjourn debate carried]

**Mr. Schweitzer:** Madam Speaker, I'd put forward a request for unanimous consent to have a short recess until 10:30 a.m.

[Unanimous consent denied]

**Government Bills and Orders  
Committee of the Whole  
(continued)**

[Mrs. Pitt in the chair]

**The Chair:** Hon. members, I would like to call Committee of the Whole to order.

**Bill 10  
Public Health (Emergency Powers)  
Amendment Act, 2020**

**The Chair:** Are there any speakers wishing to speak? The hon. Member for Edmonton-Whitemud.

**Ms Pancholi:** Thank you very much, Madam Chair. I'm pleased to rise in Committee of the Whole to speak to Bill 10, the Public Health (Emergency Powers) Amendment Act, 2020. Like many of us in this House who stood to speak over the last few weeks, I too would like to express two things: first off, my sympathies to those Albertans who have already lost their lives as a result of COVID-19. I believe that as of yesterday that number was at 11 Albertans, and I know that we all feel that very deeply.

I also want to express my thanks to the front-line workers, whether it be in health care, whether it be first responders, individuals working in grocery stores, people who are continuing to deliver mail and deliver packages, especially as we all rely on that much more these days. There are so many Albertans that are working very hard in this public health emergency, and I know that all members share my gratitude and express their thanks to those individuals.

I also would like, obviously, to comment specifically on the public health amendment act, that was brought forward previously this week. We know that in the event of a public health emergency – I'm lucky to have lived in this province for 40 years and have not had to experience this before in my life. We know that these are extraordinary times, and in these times, where we don't really have a comparison point to say, "This is how we should or should not act," we need to be able to have flexibility in government to be able to make those orders and changes that are necessary to respond to the challenges that arise. We need flexibility, we need quick response time, and we need to allow for government to make decisions that we believe are appropriate to help its citizens in the most appropriate way possible.

We know that under the Public Health Act there are currently extraordinary powers that are granted to government in times such as this. Those provisions have been in place for some time, and they are remarkable. Sometimes, you know, they might be seen to be – well, they change our democratic processes and traditions. We have a democratic process so that everybody has the opportunity, all representatives – there's consultation done with constituents and citizens, which is a meaningful and necessary process when we're talking about legislation but, of course, is time consuming. Well, in a public health emergency we know that government needs to be able to respond quickly. That's why within the Public Health Act there are already extraordinary powers that are granted to government to make changes to legislation, to respond quickly. These are extraordinary because they do bypass the democratic processes that we have in place in this Legislature, and they are there for a very good reason.

Some of those measures that are currently in this act, for example, allow that when there is a public health emergency order that has been issued by the chief medical officer, the Lieutenant Governor in Council, or cabinet, will issue an order that allows for a minister to be able to make changes. Well, actually, to be clear, the current provisions of the act – and this is actually in section 52.1 of the Public Health Act – allow for any minister to be able to suspend or modify the application or operation of all or part of a piece of regulation or legislation without consultation. It does mean that a

minister may – sorry. I want to be clear, too, that that provision applies when it is believed that the current legislative provisions are not in the public interest, to allow them to continue to operate. That is the state of the current piece of legislation.

What that means is, of course, that a minister may by order – and we know that an order does not come before this Assembly; it is not voted on; it is issued by a minister – actually suspend or modify an existing legislative scheme. That means that there is a provision in legislation, whatever the legislation – it is not limited to health. It could be a piece of legislation under any of the responsibilities of government: it could be under education; it could be under transportation, infrastructure. Basically, this provision allows for a minister to say: that current legislative scheme that's in place needs to be suspended or modified because to allow it to continue would not be in the public interest.

I hearken back to my experience, which is in the education world, and in that world, for example – the example that came to my mind is that there are provisions in the current Education Act that talk about the process for closure of schools. If a school is going to be closed, there's typically a process that is followed that involves community consultation, that requires engaging with stakeholders, speaking to parents, making sure that everybody knows, and there are opportunities sometimes for public consultation on the closure of schools. That is in place for a good reason. In normal times a closure of a school can deeply affect a community, can deeply affect children and parents, so we know that when you close a school, there should be a process that's followed by a school board before they do that.

However, in a public health emergency one could foresee a situation where, obviously, it might not be in the public interest to follow that lengthy process. Decisions might need to be made sooner. Even if it's not a complete closure of a school but moving grades to another school, you can see that there would be a very good reason why, in a public health emergency, that legislative scheme in place should be bypassed. It would not make sense. A school board might need the authority to be able to do a closure of a school or move some grades without following that process.

So it makes sense that in that situation the Minister of Education, for example, should be able to, without having to bring it before the House – it would be in a case of a public health emergency – issue an order saying: that particular legislative scheme for closure of schools is suspended. Or maybe it's modified by bringing forward timelines or whatever the requirements of the situation would require. That makes sense. Again, it is an extraordinary power to be able to change legislation by simply a ministerial order, but it is appropriate to do so in a public health emergency.

Why I went into this background a little bit is to say that what we have here is extraordinary, but I want to look at what is being proposed in this particular bill, Bill 10, because Bill 10 seeks to modify those provisions, which, as I've mentioned a number of times, already grant extraordinary powers to ministers and to government in a time of public health emergency.

**10:30**

The provisions that are set out in Bill 10 modify this power and authority in the following manner. Rather than simply being able to suspend or modify an existing legislative scheme – and I'll go back to the example I gave about closure of schools. Rather than simply saying that this is the process that will be followed or that it will be changed slightly or that we're going to put a pause on the application of the closure of schools process in the Education Act, the Bill 10 provisions make the change to allow for a minister to not only suspend or modify the application of existing legislative provisions, but it also allows, in a public health emergency, for a

minister to be able to specify or set out provisions that apply in addition to or instead of any provision of an enactment.

