



Legislative Assembly of Alberta

The 28th Legislature
First Session

Standing Committee
on
Resource Stewardship

Ministry of Environment and Sustainable Resource Development
Consideration of Main Estimates

Monday, April 15, 2013
7 p.m.

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Standing Committee on Resource Stewardship

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Standing Committee on Resource Stewardship

Participant

Ministry of Environment and Sustainable Resource Development
Hon. Diana McQueen, Minister

7 p.m.

Monday, April 15, 2013

[Ms Kennedy-Glans in the chair]

**Ministry of Environment
and Sustainable Resource Development
Consideration of Main Estimates**

The Chair: Good evening, everyone. We're here to consider the estimates for the Ministry of Environment and Sustainable Resource Development for the fiscal year ending March 31, 2014. You've heard this several times, but please try not to touch the microphones. If you've got a phone, put it under the table.

I'll go around the room and ask for introductions. Minister, when we come to you, please feel free to introduce your whole team.

Mr. Anglin: Joe Anglin, MLA, Rimbey-Rocky Mountain House-Sundre.

Mr. Stier: Pat Stier, MLA, Livingstone-Macleod.

Mr. Barnes: Drew Barnes, Cypress-Medicine Hat.

Mr. Hale: Jason Hale, Strathmore-Brooks.

Mr. Bikman: Gary Bikman, Cardston-Taber-Warner.

Mr. Webber: Len Webber, Calgary-Foothills.

Ms Calahasen: Pearl Calahasen, Lesser Slave Lake.

Mr. Sandhu: Peter Sandhu, Edmonton-Manning.

Mr. Lemke: Ken Lemke, Stony Plain.

Mrs. McQueen: We'll just do it in the speech if you want to do the rest.

The Chair: Absolutely. Sure.

Mr. Casey: Ron Casey, Banff-Cochrane.

Mr. Allen: Mike Allen, Fort McMurray-Wood Buffalo.

Mr. Khan: Stephen Khan, St. Albert.

Ms L. Johnson: Linda Johnson, Calgary-Glenmore.

Ms Blakeman: Timing is everything.

The Chair: Good timing there.

Ms Blakeman: I'd like to welcome each and every one of you to my fabulous constituency of Edmonton-Centre. My name is Laurie Blakeman, and timing is everything. Thank you.

Ms Kubinec: Maureen Kubinec, Barrhead-Morinville-Westlock.

Ms Fenske: Jacquie Fenske, Fort Saskatchewan-Vegreville.

The Chair: All right. Members, as you know, the Assembly approved amendments to the standing orders that impact consideration of these main estimates. Before we proceed with consideration of the main estimates for the Ministry of Environment and Sustainable Resource Development, I'll briefly review the standing orders governing the speaking rotation.

As provided for in Standing Order 59.01(6), the rotation is as follows. The minister or member of your Executive Council acting

on your behalf may make opening comments not to exceed 10 minutes. For the hour that follows, members of the Official Opposition and the minister or the member of the Executive Council acting on the minister's behalf may speak. As you know, you can share that as a caucus. For the next 20 minutes the members of the Liberal party and the minister or the member of the Executive Council acting on the minister's behalf may speak. For the next 20 minutes the member of the ND Party and the minister or member of the Executive Council acting on the minister's behalf may speak. For the next 20 minutes private members of the government caucus and the minister or the member of the Executive Council acting on the minister's behalf may speak. Any member may speak thereafter.

Members may speak more than once; however, speaking times are limited to 10 minutes at any one time. A minister and a member may combine their time for a total of 20 minutes. Members are asked to advise the chair at the beginning of their speech if they plan to combine their time with the minister's time.

Once that specified rotation between caucuses is complete and we move to the portion of the meeting where any member may speak, the speaking times are reduced to five minutes at any one time. Once again, a minister and a member may combine their speaking time for a maximum total of 10 minutes, and members are asked to advise the chair at the beginning of their speech if they wish to combine their time with the minister's time.

Six hours have been scheduled to consider the estimates for this ministry. I will call a five-minute break near the midpoint of the meeting.

Committee members, ministers, and other members who are not committee members may participate. Members' staff and ministry officials may be present – and we welcome them – and at the direction of the minister officials from the ministry may address the committee.

As noted in the Speaker's memorandum of March 22, I would like to remind all members that during main estimates consideration members have seating priority at all times. We have maximized the capacity of this room. Should members arrive at a meeting and there are no seats available, any staff seated must relinquish their seat to the member.

If debate is exhausted prior to six hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn; otherwise, we will adjourn at 10 p.m. today and 6:30 p.m. tomorrow.

Points of order will be dealt with as they arise, and the clock will continue to run.

Any written material provided in response to questions raised during the main estimates should be tabled in the Assembly for the benefit of all members.

Vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in the Committee of Supply on April 22, 2013. There are no amendments tonight, so I won't worry about that.

I would just invite Ms Notley to note that you're here, please.

Ms Notley: I would like it noted that I am here, sitting right next to the minister, which should make for a really inclusive conversation for the rest of the table when we start.

The Chair: Intimate conversations. Wonderful.

Minister McQueen, I invite you to address the committee.

Mrs. McQueen: Well, thank you very much, Madam Chair, for your work and the work of your vice-chair. I'm certainly very happy to be here tonight. I look forward to taking the next few

hours to discuss the great things that we've got under way in our department and, certainly, to clarify questions from members of the House and, again, gain support from all members in the committee for this budget.

I want to take a moment, first, to introduce our department and those who are here with us. To my left here is my deputy, Dana Woodworth. He is the deputy of our department. To my right is Shannon Flint, the assistant deputy minister of policy. Maybe each of you could give a wave or stand up. That's even better. Behind us here we have Tom Davis, the ADM of corporate. We have Matt Machielse, ADM of Operations; Rick Blackwood, ADM of strategy; Ernie Hui, CEO of monitoring; Vern Hartwell, chair and CEO of the Surface Rights Board and the Land Compensation Board; Peter Woloshyn, CEO of the Natural Resources Conservation Board; Mike Dalrymple, executive director of finance and administration; Darren Tapp, executive director, forest management; Debra Ranville, director of budgets and forecasts; Jessica Potter, acting director of communications; Marilea Pattison Perry, acting director of corporate performance; Shelly Little, director of IMAGIS; my chief of staff, Riley Georgsen; and our special assistant, Andrew Rodych.

Thank you all very much for being here, staff. I know we're very lucky in our ministry, as we are in all of our ministries, but I'll speak specifically to my ministry about the outstanding work that our public servants do. I know you all would agree with that, that we're very lucky for the dedication that they have to Alberta, to Albertans, and certainly to us as members of the Legislative Assembly.