Now, I realize that I live in a lawyerly world still, you know, where I kind of tend to focus on the specific meanings and definitions of words perhaps more than most people do. But this is important because it is actually an additional power to ministers to change legislation in the case of a public health emergency. Specifically, it allows not just for suspension or modification of an existing legislative scheme, but it actually also allows for a minister, without consultation and without bringing it before the Legislative Assembly, to change legislation by actually introducing a new legislative scheme and allows a minister to set out provisions, which essentially means new provisions, that are in addition to or instead of, so actually replacing one legislative scheme with another.

The other element that's important to highlight here with respect to the changes that are under Bill 10 is that under the existing Public Health Act the suspension or modification of legislative provisions only occurs where the minister has determined that it is not in the public interest for those current provisions to apply. Under the new proposed legislative provisions in Bill 10 it actually switches the criteria which are applied. Instead of saying that the current legislative scheme is not in the public interest, it actually says that the minister may change and introduce essentially a new legislative scheme because the minister believes it is in the public interest to do so.

Again, this is a slight shift, but it does broaden the authority of the minister. It's not simply about saying that the existing provisions are not in the best public interest to go forward with, but it actually allows the minister to make a determination – and again this is any minister of any ministry – that a new legislative scheme should be introduced because that minister believes it is in the public interest to do so.

I highlight these changes – they are technical – because I think it's important for Albertans to be aware when we are considering measures that further bypass our democratic process. Again, this is not to say that I don't believe it's necessary, and there absolutely is good reason to do so in public health emergencies. But what I would like to hear and have not yet heard from the government side is why the existing provisions, which are already extremely broad, which already give significant authority to ministers to be able to modify and suspend current legislative provisions by order, are not sufficient to do what the government believes it may need to do in this time of public health emergency.

I'm not saying that this is offside. Essentially, what I want to know and what I think Albertans have a right to know when the democratic process is being bypassed are the reasons for that. I do believe that what is being proposed here under Bill 10 does broaden what is already an extraordinary power, so I would like to hear from the government their reasons for doing so. Essentially, why do they believe that it may be necessary for any minister of the Crown to be able to now not just simply suspend or modify an existing legislative scheme but actually introduce a new legislative scheme because they believe it's in the public interest to do so? Why that's necessary and why they believe that that extraordinary power should be granted: again, I'm posing this more as a question because I think we need to be very careful about making sure that when we are bypassing our democratic processes, Albertans understand why and the necessity of it.

I believe that that information – for me, as a member of this House it is my duty to ask those questions. I believe it's the duty of all members of this House to ask those questions because we are essentially giving up our privilege and our right as a member to act on behalf of our constituents, to consider legislation, and to weigh

whether or not what is being proposed is in the best interests of our constituents. When we are granting this kind of authority in an extraordinary state such as now, it is deeply important that we understand why.

Of course, this is an unprecedented time, but we don't know – I certainly hope that in my lifetime and in my kids' lifetime this is the only time that they have to experience a public health emergency such as this. Of course, certainly, we can't guarantee that. Whatever we do here today could continue to act as not only a precedent but could continue to be used again in the future. If we are suggesting that legislation may be brought forward by a ministerial order without consideration by this Assembly, I think it is imperative that Albertans hear why the government believes that that's necessary.

I also want to echo some comments. I know that my colleague the Member for Edmonton-City Centre, who is also the Official Opposition critic for Health, had the opportunity to speak to Bill 10 a number of times yesterday, and I know he raised some questions about the necessity as well for this act more generally. We know that Bill 10 also changes the fine structure for somebody who breaches an order of the chief medical officer of health or of a physician. It increases the fine amounts, and I believe that those changes were already brought in by ministerial order. The question that my colleague asked, which I echo here as well, is: if those ministerial orders were already passed, what is the necessity for continuing to bring them forward in the act? Those changes have already come into effect.

We have to be very clear, of course. I mean, everybody here has mentioned it several times, and we all are living it. We know that we are in the middle of a pandemic, and we know that the sitting of the Legislature right now is an exception that was granted by the chief medical officer of health to the orders that she has made against gatherings above a certain number of people. I think we also know that because we are operating without full representation from all ridings right now in this House, we have reduced capacity, again, to represent our constituents when we are seeing legislation coming through that could very significantly increase the authority of government in a time of public health emergency. If that legislation is coming forward at a time when we have reduced representatives, when we are of course coming back and not only potentially challenging our own health but our own family's health – when we are here, additional staff are here on both sides of the House, sheriffs; we've got staff running *Hansard* and running the cameras – we need to be sure that when we're here, it's because it's absolutely necessary.

The question I have is: is this necessary? If so, I invite again the government members to speak to it, because I have not yet heard a clear explanation as to why this government believes we need to change this act right now. I believe the Government House Leader, when asked about it in the media, indicated simply that this is a bill that should have debate. I agree. All bills should have great debate. But we're actually talking about a bill that effectively limits the ability of this House to debate bills because it expands the authority of ministers to be able to change and introduce new legislation, new legislative schemes, without coming before this Assembly.

We should be having that conversation only if it's absolutely necessary, only if we can demonstrate that there is something that the government believes they do not currently have the power to do. Maybe it's not something they know yet. I appreciate that we are in unprecedented times. We are not yet through this pandemic. There are likely going to be significant and further challenges as we progress through.

But certainly I believe that the government is engaged in a significant amount of planning of scenarios of what happens if this

happens or what happens if that happens. There must be some scenario which they are contemplating that the current provisions of the Public Health Act will not allow them to address properly, and if that's the case, I invite the government members to outline exactly what that is. Even if it is hypothetical, why do we need to take what is already an extraordinary authority by ministers to change legislation without bringing it before this House? Why do we need to grant even further authority and further broaden the criteria? The onus is then on the minister to make a determination about something being in the public interest rather than that the existing legislative scheme is not in the public interest. That is a fine line, but it is a significant one because it does give greater authority to ministers to make that determination.