Madam Chair, I want to begin by remarking on what an exceptional year this ministry has had in 2012, much due, as I have said, to the outstanding people who work in ESRD, ones that are here in the room and the teams that are behind them. We saw a lot of change, much of that within our own ministry, as we brought together two departments, environment and water and sustainable resource development. This merger emphasizes the interconnectedness of environmental issues, ensuring that environmental stewardship decisions in Alberta reflect and support a single set of clearly defined goals and the most comprehensive information available. Our integrated resource management framework reflects our focus on this interconnectedness and will inform the work we do in 2013. I'm here to share with you details on that work and the resources we've requested to get the job done.

In 2013 we're going to continue our focus on monitoring and management of cumulative effects. We will continue to move forward with the regulatory enhancement project with Energy and improvements to our environmental monitoring system while taking new measures to help us maintain our aggressive approach to climate change and protect Alberta's natural resources. We will also engage in long-term planning and environmental stewardship through our continued development of the land-use framework, our regional plans and accompanying environmental management frameworks, our implementation of the water for life strategy, and the consultations we have planned with Albertans in 2013 on a number of topics.

This is important, groundbreaking work that will be important to Albertans and certainly watched by the world. It will ensure that our environmental stewardship remains world-leading and that our resources continue to be developed responsibly. I am proud to be a part of this team.

Last year we succeeded in passing the Responsible Energy Development Act, which will take significant strides to enhance regulatory efficiency in Alberta while ensuring no reductions in

environmental outcomes. This year we will implement the provisions of that legislation.

The act's regulatory enhancement project will establish a single energy regulator in Alberta. Centralizing all regulatory functions within a single body will increase efficiency, remove duplication, and provide a single window into the regulatory process. To support the transition, a new policy management office has been created to support alignment of the regulator's actions with government's goals and policies and to develop an enhanced public engagement framework for regulatory decision-making as we move forward, all while ensuring that we continue to have strong environmental outcomes.

We will continue to work towards building a world-class environmental monitoring program in the oil sands region. Spending on environmental monitoring science and reporting will be \$70 million this year, an increase of \$30.8 million from what was previously forecasted. Our work over the next two years will focus on finalizing the institutional design of the new monitoring agency and its programs, establishing the external scientific advisory panel, and integrating our current monitoring programs and requirements with this new program.

7:10

Enhanced environmental monitoring has become a necessary cost of doing business in the oil sands, and it is essential to Alberta's ongoing economic prosperity. Reporting transparently on that work is also important, and we will build upon the open and accessible Oil Sands Information Portal that we established last year to ensure environmental data continues to be readily available to all Albertans and, in fact, anyone from around the world. We are committed to developing a world-class monitoring system for Alberta, and an enhanced monitoring program in the oil sands is the first step to accomplishing this.

Greening our energy production and combating climate change will continue to be done through our climate change and emissions management fund. A total of \$95.5 million is allocated to support the climate change strategy in this year's budget, and \$35 million for the Canada ecotrust initiative will conclude in 2013. Alberta has seen real results from this strategy since 2007. More than 32 million tonnes of GHGs have been reduced, and \$312 million has been paid into a clean energy technology fund with more than \$181 million already invested in 49 clean energy projects.

Since our strategy was released in 2008, we are proud to have implemented some of North America's most progressive environmental policies, including North America's first mandatory emissions reduction policy for all large emitters. But this doesn't mean we can be complacent. We know that to address climate change, we must continue to innovate. This year we'll update our strategy to ensure it continues to effectively address climate change issues and help us meet our reductions targets. We will also develop a centralized public reporting system to ensure that our climate change data is readily accessible. This system will meet the requirements of a recommendation made by the Auditor General last fall.

We will continue to take measures to protect Alberta's forests from threats, including wildfires and the mountain pine beetle. This year we will implement and fund a number of recommendations from the flat top complex report that was produced after the Slave Lake fire. These include starting the season a month earlier with a larger crew that includes the help of more fire behavioural specialists. We will also fund several FireSmart initiatives, including a new FireSmart handbook for upstream oil and gas operations. I'm quite excited to say that we just recently

released a smart phone wildfire application that gives Albertans access to important wildfire information at their fingertips, and I would invite you to go and look at this app. It really is quite incredible. These measures will help ensure we are as prepared as possible for this year's fire season.

We continue to combat the mountain pine beetle using aerial surveys and tree removal and reforestation programs. We're also funding research on detection and control of the species through the Foothills Research Institute. We know that Alberta's forests will play a key role for both expanding markets and for future generations, and we are committed to giving them every protection possible.

The water for life strategy will celebrate its 10th anniversary in 2013 and continues to be a pillar of environmental sustainability in the province. In 2013 a total of \$24.5 million in operating support is allocated across government for water for life initiatives along with \$50 million in capital support for regional drinking water and waste-water projects. These dollars will fund many projects in 2013, including the development of a more comprehensive water quality monitoring program in the oil sands region and undertaking a province-wide water conversation, an opportunity for government to hear from Albertans first and foremost about their water priorities and concerns. A million dollars, or about 25 to 30 cents per Albertan, is currently allocated for the water conversation, which will fund workshops in more than 20 communities across Alberta as well as online resources.

Land-use planning will remain a pillar of integrated resource management and a key priority of this government in 2013.

The Chair: Thank you, Minister. We have quite a bit more time, so hopefully you'll be able to get your messages delivered here.

I'm going to turn it over, now, to the Wildrose caucus. I understand Mr. Anglin will be speaking initially for the caucus. Just a reminder that it's three 20-minute cycles of time. I'm going to interrupt you at each 20-minute mark just to check in and make sure you still want to continue in the same way. Mr. Anglin, do you want to go back and forth with the minister, or do you want to combine?

Mr. Anglin: Yeah. We'll go back and forth to start out with and see how it goes.

The Chair: So 10 minutes and 10 minutes.

Mr. Anglin: We'll combine. I'm sorry. Combine. I apologize.

The Chair: Oh, combine. No worries.

Mr. Anglin: That's what I meant by back and forth.

Minister, thank you very much for being here tonight. In particular, I want to thank your staff and all the bureaucrats that did show up. This is a trying time, but I want to really make note of your professionalism and the good work that you do.

What I'm going to do, Minister, is ask basic questions, and I might actually have a preamble. I'll tell you that I'll have a series of three or four questions and then ask you to maybe respond.

I want to start out with that the greenhouse gas issue is a very important goal of this government. Contrary to some partisan shenanigans, the Wildrose and in particular myself believe that the science regarding climate change is well established. We do take this matter very seriously. The Leader of Her Majesty's Official Opposition takes this matter very seriously. Our government does, and our customers do, and Albertans do. I want that on the record.

While I applaud the government's many claims to be the first jurisdiction to implement numerous programs to address green-

house gas emissions, I do have concerns with some costs of the programs, the lack of transparency, the absence of accountability, and in particular the absence of measurable results. That's where I'm going to be focusing on, page 29 and page 30 of your business plan.