**10:40**

My concern with respect to this bill is that I don't have clarity as a member who will lose my right and my privilege to represent my constituents. If this authority is passed, it further limits my opportunity to consider and hear changes to legislation which may have direct impacts on my constituents. I believe that I need to have more information as a member of this Assembly before I can decide whether or not that is appropriate. Again, I do appreciate that these are challenging times for this government, and I'm not asking them to have all the answers, but by bringing this legislation forward and bringing back this Assembly to consider this legislation, it says to me that there is a scenario or there are scenarios under which the current government believes that the current provisions of the Public Health Act are insufficient. I invite the government to let us know so that we can, with full information, represent our constituents and make a determination about whether or not we believe that's appropriate.

Thank you, Madam Chair. That's all I'd like to say right now with respect to Bill 10.

**The Chair:** Hon. members, just for clarity's sake, the hon. Member for Edmonton-Whitemud was speaking on amendment A1.

The hon. Government House Leader.

**Mr. Jason Nixon:** Well, thank you, Madam Chair. Just briefly in regard to the hon. member's comments, I'm a little bit confused on a couple of things. First, the hon. member referred to capacity and the opposition not having the capacity to do their role and to be able to hold the government to account. Last night in this Chamber an unprecedented moment took place in the history of this House, of this Legislature, led by the hon. the Premier, who shares a great passion for the history of parliamentary democracy, for our parliamentary process, something I share with him. He had me as his House leader put together an unprecedented process in the middle of a significant emergency inside our province. It is taking up significant time of all of the government to of course manage that, particularly for the hon. Premier. His time commitment for this, obviously – and he's committed to doing that – is significant. During all of that you know what he did? He got his House leader to put in an unprecedented process to be able to make sure that the opposition had time to ask the government questions . . .

**Mr. Kenney:** For six hours.

**Mr. Jason Nixon:** . . . for six hours, Madam Chair. Unprecedented. That's how much the hon. Premier cares about our democratic process and making sure the opposition has the ability to do their job. So that's one.

Second, the hon. member – and I get confused with the NDP. First, it's that we're using too many ministerial orders, too many things just from cabinet and not letting them do their job. Right in

that speech, that was one of the arguments made. And then in the next breath the hon. member says that using the democratic Chamber to install the changes to the health act that is in this bill right now is undemocratic. Madam Chair, this body, that you and I have the privilege of being elected to, is the democratic seat of this province. The 87 members of this Chamber have a responsibility, particularly the nonmembers of the treasury branch, the nonmembers of Executive Council, to hold Executive Council accountable, particularly the Official Opposition, who has a significant responsibility to hold government accountable in this Chamber.

For the hon. member to complain that the Premier and cabinet are taking decisions that we're making immediately for health care with ministerial orders but then immediately committing to bringing it to the democratic body of Alberta to make a decision is ridiculous, Madam Chair, and either shows that that hon. member has no idea how parliamentary democracy works or just wants to complain for complaining purposes. Somebody who could stand in this House and give a speech that is that contradicting within the same three-to four-minute period of time, at one moment complaining that cabinet is spending too much time not being accountable to the opposition and doing too many ministerial orders and then a few moments later complaining about the government bringing things to this Chamber to make sure that the Official Opposition can do their job: that is absolutely ridiculous.

With that said, Madam Chair, I think it's important that we talk about Keystone. I'm looking forward to that, and as such, I will move that we rise and report progress on Bill 10.

[Motion carried]

[The Deputy Speaker in the chair]

**The Deputy Speaker:** The hon. Member for Bonnyville-Cold Lake-St. Paul.

**Mr. Hanson:** Thank you very much, Madam Speaker. The Committee of the Whole has had under consideration a certain bill. The committee reports progress on the following bill: Bill 10. I wish to table copies of all amendments considered by Committee of the Whole on this date for the official records of the Assembly.

**The Deputy Speaker:** Does the Assembly concur in the report? All those in favour, please say aye.

**Hon. Members:** Aye.

**The Deputy Speaker:** Any opposed, please say no. So carried.

## Government Motions

*(continued)*

### Oil and Gas Industry

[Adjourned debate April 2: Mr. Schweitzer]

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

**Mr. Kenney:** Thank you, Madam Speaker. I'm pleased to enter into this debate on a matter of critical strategic importance to Alberta, the construction of the Keystone XL pipeline. As I said last night in this place during the emergency take-note debate on the coronavirus pandemic, we are facing a triple crisis in this province, first of all and most importantly, the public health crisis imposed by the novel coronavirus COVID-19. As the hon. the Government House Leader just indicated, last night we spent the better part of six hours

reporting on Alberta's efforts to keep this province safe by preventing the spread and enhancing our health care response to prevent the pandemic from affecting more Albertans.

I also, however, indicated that we are dealing with a massive global recession, with some projections of a contraction in the North American economy of as large as one-third. We could see the economy contract by one-third last month, this month, and the second quarter of this year. That would constitute a greater economic downturn than the Great Depression in 1929-1930.

Thirdly, we are facing an unprecedented collapse in energy prices to the point where west Texas intermediate, the key benchmark for our energy, has been trading at or below \$20 a barrel and western Canadian select at or below \$4 a barrel this past week. Madam Speaker, we have not seen prices at that level in real terms at least since Leduc in 1947.

It is really, actually, not possible to overstate the impact that these things will have on the economy of this province and the financial security of Alberta families, on the future of our businesses, and on our standard of life. So, Madam Speaker, we must stay focused on controlling the pandemic as job number one. However, we must also take action to the greatest extent possible to protect the economy of this province and to prepare for our eventual economic recovery. As I have said, that recovery will not start quickly.

Let me situate the context for today's motion and the government's historic investment in the Keystone XL pipeline. Madam Deputy Speaker, the primary reason for the collapse in energy prices has been a collapse in global economic activity and therefore energy demand. However, concurrent with that, we have seen the bizarre spectacle of hostile regimes, dictatorships and autocracies like Saudi Arabia and Russia, launching a price war over crude oil, which has effectively caused a surge in supply at the same time we are seeing a total collapse in demand.

As I have said in this place before, the last time we saw a concurrent collapse of oil demand and surge in oil supply was, not coincidentally, in 1930. Madam Deputy Speaker, there is no secret as to why the Russians, with the world's fourth-largest oil reserves, and the Saudis, with the world's second-largest reserves, are refusing to curtail production and, to the contrary, are increasing it. They are doing so in a predatory strategy to drive down production here in North America.

**10:50**

Let me explain the context. Many of us have, depending on our age, an awareness or a memory of the OPEC oil price crisis in 1974, when the OPEC Middle Eastern cartel significantly constrained supply of global oil, which led to a tripling of prices. That, Madam Speaker, I think made North Americans aware of how dependent we had become on foreign sources of energy as the feedstock for our modern economy.

The United States, parenthetically, Madam Deputy Speaker, has spent likely trillions of dollars and made untold sacrifices in part to provide a de facto security guarantee to OPEC oil producers in the Middle East to maintain energy security as a critical element of functioning their economy. Yet, happily, over the past decade North America has become energy independent because of two concurrent factors. One, the U.S. shale revolution, which has seen American oil production move from 3 million to 12 million barrels per day over the past decade, most of that under the tenure of former President Barack Obama. Concurrently, here in Alberta we have effectively doubled our production from 2 and a half million to nearly 5 million barrels per day in the last decade. This means that Canada and the United States taken together constitute a net exporter of energy.

We are now energy independent in North America, but that growth in production in North America is looked upon with great resentment by OPEC and by Vladimir Putin's regime in Russia. They regard this increased production of oil in North America as a threat to their dominant position in global markets, so three weeks ago today – I must confess that in the midst of this crisis I'm losing track of time. It was three or four weeks ago today that discussions between the OPEC cartel and Russia in Vienna broke down because Russia refused to participate in a curtailment of supply in the midst of the coronavirus recession crash in demand. They walked away from the table, and they did so explicitly because they indicated that they want to use this crisis to punish North America for producing more energy. What they are trying to do is to make North American energy production uneconomic so that that production is shut in and then permanently impaired.

There is a fundamental difference between North American energy production and that in OPEC and Russia, which is simply this. Energy production in this continent is done by the private sector, by the market, but the energy companies in OPEC and Russia are either de jure or de facto state-controlled enterprises. North America, with very few exceptions, is the only place where the market operates in terms of energy production. In places like Saudi Arabia or Russia, where the state either directly or indirectly backs energy companies, they can draw on the deep balance sheet of those sovereign states and, implicitly, massive subsidies. They do not have to compete with our producers on a market basis. They have an enormous advantage in terms of their financial depth to drive prices down below the actual cost of production. That's what they're doing.

What they're trying to do is to say that we in North America are vulnerable because private shareholders, banks, investors do not have endless balance sheets whereas the OPEC and Russian producers are state-backed or state-owned and therefore have much deeper balance sheets. What they're engaged in is a price war to say – and it's based partly on their observation that our costs of production are relatively higher than theirs here in North America. They're higher in the oil sands because to produce oil sands projects requires enormous upfront capital investment, often in the range of tens of billions of dollars, and production in U.S. shale reserves requires a constant capital churn, constantly to be drilling a very capital-inefficient pattern of exploration and production. The Russian-OPEC strategy is predicated on our industry being more expensive but also less capable of coping with an absurdly low energy price.

Now, Madam Deputy Speaker, much of the commentary has focused on the Russian role in this price war as being the primary protagonist. However – and I'm no defender of Vladimir Putin. I was put on the Russian blacklist, so I'm no defender of Putin's regime. But let me say this. All the Russians have done is to refuse to curtail production whereas the Saudis are surging production to the maximum capable, the maximum capacity possible, and they're encouraging their Arab OPEC allies to do the same. This has then led to a situation where there are many projections that we will see. Brent, which is the most important global oil benchmark, trading as low as \$5 in the second quarter of this year: if that happens and if the current trajectory continues, we can expect to see western Canadian select, which is the price for our heavy synthetic oil that we produce in Alberta, trading at negative prices within three weeks' time.

I know that's hard for us to get our heads around, Madam Deputy Speaker. How can you have a negative price for something? Well, I'll explain that. If there is such an excess of supply over demand that the only thing you can do with your oil is to produce it and ship it to get it off your hands, then you have to pay somebody a negative

price to take it off our hands. Our natural gas producers, our dry gas producers know what that's like. They've often faced negative prices in the summertime here in Alberta in recent years. We are very close to being in negative price territory for western Canadian select.

Here is what that means. First of all, as I've said, there is an armada of oil tankers filled to the gunnels leaving the Persian Gulf every day headed to refineries and tanker complexes around the globe, including the U.S. Gulf coast. I just got off the phone with a Senator from Louisiana, which is home to many of the key refineries in North America to which we sell Alberta heavy crude, and he confirmed that they are within days of total tank tops in their inventories in the U.S. Gulf. Once that happens, we expect the backup to move to the PADD 2 U.S. Midwest refinery complex and tank farms to be at tank tops there. Then the backup will push all the way up into Canada, and if the current situation continues, we will have nowhere to ship the energy that is produced.