With that said, right now with the goals that were set, how would you rate this government's success in implementing its climate change policies with regard to the actual reductions? You mentioned that in your opening statement. Will the government meet its goals?

Mrs. McQueen: Thank you very much. You know, I think I would just say to start off with that I think these are exciting times versus trying times. I think this is an exciting time for all of us to be in government. We have the opportunities right now, certainly as minister and as a department, to really do some exciting things with regard to environment and sustainable resource development. So every day I'm quite grateful to the dedication and the enthusiasm and the positive attitude that our department puts towards that. I appreciate, Mr. Anglin, the comments that you have made towards the staff because I think that's very good for you to do as well.

It's nice to hear you putting your party on the record with regard to climate change and the science being settled on that. I think that's quite refreshing to hear. We've had different discussions back and forth on that, so that's nice to be able to hear.

I think we've had great success when you think about – and I'll start at about 2007, quite frankly, before I was actually in the Legislature – how progressive our government was at looking at the climate change issues and knowing that Canada had only 2 per cent of global emissions and the oil sands region one-tenth of 1 per cent of global emissions. In saying that, being so proud to make sure that this government was doing its part and really taking it forward broadly in 2007, when you look at the climate change strategy and then moving that through, the first jurisdiction in North America, and Alberta leading in that.

When you think about over that time and how we've progressed since 2008, having reduced the emissions that we've reduced, 32 million tons of GHGs have been reduced from business as usual since 2005. But, more importantly, when I talk around Alberta, Canada, North America, or the world and when we talk about what's different about our climate change initiative versus others, it really is important to talk about what I believe and what we believe is really going to make the difference, and that's the technology fund.

So first of all, in Alberta, I think to set some of the record straight, too, we don't have a climate change tax. We've been very clear on that because if large emitters over 100,000 tons choose to meet their . . .

Mr. Anglin: I don't want to interrupt you. We're going to get to that issue. I would like you to just go to that question: are you going to meet your goals?

Mrs. McQueen: I think you first asked me how I thought we were doing. I'm explaining how I think we're doing, and then I'll get to our goals.

Mr. Anglin: Right. Well, you got to that tax issue, and I will get to that.

Mrs. McQueen: That's good. We are doing a very good job because our large emitters actually don't have to pay any money in Alberta if they meet the reduction targets. But if they can't, we know it's technology that's going to make us be able to reach that,

and new technology takes time. It takes a long time for some of the harder targets.

7:20

We have \$300 million in a technology fund. We have 49 clean energy projects. So we are working well to meeting our targets. We know that it will take some time to do that. We've asked the department to go back and see how we can make sure that we can reach our targets. Certainly, for 2050, along the way, we all look at the progression of that, how we meet our targets while maintaining a strong economy in Alberta.

Mr. Anglin: Okay. Are you going to meet your targets?

Mrs. McQueen: Well, we're working very hard to meet our targets. Will we meet the 2020 targets? I can't answer you that yet because I've asked my department to come back with a strategy on how we can meet our targets all along.

Mr. Anglin: Okay. Thank you very much.

Referencing these greenhouse gas performance measures, particularly 1(b) of page 30 in the business plan, the success in meeting the goals is really predicated on your 2008 climate change strategy. That's the original one that you mentioned in your opening comments that you're going to update soon, hopefully. The majority of that climate change strategy relies heavily upon the successful implementation of CCS – that's the Energy department – but that is questionable at best, and it's already well behind schedule. In the event that that does not materialize, is there a plan B for your ministry ready for implementation to help us reach our greenhouse gas reduction goals?

Mrs. McQueen: Well, absolutely. We know that as we moved forward with the climate change GHG reductions – and that's why we chose the technology fund – particularly at that point in time 70 per cent of the reductions would come from carbon capture and storage. We look at the projects like Shell has, and they now have another project that they're doing in Europe. We know that CCS is going to be one of those technologies that's going to take a little more time to be cost-effective and to reduce emissions, but we also know that that's still a very important project.

We look at what China is doing as they open every eight to 12 days a new coal plant, the work that they're putting with regard to technology and CCS. We look at Europe and how much work is being done there as well.

We know that CCS will play a large amount into our climate change reduction strategies, but it's always good for us to renew the strategy and to look at how we are going to meet that. That's really what I've asked the department to do, to go back and look at that to make sure that we will reach our targets. Certainly, what all of us are looking at around the globe is: how do we meet 2050 targets and then some milestones along the way as well?

Mr. Anglin: If I understand your answer correctly, there is no plan B. So if CCS doesn't materialize for us, it sounds as if we will not meet our targets for 2020. Like you said, it is a big, big part of what we're planning, and that's your climate change strategy.

Mrs. McQueen: No, it wasn't. I guess you weren't listening carefully because the fact is that what I said was that we've asked the department to go back and look at our climate change strategy, renew it with all of those factors there. We are looking at that piece as well. Will we meet our targets? We have every intention

of meeting our targets. We will have to look at that. We know that CCS will play a bigger role as the technology evolves. As we look at 2050 targets, we know that we're going to be able to meet those targets with that technology.

We've already seen it with the CO₂ in Saskatchewan with regard to enhanced oil recovery and the process there as well. There are many very good examples around the world where we're seeing CCS working. It's a new, emerging technology. It will play a large role in our climate change strategy. We're still very confident of that. But we're also going back as a department and making sure that we're renewing our strategy so that we can meet the 2050 goals.

Mr. Anglin: Okay. When I talk to the climate change people, their confidence is not as high as yours, so there's a discrepancy there. Not that the technology may not work one day, but they're not so sure it's going to be there for us to meet 2020 or even 2050.

I'm just going to read three questions here, and I'll let you respond to them. On pages 12 and 13 of the environment and water annual report – and forgive me because I think what I'll do is just use ESRD because you've moved very fast to combine departments – under the heading of performance measures there's a footnote regarding greenhouse gas emissions. It states, and I'm going to read the quote: "The methodology has been enhanced and therefore results are no longer comparable to the target or historical results prior to 2010." If we can't compare results, how does the government know its climate policies are on track and effective?

Two, why didn't the ESRD restate past performance results to facilitate some sort of comparative analysis so that we could track performance to this point in time and going forward? This document is the baseline document that was created in 2008. We can no longer compare the results to the target or the historical because the methodology has changed, so how can we possibly measure whether or not we are on track to meet our 2020 goals?

Mrs. McQueen: You're talking about the 2010 data, correct?

Mr. Anglin: It came out in that last annual report, and it's a footnote to the performance measurements.

Mrs. McQueen: Okay. The measure reflects the total provincial greenhouse gas emissions for a given calendar year, and the data comes from the national greenhouse gas inventory, which is collected and compiled annually by Environment Canada as part of the commitments by the federal government to the United Nations framework convention on climate change. Due to unavailability of data from Environment Canada the performance measure results are behind. The annual greenhouse gas emissions are reported in millions of tonnes of carbon dioxide, as published in the provincial tables of the national inventory, and data used to create the performance measure results is collected from January to December 31. That's just to give a little bit of context to, I think, your first question.

The other piece. Part of it is that making sure in 2008 that we were moving forward with the climate change strategy and how we would meet our target, at that particular time it was a different time, I would think, in Canada and the United States, looking at a combined North America climate change strategy. The second part of our strategy was going to roll out in 2010, so that's what you'd be basing it on. Because of what happened in economics around the world, certainly that strategy did not go forward. That is why, regardless of that, I have had our department go back and say: how do we ensure that we will meet 2050 targets – we've

committed to that as a province; we're very much committed to that – and then how do we meet the milestones going on?

It's always important, hon. member, as things change, as economies change, as plans change not just for Alberta but globally and the impacts they have, that we go back and we review to make sure. What's important is that we meet those targets. That's exactly what we're doing, and that's very important for us to do.

Mr. Anglin: I absolutely agree with the importance. But you just said the keywords: to go back and make sure you're meeting those. When I read the footnote, it tells me: don't rely on the data behind 2010 because it doesn't correlate with going forward. It is a concern, and I hope you address that when you write that.

I'm going to ask you a series of questions right now and then ask you to respond. Just recently there was this statement – I want to say announcement, but it was a statement – about a 40/40 plan, which is a 40 per cent reduction in greenhouse gases and a \$40 levy on carbon, or a tax, as some of us have referred to it. Would you agree that this is a major, significant change to the climate change strategy if you were to implement that? I think you would.

I realize that government cannot always disclose what it is thinking or what it is contemplating, but I'd like to know. Before you made those comments, had you consulted with industry? Did you consult with your caucus on this? Has it been discussed?

Is this government going to increase the tax from \$15 to \$40? Is this reflected at all in our current budget as far as the projections? If it is something you're planning, hopefully it is reflected, but if it isn't, why isn't it? Are the revenues also reflected in there?

If you do implement this, when are you planning on implementing this? How would you implement it? Would you phase it in, or are you planning on just announcing a date?

Those are all my questions dealing with our \$40 tax.

Mrs. McQueen: Well, thank you, hon. member. Well, first of all, as you know or may know, I should say, we are working with the federal government, with my counterpart, Minister Kent. We're going sector by sector with regard to greenhouse gas emission reductions. We completed the coal sector. We have completed the transportation sector. We're now in the oil and gas sector.

To your questions with regard to any option that may go forward, it's too early in the process to talk about any option because we're looking at many different options. When the time is right, we will certainly be transparent about that.

7:30

We of course are working sector by sector. We work with that sector because that's what this government does. We're working with our stakeholders, we're working with industry, and we're working with the federal government. We're working on many options that would see us as a nation and as a province – other provinces as well – reach our targets.

Now that you did mention a tax, I'll actually talk a little bit about that. Alberta's is not a tax. I welcome that you brought that up because it's very, very important where others have chosen – and it's their right to choose whatever option they want – taxes that would go into general revenues and may or may not actually reduce emissions. We have chosen to put in a technology fund. People can actually reach the targets and not pay a penny, or they can buy into our offset credits, any one of the 32 offset credits, or pay into the technology fund.

I've said before many times that we know that it's technology – and that is why Alberta chose this – that's going to unleash and bring forward the reductions in greenhouse gas emissions. Some

of that will come through early innovations, and others will take longer because they are more costly. We do know that it's through technology, and that's why we did not choose a tax and will not choose a tax. We have a carbon fund, and it's a technology fund.

Mr. Anglin: It's interesting. We can debate fees and taxes all night, but we'll move on.

I have two questions here, but I'm going to preface them with three different comments that were made recently in the press. This is dealing with our Keystone pipeline among other things, where our environmental policy is, I think, key to addressing many of the concerns of our customers to the south. They're looking at Alberta with regard to our environmental policy: are we doing what we say we're doing?

I'm just going to read you a couple of quick quotes. This one came from the *Calgary Herald* of March 22. It said, "Last month, two days after the premier touted Alberta's environmental record in a USA Today guest column, her government told a legislative committee it won't meet its own target to reduce carbon emissions."

The next article is from the *Calgary Herald* published on April 11. It said that while Premier Alison Redford was urging U.S. politicians on Capitol Hill to endorse the Keystone, a Nobel Prize-winning economist was down the hall in a committee trying to block it. What he said was that "Canada is not going to be able to meet the 2020 greenhouse gas emission reduction target," referring to ours, I believe.

The last article was on April 13. It was the University of Alberta's David Schindler. In his comment he basically said that claims that the "oilsands are environmentally harmless are 'lies' and won't convince anyone in Washington."

My question to you. Given the fact that this is an important part of our marketing for this Keystone approval, I would assume you would agree with me that Alberta's climate change strategy to reduce greenhouse gases plays a significant role in refuting these negative press comments. Are you concerned about the lack of achieving these greenhouse gas reductions, which kind of gives credibility to some of these authors of these stories? I'd like you to comment on that because this is actually one of the main focuses of trying to get our pipelines approved by other governments.

The Chair: Just a moment, hon. member. I know you can do it.

Mr. Anglin: I sure can; 1(b) on page 30.

The Chair: Thank you. We just have to make sure that we're focused on the budget because there's so much to talk about.

Mr. Anglin: Yeah, and these are the targets. I'm going to be focused there. I'll keep going back to that, just so you know. I can save you the questions.

The Chair: Thank you. I appreciate that.

Mrs. McQueen: Are you guys done?

Mr. Anglin: Yeah.

Mrs. McQueen: Well, that's actually a really good question.

An Hon. Member: You sound surprised.

Mrs. McQueen: No, I'm not. He has lots of good questions.

We know this, and it's important to hear as well, hon. member, with regard to your concerns about the pipeline and market access, because that's exactly, certainly, part of why we advocate as well.

What was really interesting when we were in Washington in February – the Premier, myself, and then again this time with Minister Dallas – was the level of detail, whether it was the State Department, whether it was Congress, or whether it was the Senate asking. They wanted to know not just about the climate change strategy because they're the first ones to say: we actually haven't developed one in the United States yet. But the changes they made to the impact statement two months ago, after our February visit, were very, very important if you look at what they added in there. That was the land-use planning in the lower Athabasca region. Really, I think we're the first jurisdiction around the world that I know of that has put legislated limits with regard to air and water, and those were very important things that were recognized with regard to the impact statement. When you look at our integrated resource management . . .

The Chair: Okay. We'll move on to the next set of 20 minutes. Do you want to do the same, back and forth?

Mr. Anglin: We'll do the same, back and forth.

I'll come back to that, and you can maybe finish up. I know you'll have plenty of time to finish up.