In that scenario, we can expect to see shut-ins of production. They've already begun. I understand from the hon. Minister of Energy that the Enbridge main line, which ships about 80 per cent of our oil out of Alberta, is operating with about 150,000 barrels per day of unused capacity, which is an indication of voluntary shut-ins that have already occurred. We can expect to see wide-scale shut-ins, I suspect, initially in our conventional basin, then amongst our conventional heavy producers, then amongst oil sands mines, and eventually amongst in situ SAGD, steam-assisted gravity drainage, producers. If it reaches that latter point, Madam Deputy Speaker, we need to be deeply concerned about the implications for the integrity of those assets, those SAGD in situ projects, because there is a view that turning off production in those projects for a sustained period of time could compromise their reservoirs. All of this poses a profound challenge to Alberta's largest industry, to Canada's largest subsector.

11:00

Let me remind the Chamber that the largest export industry in Canada is Alberta energy. We exported \$120 billion last year of energy. By comparison, the entire central Canadian auto sector has a value of \$20 billion to \$25 billion. Let's put that in context here. Our energy sector is roughly four to five times more important to the Canadian economy than the Ontario auto sector, and 800,000 jobs across Canada depend directly or indirectly on our energy sector. Nearly 20 per cent of federal government revenues depend on Alberta's energy sector. The Canadian dollar depends in large part on our energy sector because it drives the largest export industry.

I do not need to explain to this House how the Alberta economy, Alberta jobs, Alberta standard of life, and our ability to fund health care, education, and social programs are so inextricably bound up with the future of our energy industry. Now, I know there are some who wish that were not so. They wish that we had never had an energy industry, and there are some who continue to protest against it. I hope that those folks, Madam Speaker, will take this time to pause and understand the economic, financial, fiscal, and social consequences of a total collapse of our energy industry.

[Mr. Hanson in the chair]

I must confess, Mr. Speaker. When I began to process where we were headed two or three weeks ago, I had some very personally emotional responses to this because I foresee a time of great personal adversity for many Albertans as a result of all of this. All of that, of course, is on top of five years of economic fragility, in part because of the decline in global energy prices in 2014-15, when we saw the average price for west Texas intermediate fall from

\$100 to \$40. But it stabilized, and for the past three to four years we've seen manageable prices in the range of roughly \$55 to \$65 a barrel.

[The Deputy Speaker in the chair]

At the same time the amazingly resilient and innovative Alberta energy sector responded to that price environment by compressing costs, by applying technology, by producing more efficiently, by improving their balance sheets, by paying down debt so that they could better weather a storm such as this. In fact, they reduced by about 30 per cent the cost of production of an average barrel of Alberta bitumen in the past five years – remarkable – and most of our companies are now in a position where their break-even price for production is about \$20 a barrel in the oil sands but about \$40 all-in when one includes the cost of capital and basic operations. So I don't need to explain to you, Madam Deputy Speaker, the implications of a price of WTI in the teens. I, frankly, do not think it's inconceivable that WTI could go in to the single digits as WCS goes into negative price territory.

Now, Madam Deputy Speaker, in that respect, this is why I would once again plead with the national government to do the responsible thing with an extraordinary injection of liquidity to allow this industry, the largest subsector in Canada's economy, to live to fight another day. I can assure the Assembly that I and my staff, the Minister of Energy, the Minister of Finance are working hour by hour with our counterparts in Ottawa on such an effort.

I can also assure Albertans that we have received extraordinary support from our friends across the federation, from provincial and territorial governments. You know, virtually every Premier has called me to say personally that they understand the uniquely great challenge that we are facing in this province and that they stand with us and that they support our call for national solidarity for the industry that has done so much. The workers, the women and men, in that industry have done so much for this country in recent decades.

Madam Deputy Speaker, it is because of this crisis that I have begun discussions with leaders of the United States government in Congress, governors, and major energy producers about the prospect of a co-ordinated North American energy policy that would mitigate the damage of the predatory dumping in which Russia, Saudi, and OPEC are engaged. Elements of such a co-ordinated policy could include a co-ordinated Canadian-U.S. import tariff on foreign oil.

I think it's time, Madam Deputy Speaker, for us to stop being Boy Scouts about this. These regimes, regimes with the world's worst human rights records; regimes that murder their political opponents and journalists, human rights activists; regimes in the Middle East that treat women like property and not people; regimes that use energy wealth to spread violence, terror, conflict, extremism, and instability around the world, together – look at it. The Russians and the Saudis, each of them, were using their energy wealth to engage in a proxy war in Syria causing the death of hundreds of thousands of innocent people, including women and children. That's what they do with their energy wealth. Now they're seeking to destroy North American energy production, the only place where we develop energy according to market principles in liberal democracies that respect human rights. It's time for us to stop being Boy Scouts.

As I've said to leaders in the United States over the past few days in countless phone calls, they spent trillions of dollars offering a de facto security guarantee to the OPEC producers to maintain energy security, and now what is the gratitude being shown to the United States and to this country? Trying to drive our energy production

underground or off the map so that we are no longer energy independent and we are once more dependent on the Middle East. We will not let that happen, Madam Deputy Speaker. That is partly why I've begun discussions about a potential co-ordinated North American energy policy. As I say, one of the policy instruments would be import tariffs on this predatory dumping of dictator oil into our market.

Another policy that we must be open to would be a co-ordinated form of production curtailment across North America. We already began the painful process of production curtailment here in Alberta last year, under the previous government, a measure that we reluctantly supported to save our industry at a critical time. But going further on government-mandated curtailment, if the Americans refuse to do so in concert with us, would be pointless. That is also why I'm engaged in conversations in that respect, as is the hon. the Minister of Energy.