I'm going to ask you five questions here, and they're going to deal with the carbon offset market for the reduction and meeting these goals that are set out on pages 30 and 29 of your business plan. This carbon offset market is the first regulation-based market developed in North America, and you deserve credit for that. This government deserves credit for that. Basically, they have a hundred projects registered, representing 19 megatonnes of emissions reductions, and it's pretty good.

It's been stated by this government that between 2007 and 2011 Alberta's greenhouse gas reduction program lowered emissions by close to 29 million tonnes – I think it's up to 32 million tonnes – and that basically the offsets delivered close to 58 per cent of those reductions. So this is a significant number, this offset market. Given that the offset comprises 58 per cent of these greenhouse gas reductions, would you agree with me that the integrity of the system is critical to achieving our goals, refuting the criticism I showed you earlier?

Second, I'm concerned there are deficiencies in the carbon offset market, and they're well documented. The concerns begin in 2008 with the Auditor General's report, and I think you may have touched upon that. The report identified significant credibility issues with the offsets, and that's a quote from the AG. He told the ministry that what he had found did not meet the requirements of the act. Now, that would be 2009. Fast-forward to the most recent audit that he did, which was November 2011. He reiterated that the same problems still exist, and he referred to it as unsatisfactory. Here's his quote:

We again recommended that the Department of Environment . . . clarify the guidance it provides to facilities, verifiers, offset project developers and offset protocol developers . . .

Protocols are important.

. . . to ensure they consistently follow the requirements in place to achieve the Alberta government's emission reduction targets.

Here are the four questions. What has been done to address these issues? When will the government have some sort of transparent reporting with regard to these offsets? Given the material importance of the market why didn't this government actually address this earlier? Then, most importantly, I'm going to make an assumption, based on your earlier comments, that you are planning on making changes. If you can't tell me that right now, that's fine, but is this reflected in this budget, particularly in the targets of the business plan, and where is it?

Mrs. McQueen: Well, thank you. I have to say, you know, that the offset market program that we've created – and I give the department such credit for this, especially as it's fairly new. They've done a very good job but not without growing pains. That's certainly something that happens whenever you're bringing in something new like this. What the department and our ministry has done is work very closely with the Auditor General with regard to offsets to get advice on how we can better achieve offsets and better achieve a program. We have certainly acknowledged what the Auditor General has said in each one of his recommendations and have worked towards strengthening the provincial offset programs as well.

To be a little bit more specific for you, we've implemented an appropriate assurance system that includes a more rigorous process for third-party verification of all projects, internal reviews and audits, because that was certainly something that was important for the Auditor General and one of the recommendations. Certainly, our current verification protocols are stringent. Any errors identified through our audits must be corrected. An example: if the audit finds an error, the company may be required to make up the compliance difference through payment into the climate change fund.

Alberta is also working with the national Standards Council, the Canadian Institute of Chartered Accountants, the Institute of Chartered Accountants of Alberta, and APEGGA to develop enhanced guidance for verifiers and auditors. It is a good system, but it's still a new one, and that's why we work with the Auditor General to make those improvements. We're committed to the improvements because we think the offset market is a good market for us to be involved in. As I say, it's still fairly new, and we continue to grow that. As you said, it's had a great deal of success, with over 50 per cent, but it also is part of what we continue to work on so that we can have continuous improvement in that area as well.

7:40

Mr. Anglin: Okay. Thank you very much.

I'm going to list five questions for you and then let you respond. It's going to be again with regard to the carbon offset market. Most recently *Oilweek* magazine had an article, and what it wrote in there was that what has not been otherwise disclosed by Alberta Environment is that some of Alberta's regulated entities may have to pay a second time for tillage offsets that have failed re-verification. Now, that's a significant statement. First question: is there a problem in the offset market whereby some of these regulated entities may have to pay a second time? Would you agree with me that the world is watching and that this is actually significant on how we manage this offset market?

There is mounting evidence of the chronic pattern of poor performance to ensure credibility of the greenhouse gas offset system, the carbon offset system. Said another way, there's mounting evidence of integrity problems in the carbon offset market. For example, one of the companies trading in the market, Preferred Carbon Group, wrote a letter to all of its clients. I just want to read you a quote.

Please be advised that Preferred Carbon will not be contracting for Conservation Cropping offsets . . .

Under your new program it's called conservation cropping offsets. That's tillage offsets, just a new name.

. . . for the 2012 year. All existing clients are released from contract to pursue other opportunities.

That's a serious indictment to me. Do the success targets listed on page 30 of your business plan reflect the contract terminations of Preferred Carbon? Does there need to be a restatement of previous

years' greenhouse gas reductions as a result of these contract cancellations? Does this affect our 2013 goals going forward?

Mrs. McQueen: Okay. Thank you.

I think to deal with your first issue – well, all of them relate, really – with regard to the tillage programs and the offset programs and recertification, we certainly don't sit back and knowingly allow verifications that would fail. We are certainly proud that errors are identified during a government audit. That's the whole point. The project developer and facilities owning the offsets are notified in writing. No further transactions are permitted on the offsets until the audit has been resolved, and we have a hold on several offset projects pending completion of the government audit and any corrections that may be required.

In saying this, what we're saying is that it's very important that we make sure that these are done properly, that there's an audit system in place, and that they must meet the audit certification going through. These are new, but we take this very seriously in making sure that we have a very valid offset program in this province.

Mr. Anglin: Okay. The next set. I have three questions that are going to follow what I'm going to ask you here. It is troubling that a company would just arbitrarily tell its clients: we're releasing all of you from contractual obligations. It was clear to me that they didn't have confidence in the market. Basically, I wanted to find out what went on, and I'm hoping that you can provide some clarity.

What I found out is that it was mandated that there were going to have to be site visits to these various farms that were signed up on these offsets. They're called serialized offsets. That was mandated. It's also mandated that the site visits must occur no later than the spring, which is logical, I guess. The revised tillage protocol wasn't released until the spring. So you had a company that was under the gun to do on-site investigations or audits, yet the time frame was that they had to be done in the spring, but they didn't have the protocol until the spring. That was one of the main reasons they released their clients. The other thing was that the guidance for those protocols was not released until February of this year. That was the issue, that they could not go forward with the contracts until that protocol – so they released everybody in 2012. So you kind of had a market that was sort of backwards on this company.

My question is simply this. This is really a compliance issue. Did any other companies raise these concerns dealing with this to your ministry? The second question: did any other projects suffer from the same fate as Preferred Carbon? How does this impact the production reductions on your business plan? If you don't understand the question, I'll try to restate it.

The Chair: We're looking at . . .

Mr. Anglin: It's 1(b) on page 30.

The Chair: But we're looking at the year-end March 31, 2014.

Mr. Anglin: Right. We're actually right on 2013 now. I just took it all the way up to the current date.

The Chair: But we are looking at this year's budget, just to be clear.

Mr. Anglin: We sure are, but it helps to have it in context.