11:10

Now, Madam Deputy Speaker, having said all of that, we will get through this crisis. There will be great pain. There will be great adversity. Those are abstract words. What concerns me profoundly, personally, is that adversity. That pain will be felt by many, many families and individuals who are barely hanging on and may lose everything. So I want to say as the Premier of Alberta that this government will do everything, is doing everything within our power to fight for those families, to fight for a future for this province's economy and, therefore, for its largest sector. That is why on Tuesday of this week I announced a historic investment to ensure the completion of the Keystone XL pipeline. Let me explain.

We all know as Albertans that much of the adversity over the past five years has been in large part because of the lack of energy infrastructure egress, or, to put it simply, pipelines. We have 178 billion barrels of proven and probable reserves of crude in this province, the third-largest such reserves on the face of the Earth. The largest reserves is Venezuela, but because of socialism they're no longer a competitor. The second-largest reserves: Saudi Arabia. Third-largest reserves: Alberta. Fourth-largest: Russia.

The Russians and the Saudis, Madam Deputy Speaker, have no problem building pipelines and getting their energy to markets. The Russians just opened a massive gas pipeline to China while we've been fighting amongst ourselves in this country for a decade on simply getting liquefied natural gas capacity. The Saudis can put up a pipeline like that. Develop a new oil field: they click a finger, and they've got a pipeline built. We have been locked into a decade-long struggle to build pipeline capacity so that we can export these vast reserves of energy to the United States, across Canada, and around the world, and in so doing to reduce the enormous price differential we have because of our shipping constraints, our limited pipeline capacity.

Now, Madam Deputy Speaker, I've often pointed out that the primary reason for our inability to build a pipeline has nothing to do with markets and everything to do with politics. We have been targeted for over a decade by a highly co-ordinated and foreign-funded campaign of special-interest groups on the green left to land-lock Alberta energy. Now, I know that some dismiss that as a bizarre conspiracy theory, but the folks involved in that campaign don't hide it. All of this is out and open in the public domain. If people are the least bit skeptical about this, I invite them to just do a Google search: Tar Sands Campaign. Within a couple of minutes they will be able to see one of the key PowerPoint presentations that was made at the Tar Sands Campaign conference hosted by the Rockefeller brothers foundation in New York city in 2008. They will see a deliberate, systematic, highly co-ordinated plan to land-

lock the Canadian oil sands in particular, the effect of which is to land-lock Canadian energy in general.

How has that campaign manifested itself? Well, through a relentless campaign of political opposition, legal harassment, civil disobedience, lies, propaganda, foreign money being dumped into Canadian politics for over a decade.

I salute the independent and intrepid researcher Vivian Krause for having done so much to detail this. You know, I've got to just go off on the side here, Madam Deputy Speaker. We give the CBC \$1.6 billion a year. They don't seem to have been able to use a dime of that to track a foreign-funded campaign to shut down the largest industry in Canada that produces much of the \$1.6 billion they get. It took one single intrepid researcher to do what many Canadian journalists refuse to do.

Madam Deputy Speaker, here's the point. The Northern Gateway pipeline, approved by the national government, the National Energy Board, after a \$1 billion dollar expenditure by Enbridge, after eight years of work, vetoed by the federal government in 2016 based on an election commitment given to organizations like the Tides Foundation.

Then Energy East, after a \$1 billion investment by TransCanada Pipelines and six years of work – it would have shipped a million barrels of western Canadian crude to the east coast; it would have represented energy independence for this country from coast to coast – killed by the Trudeau government with the imposition of absurd regulations that were imposed midstream.

Trans Mountain expansion. After hundreds of millions of dollars of expenditures and years of effort, after NEB approval, federal cabinet approval, Kinder Morgan, the project proponent, ultimately walked away because of the political uncertainty created by these organizations that were engaged in a campaign of lawfare.

Keystone XL, first proposed by TransCanada Energy a decade ago, on which they had invested \$6 billion, vetoed by President Obama 48 hours after Prime Minister Trudeau took office in 2015. Forty-eight hours afterwards. By the way, vetoed – I must make this clear – even after the United States State Department had recommended it twice on environmental grounds and economic grounds. Madam Deputy Speaker, it was vetoed after a massive pressure campaign led by U.S. hedge fund billionaire Tom Steyer, recent failed U.S. Democrat presidential candidate, who invested openly over a quarter of a billion dollars in U.S. elections to get a veto on KXL. This is a man, by the way, who made his fortune in gas and oil and coal stocks.

Madam Deputy Speaker, that veto happens. The U.S. administration changes. President Trump issues a permit, immediately challenged in court. By whom? Members of the Tar Sands Campaign, funded by the Rockefeller Brothers Fund, the Hewlett Packard fund, the Tides Foundation, and the rest. Four pipelines killed or endlessly delayed by that program.

Madam Deputy Speaker, fast-forward to the summer of 2019. We were approached by the renamed TC Energy to say that now that they had a second U.S. presidential permit and had resolved outstanding state-level legal issues, regulatory, and permitting issues, they wanted to proceed with construction on Keystone XL, a project that would ship at least 830,000 barrels of Canadian crude from Hardisty to Steele City, Nebraska, and then onward to U.S. Gulf refineries. However, TC reported to us that they were unable to secure the capital backing to complete the project, and they said that they were unable to because of political uncertainty. They were concerned that a prospective change in the U.S. administration would result in an abrogation of the presidential permit; another example not of a market failure but of a political failure.