Mrs. McQueen: Thank you, Madam Chair. Well, I think that as we look forward into this year's budget, because that's what this

discussion is really about, where there have been issues with regard to offsets, we have worked with the Auditor General. When we've had companies that have asked for extensions, there have been, to my knowledge, a couple of extensions because they needed to provide more time for verification. We're certainly willing to do those things, but we have to remember that these are posted online, that they're publicly available, that we're very transparent in that piece, and that there are the audits that they have to meet.

As we move forward in 2013, we are moving forward with these. To date in our 2013 budget, which we are reflecting on tonight, we don't have any of those incidents, to answer your question.

Mr. Anglin: You don't have any of those incidents? Okay.

Mrs. McQueen: You asked: are there any other companies in 2013? The answer is, to the best of my knowledge, no.

Mr. Anglin: Okay. Thank you.

Now, when your ministry appeared before the SRD committee, one of the things I did ask was: could the reverifications be posted on the Internet? I checked the transcripts, and the answer wasn't a direct yes but something to the effect of: we don't see where there would be a problem. Now, reverifications are not available publicly, and from where I sit, that is a significant part of your market.

As you know, the verifications take place by the aggregator, as they're referred to – I like to call them the carbon company – but your ministry does the reverification. That's paid by taxpayers. That's not available on your website, and I'm just wondering: will that be? That's about market transparency.

Mrs. McQueen: That's certainly something we can take back and look at with regard to that issue, but I think we're pretty open, we're pretty transparent, and we're working with the Auditor General on: what does the Auditor General require of us with regard to the transparency? That's the piece that we look to. We look to him for the advice from that office to be quite transparent with us on that piece and ask us: what do they need to see published as well? It's certainly something that we've spent a great deal of time on and certainly something that we will continue to work on with that office.

Mr. Anglin: Well, let me just rephrase that, then. I understand the Auditor General, who's looking after the government. I mean, that's his job. I'm thinking about the market participants to make this thing work for us. The market participants need information on the market. That is a critical piece of information. I'll give you some examples going forward, but I want to ask you a particular question in reference to the chartered accountants. Right now any accountant can come in and do a verification. There was talk that your department was going to change that regulation, have some sort of certification process. Is that something that is going to be done?

Mrs. McQueen: It's something that our department is looking at. We have no problem with the transparency piece on this. The offset markets are new, something that people use as part of the program. Certainly, it's something that will evolve over time as well.

Mr. Anglin: I would refer to you as the regulator. Would you agree with me, then, that you have a mandate by the government's legislation to have a certain duty of care to make sure that that

market operates properly and within the mandate of both legislation and the regulations and rules?

Mrs. McQueen: Well, not only do we, but we actually do that. That's exactly what we do with our offset market. When there are areas that need to be corrected and that have been brought forward to us, we do that. We know that it's about continuous improvement, about growing the offset markets as well. That's something that we do because it's the right thing to do, and that's what we do in this ministry.

7:50

Mr. Anglin: Okay. Am I correct to assume that that same mandate, that same duty of care applies to the individual property owner? Carbon credits: there are all these companies there like Terra Verde that are operating in that market. Do you have that same duty of care to each one of those individual companies to make sure this market is operated fairly, that the rules and regulations are applied consistently?

Mrs. McQueen: Well, we make sure that the rules and regulations in this offset market are fair and consistent. That's the whole point. They're there for all people to use. We're very open about that.

Mr. Anglin: Okay. I've got a series of questions here. This is about the credibility and the integrity of this market, which goes right to the projections of the reductions that we have to meet on these targets going forward from 2013 in the budget right out to – you've got it listed to 2015-2016, but in reality we know we've got a goal of 2020. That's what we're shooting for.

Emissions Credit Corporation started in 2007, and immediately they started aggressively selling offset projects and serialized roughly 623,158 tonnes. It was determined in 2008 that the projects did not meet the requirements of eligibility. They were put on hold in 2008. Then four years later the results came forward, and 67 per cent of the serialized projects were rejected. That's a significant amount. Is that reflected in this? I mean, 67 per cent of those projects were rejected. How were these failures accounted for? Where is this? I'm trying to track it, going back from the beginning to now and going forward. When this was all set, nobody knew these were going to be rejected. Is that reflected in these targets that you have set in this budget?

Mrs. McQueen: What's reflected in the targets that we've put in the budget is that we worked very closely in developing the protocols. There are new protocols, and we always give the providers time to comply. That's part of it. Also, we audit the companies who use the offset, and they have to meet the audit standards. We know that they're new. We know that there are some that have not met them. That's the point with regard to that. Companies, too, would be required to make unfilled offsets via their fundamental emissions performance credits as well. As we audit these programs, it's important that they comply. They're new, but we're working with them on the protocols as well moving forward. What we want to have is successful offset programs, and that's what we're working to.

Mr. Anglin: See, this is where I'm concerned. The example I just gave you: I can find that on your website. While we were waiting four years for ECC to find out that 67 per cent of their offsets were rejected, they actually continued to create and sell five more projects. That would be contrary to what you just said earlier, which was that they're not supposed to do that. As a matter of fact, your rules and regulations say that when something fails at

reverification or there's an issue with a reverification, they have one year to fix it, and if they don't fix it, if I understand the rules correctly – you can correct me if I'm wrong – then the whole project should be rejected. But here we had four years, and while they were waiting, they were creating other projects.

The real issue here is that we are selling these offsets to the major emitters like the EPCORs, like the TransCanadas, like the TransAltas, and they're buying these. They're buying these. Then all of a sudden they find that 67 per cent are rejected. Now, they have to have some sort of remedy. In some cases some of these companies have gone out of business, so they lose their ability for remedy. It's a double whammy for them. You see where I'm going? They paid these companies, and now they've gotten a rejection from your ministry. This is a significant issue with the market that I think is really problematic.

My question is: why were they allowed to do that? Why were they allowed to continue? In other words, there's an issue with what they've done so far, and your department has not ruled on them. Has this continued with other companies? Are there other companies in the same venue or the same place where there are issues with the verification of their serialized offsets and they're still doing business and there are problems in there?

Mrs. McQueen: When there are issues with regard to the verification on one of their projects, whichever one it happens to be, we continue to work with them. The companies that buy the offsets from them know that if they didn't meet the verifications, there is some risk in that. But the important piece, I think, as we've done this over the last few years – and, as I say, it's a new market, and we continue to refine that – is when the transparency is put on there, the piece that we continue to refine and to work on to make sure that as the offset market grows, we're making sure that they become more reliable as we develop the protocols together.

It is a new market. We've had these since 2008 in Alberta. We've learned a great deal from those, and I would say that it's become a better market with regard to the offsets in that growth of time.

The Chair: Okay. For the last 20 minutes do you want to continue back and forth?

Mr. Anglin: Yeah, if you don't mind.

The Chair: It's your choice.

Mr. Anglin: It's my choice. It's going good. Thank you.

Minister, I think what's concerning me is the 58 per cent. These are the government's numbers. These offsets are 58 per cent of what we're boasting about on the success of our targets and our program. What it appears to be is that there are a tremendous amount of holes in the market. What I'm concerned about is this. Yes, our market is new, and it's innovative. I agree. Like I said earlier in my opening statement, this government has every right to be proud of being innovative. But if it's not working, then it's got to be fixed. To try to fix this is paramount to our success in meeting our goals, our initiatives that we've set out in this budget.

I've got a couple of questions here. Your ministry has identified that five of the last 10 projects have had material deficiencies in the last compliance cycle. This is a 50 per cent failure rate. None of the five projects have yet been identified. Do the emitters know that these offsets may be invalidated? Are there unsuspecting companies still buying and selling these offsets unknowingly? That's an important question to the integrity of the market, and I can't state this more emphatically.

The government relies upon these to deliver close to 58 per cent of our reductions. On closer examination the market is suffering from around a 50 per cent failure rate. I don't need to tell anyone in this room that if we were doing this in any other market, a default rate of 50 per cent would be paramount to fraud. I'm not saying that anyone is doing anything fraudulent, but the numbers themselves are staggering. What is this ministry doing to raise the level of credibility of this market to show the world we can properly manage this carbon offset market?

Mrs. McQueen: Well, certainly, when you say that the market needs to be fixed, we've talked about that over the last couple of years with regard to making sure that the offset market continues to move in a way that we're very happy with. Certainly, in the beginning stages in a new market like that there were challenges, and we've taken those challenges head-on by actually doing that and fixing the offset market where we've seen deficiencies.

The other piece is that certainly, with regard to the audits, they're working. That's the whole point. When we do the audits and the companies don't comply and may not have success, not only do we identify that, but we give them a year to meet that compliance. The point is that the offsets have to be credible. We work with that. We look for continuous ways for improvement.

Certainly, the system is working, and we'll continue to refine it as we grow the offset market. But that's the point. That's why we want to make sure that you have them there and that you have the audits in place so that whoever is purchasing from the offset market is purchasing offsets that meet the audit process.

Mr. Anglin: You see, here's my concern. You've mentioned a couple of times – and I think it's significant, and I'm pretty sure the rules support you on this, or the regulations do, one or the other – that they have a year to fix it. That's supposed to be a mandate if I understand the rules correctly.

I'm just going to give you an example. It changed today, of all things. I wanted to make sure that I had my facts correct, and I went to the website today, and it changed today, which was an interesting thing. Not that anyone was spying on me and knew that I was going to ask a question. The registry website lists all the outstanding projects registered in the company's name, and I'm referring to the company Terra Verde. There is no mention of any outstanding issues, but when you look at it very closely and try to read between the lines – and there's evidence – they had problems with some projects that were submitted for 2010 that didn't clear reverification. Those problems should have been completed no later than March 2011 – I mean, that's really what they were looking at – or the entire project should have been cancelled. So I can only assume they got an extension. That's the only assumption I have, that they got an extension.

8:00

Now, they posted on their website this morning that they passed their reverification. It's brand new. It wasn't there last night. It's there this morning. So good on them. Where I'm going with this is: because this is a market item, why wasn't this clear in the market, you know, that this company was having outstanding issues? This is really important to all of the market participants who are going to buy these offsets. Why wasn't it disclosed that they had an extension? They must have had an extension because they did have a due date that they had to fix this by, and they went well beyond it. Then they fixed it. My question is this: what are the rules and regulations dealing with this type of case? I understand – and correct me if I'm wrong – that your ministry has the ability to override and overrule a reverification if you so

choose. If that's not correct, please correct me, and if it is correct, has your office ever done that? How many times? Would you disclose that information?

Mrs. McQueen: Are you asking on an extension? Is that what you're asking?

Mr. Anglin: I'm asking on an extension, and I'm also asking if the auditor on your reverification found issues that, let's say, you thought were minor issues, and you decided to approve it anyway for whatever reason.

Mrs. McQueen: My understanding is that extensions have been allowed in the past, certainly, if we know that we can work with the companies so that they can achieve success as well. The whole point is that we want to have positive offset credits, an offset market. With regard to this company, I don't know for sure, but I'm assuming that they may have needed more time, and that extension would have been provided. Because of the timing I'm assuming that would have happened.

Mr. Anglin: So was that extension granted by your office, or is that something they apply for?

Mrs. McQueen: No. I don't get involved in those. We have a department that deals with the offset credits. It's very important that we keep that separate from our office. Certainly, those that are working within the department with the offset market on that don't come to me, nor would I want to be involved in that.

The Chair: I just want to keep taking you back to the budget.

Mr. Anglin: It's 1(b) on page 30. This is about these targets that are listed for 2011, 2013-2014, 2014-15, 2015-2016. They're right there, and this is what I'm talking about. This is paramount to meeting those targets.

Mrs. McQueen: So, hon. member, I'm quite prepared to go back. I don't have that level of detail on this particular one that you're discussing.

Mr. Anglin: That's okay. You don't need it. I think you've done a marvellous job in a marvellous constituency. Fabulous. Sorry. A marvellous job in a fabulous consistency.

But it is important because this is right on the front pages now. We are trying to get this pipeline. This is the market that we're trying to hit. Greenhouse gas reduction is absolutely right there centre stage, and this program is important to all the goals, initiatives, and performance measures you've set out to try to show the world that we're not just saying something; we're doing something. I'm not here to drag you over the coals. I'm here to try to point out some issues that I think we need to address, to make sure we fix.

I'm going to point something out, and it's another company, but it's important. On your website the company Carbon Merchants has sold three tillage projects. There's no indication at all on the registry website that this company has an issue. It looks like business as usual. But if I go onto Alberta agriculture's website, it says: don't do business with this company because – they don't use the word, but I will – they're disreputable. They're not paying. You know, what it warns farmers is that if you have a contract with this company, go and seek legal advice.

So here we have one ministry, I mean, just silent on the issue. The company is sitting there creating these tillage offsets. I'll tell you what they're doing. They're creating these tillage offsets, they're selling them to the emitters, and they're not paying the

farmers that have signed up with contractual agreements. They're not paying them. This has been going on for some time. Alberta Agriculture does not move fast. I like to say that they move about as fast as farmers, which is in low gear. [interjections] I know. I just wanted to do that.

The Chair: Hon. member, we're here, and we've got six hours of review. We're talking about ESRD. You're kind of hopping around on us.

Mr. Anglin: Well, I wanted to have fun.

The Chair: Yeah. We do, too.

Mr. Anglin: Okay.

The Chair: I just want to keep you focused.

Mr. Anglin: I'm focused.

The Chair: Well, I question that, actually.

Mr. Anglin: I know you do, but I am focused on these goals, these initiatives, and these performance measures on page 30. They're listed right here.