11:20

We began conversations last August with TC Energy. We engaged world-class financial advisers. I'd like to thank John Prato and his team at TD Securities as well as McKinsey, the global consulting firm, for having provided us with world-class external advice. I would also like to thank my chief of staff, Jamie Huckabay, for his intrepid and brilliant leadership on this file for the past nine months, as they worked through this to establish a transaction that I believe is manifestly in the economic interest of this province and of Albertans, which we announced on Tuesday. It consists of a \$1.5 billion Canadian preferred equity share in the Keystone XL project this year followed by a \$6 billion Canadian loan guarantee in 2021 to facilitate TC Energy's access to capital at commercial rates to continue construction.

I'm pleased to inform the House, Madam Deputy Speaker, that after waiting for a decade, after 10 years of delays, yesterday shovels were in the ground at 6 a.m. to begin the construction of that pipeline, and I am pleased to inform the House that within weeks a hole will be drilled between the Saskatchewan-Montana border and that pipe will be put in the ground on the basis of the presidential permit. I am pleased to inform the House that construction will commence immediately on Keystone XL at Hardisty to go to the Montana border as well as spans in Nebraska and Montana and that pumping stations will be built in South Dakota this year, now, in 2020, that the projected date of completion and commissioning of this project will be in June of 2023.

Madam Deputy Speaker, let me be clear. Had we not made this investment, I do not believe the project would ever have proceeded because of the perceived political risk. As I said on Tuesday, as a free-market conservative I am very skeptical about government interventions in the market, but the failure to get pipelines built, as I've said, is not a market failure. It is a failure of policy and of politics.

Let me come back to what I was saying earlier. We are in an existential fight for our economic future with state-owned enterprises in hostile regimes, and we must be prepared to use the resources of the state to ensure a future for our largest industry, its workers, and our economy. We will not surrender to their predatory dumping, nor, Madam Deputy Speaker, will we surrender to the foreign-funded special interests who killed Northern Gateway, who killed Energy East, who have tried to kill Trans Mountain, who caused years of delays on Keystone XL. Our response to all of them, to the Rockefeller Brothers Fund, to the Tides Foundation, to the Pembina Institute that has opposed all of these projects, to the Hewlett Packard fund, to billionaire Tom Steyer, to the Kingdom of Saudi Arabia, to Vladimir Putin, to all of them who want to impair and kill our energy sector is that they will not prevail. The government and the people of Alberta will take control of our own destiny in part through the Keystone XL pipeline.

Madam Deputy Speaker, I can assure Albertans that we have taken every measure to protect taxpayers. There is risk in any project. There's obviously risk. There's risk right now associated with the COVID-19 pandemic. However, let me commend TC Energy for having been – this is a major multinational Alberta-based company – very sophisticated, and they have scrupulously planned for construction this year in a way that fully complies with public health orders with respect to safe workplaces. Both Alberta, Saskatchewan, South Dakota, Nebraska, and Montana have all declared construction as essential services, have all indicated protocols for the safe operation of construction sites in the COVID-19 environment. TC Energy has for the past three weeks already been quarantining construction crews so they could safely go to

work yesterday. I've spoken to the governors of Montana, South Dakota, and Nebraska, and I want to thank all of them for their support for this project. All of those states have protocols in place to ensure the safety of those construction workers, as has TC Energy. So that is one short-term risk.

There are other risks, but, Madam Deputy Speaker, I'm pleased to report that we managed to secure a preferred equity position with our investment. We are at the top of the capital stack, and this effectively means that when the project is complete and commissioned, we will plan to sell our shares, and we anticipate making a substantial profit for the Alberta treasury at that time. We further project that this project will be responsible for generating an incremental \$30 billion in Alberta government revenues through higher shipments of energy, higher prices, by reducing the price differential, and higher royalty payments to the Alberta treasury; \$30 billion for health care, for education, for social programs, for our standard of living.

This year we will build eight Canadian pump stations and 520 kilometres of pipeline in two Canadian spreads as well as, as I've said, several spreads in the United States. The project this year will create at least 6,800 direct and indirect jobs in Alberta and over 15,000 direct and indirect jobs in Canada, and that is so desperately important right now, Madam Speaker. These are good, high-paying jobs. For so many of the people who've been laid off in the oil field sector right now, they will have an opportunity to work for TC Energy, its contractors. For the little hotels and at least some of the restaurants that can operate along the route, they will have business. Those little towns in east central Alberta, they'll have a bit of a lifeline with this project this year and next year, when we so desperately need it.

Madam Deputy Speaker, let me tell the House – let me put this in context in terms of what we're getting. The federal government – and we support them in this, I mean, politically – spent \$4.4 billion to buy Trans Mountain. They will have to spend a projected \$12.6 billion in construction costs for a project that will ship an incremental 590,000 barrels per day. In other words, the federal investment in TMX represents an investment of \$21 per barrel of additional capacity. I'm going to go back on that. It's \$24,000. The previous NDP government here spent \$3.7 billion on crude-by-rail contracts and was prepared to spend nearly \$7 billion to buy the oil that would be shipped to ship – what? – 120,000 incremental barrels for a maximum of two years at a cost of \$31,000 per incremental barrel. But the equity investment plus loan guarantees that we are putting in place for the completion of Keystone XL mean that our investment will result in \$10,700 per barrel of additional capacity, so one-half the cost of what the federal government is putting in to TMX, one-third the cost of what the NDP was risking on crude by rail.

Let me conclude, Madam Deputy Speaker, by saying this. This project tells us that when we get past the price downturn, when global demand recovers, when the inventories come down and prices return to some kind of normal, where there will only be a future for our industry – oh. I have more time. I don't have to wrap up.

11:30

**Mr. Jason Nixon:** You have 30 minutes.

**Mr. Kenney:** Oh, good. Okay. Excuse me, then.

**Mr. Jason Nixon:** Yeah. I was shocked to hear you were concluding pretty much with 30 minutes left.

**Mr. Kenney:** I won't take too much time, Madam Deputy Speaker. I just needed to explain this part. At some point – at some point –

sanity and normalcy will return to global energy markets. The widespread projection is for a rapid, V-shaped recovery coming out of the pandemic this summer. Of course, there's uncertainty around that. We don't know for certain that the pandemic will not resurface in the fall as the Spanish flu did in 1919, but the standard economic projection is to see a very dramatic recovery of global demand and therefore energy consumption beginning in the third quarter of this year.

Right now we see that global oil demand in this quarter will be down 20 million to 30 million barrels a day. We expect to see 80 to 90 per cent of that recovered in the third and fourth quarters of this year. However – however – the prices will not recover that quickly. Because of the Saudi-Russian dumping, global inventories will be at tank tops all around the world, and it will take, we estimate, upwards of 18 months for those inventories to decline to a point where the market is back in some kind of stasis, some kind of normal.

That is the challenging news, Madam Deputy Speaker, but when we return to some kind of normalcy in the prices, there must be a future for our industry. At that point, investment will only return to the Alberta oil basin if we have pipeline capacity. That's why this project is so important. A lot of people may be wondering right now: well, why is the government taking, quote, a bet on this when prices are at \$5 a barrel for Alberta oil? It is a reasonable question, and the answer is that we have to plan for the long term. It would be a terrible mistake for leaders at a time such as this to focus only on the hour-by-hour crisis management. A responsible government must plan for the mid to long term, and that's exactly what this investment does.

This project will come online, we project, in 2023. At that point we will be back at something like normal prices, but there will have been great destruction of value and capacity in our energy sector in the interim. We will be in desperate need of an infusion of new capital investment in our energy sector and in new capital investment to create new projects. The Canadian Association of Petroleum Producers projects that there will be a growth in production in Alberta that exceeds our takeaway capacity within two years. Now, obviously, the current crisis will delay that point, but we will come out of this still with the world's third-largest oil reserves, still with capacity to produce 5 million barrels per day, still with the capacity to increase that to 6 million, 7 million, 8 million barrels per day, but we will need a way to ship that, and this is the way to do so. If we want to plan for a future where there will once again be investment back into creating good jobs in this province that, by the way, will generate royalties for the Alberta treasury so we can pay for our social programs, we desperately need a project like this.

Now, Madam Deputy Speaker, we are hopeful that the Trans Mountain expansion will be completed, and we once again thank the government of Canada for stepping up to the plate to derisk that project. We are working with them to ensure indigenous co-ownership and financial participation in that important project. But I am not prepared to risk the future of Alberta's economy on that federally owned project. It is essential that we hedge that risk. That's in part what Keystone XL is about. Heaven forbid – heaven forbid – the consortium of green left pressure groups succeeds in

endlessly impeding Trans Mountain's expansion. Should that happen, we will proceed with Keystone XL. We will have adequate production and supply in the future for both of those projects and, of course, the completion of Enbridge's line 3, we hope, later this year. But this is the prudent thing to do.

I will close now by saying that not only does this transaction make a great deal of sense in creating jobs in Alberta right now when we desperately need them, not only does it represent a path to the future – and we estimate \$30 billion of incremental revenues for the Alberta government – but I think perhaps the most important result of Tuesday's announcement of our investment is this: a sense of hope for the people of Alberta when they so desperately need one.

These are very trying times, and I think Albertans desperately need to know that there is a light at the end of the tunnel, that there is a plan for recovery, that there is a future for our largest industry and therefore for our broader economy. Albertans can now know that with this strategic investment supported by the people and government of Alberta, there is a path forward. This is not pie in the sky. There are shovels in the ground right now. There is permitting and legal clearance on this project from here to Steele City, Nebraska. We have the product, we have the brilliant workers, we have the innovation, we have the supply. We will now have a pipeline. We have a future, Madam Speaker. That's what this represents.

Thank you.

**The Deputy Speaker:** Hon. members, are there any other members wishing to speak to Government Motion 18?

Seeing none, I will call the question.

[The voice vote indicated that Government Motion 18 carried]

[Several members rose calling for a division. The division bell was rung at 11:38 a.m.]

[Fifteen minutes having elapsed, the Assembly divided]

[The Deputy Speaker in the chair]

For the motion:

|           |               |                 |
|-----------|---------------|-----------------|
| Aheer     | Jones         | Rosin           |
| Amery     | Kenney        | Rowswell        |
| Dreeshen  | Loewen        | Sawhney         |
| Ellis     | Lovely        | Schulz          |
| Glasgo    | Madu          | Schweitzer      |
| Goodridge | Neudorf       | Sigurdson, R.J. |
| Hanson    | Nixon, Jason  | Singh           |
| Horner    | Nixon, Jeremy | Smith           |
| Issik     | Orr           | Wilson          |
| Totals:   | For – 27      | Against – 0     |

[Government Motion 18 carried unanimously]

**Mr. Jason Nixon:** Madam Speaker, I move to adjourn the Legislature until 1:30 p.m.

[Motion carried; the Assembly adjourned at 11:55 a.m.]

## Table of Contents

|  |          |
|--|----------|
| Prayers .....  | 401      |
| Orders of the Day .....  | 401      |
| Government Bills and Orders  |          |
| Committee of the Whole   |          |
| Bill 12    Liabilities Management Statutes Amendment Act, 2020 ..... | 401      |
| Division .....   | 405      |
| Bill 10    Public Health (Emergency Powers) Amendment Act, 2020..... | 407      |
| Third Reading  |          |
| Bill 12    Liabilities Management Statutes Amendment Act, 2020 ..... | 406      |
| Government Motions   |          |
| Oil and Gas Industry.....  | 406, 409 |
| Division .....   | 414      |

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