The Chair: Yeah. But this minister speaks to ESRD, not to agriculture.

Mr. Anglin: I know that, but the thing is that the single regulator does interact with Energy now. Someone is going to get to that later.

But the company. This is a company registered under your program to trade carbon credits, and another ministry is saying: don't do business with it. I think that's important, and I think that's related. That's really important. I want to ask you to comment on that because the integrity of the market to me is paramount to anything going on in Alberta agriculture with this company. It is more focused on making sure that you have reputable companies adhering to the rules, participating in the market so that it's effective. That's where I'm going with this. I want to know, one, does this concern you? It should concern you. Two, what's your department going to do about this if it does concern you?

Mrs. McQueen: Okay. I think one thing concerns me about your comments, and you may have been joking, but being a former farm girl, I'm going to make the comment anyway.

Mr. Anglin: I was joking. I just want to make that clear.

Mrs. McQueen: But with regard to farmers being slow, I don't take that lightly, and I know rural Alberta and agriculture wouldn't take that lightly either.

Mr. Anglin: I was referring to the government of Alberta agriculture, not so much the farmers.

Mrs. McQueen: I don't care who you're referring to in agriculture. That industry has served and grown this province right from the grassroots of this nation and of this province. Right here and now I'll stick up for farmers any day, whether it's a joke or not. That is extremely important, and it's not humour at any time. So it's certainly important that we recognize that first and foremost.

The Chair: I'm pro farm, too, so you're kind of hooped on this one.

Mr. Anglin: Okay. I will apologize to every farmer who heard that comment.

An Hon. Member: Even Donovan?

Mr. Anglin: That's tough on me, too. Even Mr. Donovan. I will sincerely apologize. It was intended to be humour, and if it was in bad taste, I apologize for the bad taste.

Mrs. McQueen: Well, those who have worked the land and grown the land and picked the roots and have grown this province on the backs of the farmers will not find that humorous at all.

Mr. Anglin: I raise pigs, by the way.

Mrs. McQueen: You should know better then, if you've farmed, because that's something, certainly, that's near and dear to a lot of Albertans' hearts.

The other piece that you talked about was with regard to our climate change strategy being important for market access. I'm going to get back to the point that I was talking about before. With market access, whether it's Keystone or any of the markets, the big piece is not just about the climate change strategy, as important as that is for us in the carbon credits. The big piece – and I started saying this before we were interrupted by the clock – is really with regard to our land-use planning in the lower Athabasca region, the work that we're doing with regard to monitoring jointly with the federal monitoring piece, the work we're doing with the arm's-length agency, and then the climate change strategy. Whether it's in Alberta, Canada, the United States, or Europe, that's what people are very impressed with in regard to what Alberta is doing.

Do we have some growing pains with regard to an offset market? We're the first ones at ESRD to say that we are growing through those, and we're working with experts to do that. We are creating a carbon offset market that others do not have, and part of that is learning that. This government looks to be very transparent in that data. That's exactly what you're finding on our website and on the very efficient and effective agriculture ministry's website as well in a timely process. As we continue to work through these, we make sure that the audits have to be made. I'm not going to comment on what's on one ministry's website or another, but what I will say is that we are dedicated to having very, very strong environmental outcomes with our climate change policy, and the offset market is part of that.

We'll continue to evolve that to make that offset market the best that we can. Quite frankly, we'll work to make that the best around the world because it's an important part of our climate change strategy. For any of those I would like you to find out where there are others who are doing as much as Alberta is doing to have market access, to make sure that we have strong environmental outcomes. I don't think you could. I would challenge you to find any other jurisdiction that is doing as much as we are doing altogether with regard to integrated resource management in this province.

8:10

Mr. Anglin: And to your credit.

Let me just back up. What I meant by slow was that government doesn't move fast. You don't just pop stuff on your website arbitrarily. Government moves rather slowly and methodically. That was the reference to the contradictory thing on the website.

You've developed this market. California is looking at it. I know they are. Australia is looking at it. They have written some very indicting comments in reference to it for the simple fact that

what you have here is a very aggressive carbon reduction program. You mentioned that in your opening comments. I can go back to your comment. I wrote it down. "Aggressive approach to climate change" is your actual quote. When I look at this carbon offset market, it is claiming that it is 58 per cent of that aggressive climate change policy, and we're seeing a 50 per cent failure rate in the carbon offsets. That is not something that needs to be fixed six months from now. That needs to be addressed now. That's important. That's a signal in the market. I'm not saying that you have to do that because of failings. That's a signal to market participants that the regulator is taking control and that this market is going to be on the up and up.

I show you one company that is being called undesirable on one side. I can use a lot of words. I'm just going to use the word "undesirable." Do not seek business with these people. If you have a contract, go and get legal counsel. Then they're participating in this market, which is the offence that they're committing. So the regulator, in my view, needs to step in.

I can tell you that in any other market, whether it's the stock market, commodities market, or even other carbon markets, with companies like that, people end up in handcuffs. Here we have the company out there. What is the recourse? Where is the regulator? Why are they doing business? How are we showing the world that we are serious about this? We're making all these claims that we have an aggressive policy and we're going to meet our targets. You said that you had confidence. You didn't guarantee anything. But we have this massive problem under the cover of this market, so to speak, and you've got a company telling its clients: we're out of this. They're not doing business here anymore. I mentioned that. They relieved all of their clients from contracts. They don't have faith in the market.

We've got a significant issue. We're bragging about the market, and over here it's falling apart. How are we going to fix this? What's the plan?

Mrs. McQueen: Well, that's the whole point, hon. member, with regard to the offset market as we continue to improve it. The audits are working.

Mr. Anglin: But they're not.

Mrs. McQueen: Yes, they are. Because those that are . . .

Mr. Anglin: At a 50 per cent rate?

Mrs. McQueen: Can I finish?

Mr. Anglin: I'm not heckling. Go ahead. I don't want to eat into your time.

Mrs. McQueen: Yeah. For those that aren't meeting the verifications of the audits, it's being caught. That's what you want a regulator to do. You want to make sure that you have a good system and process, that you have the opportunity for success, but those that aren't meeting that will be notified. You'll be able to see that. That's exactly what it is. Where there are issues with regard to better performance, that's exactly what we're working on with regard to the offset program.

We have other jurisdictions, as you've talked about, that are looking at Alberta's offset market because they see it as an example of a good offset market. There may be places where people criticize. That's fine. I mean, it's not a perfect system. We're not saying that it's a perfect system. We're continuing to evolve and to perfect that system. The federal government is as well. Overall with regard to a tech fund and an offset market, are

there opportunities for others to look at it and say, "This is a good system that Alberta has"? Will we need to grow that and correct some of the areas as we move forward? Absolutely. Alberta is the first to say that, and we're so transparent in the fact that we put that online and people can see that.

Mr. Anglin: But we're not transparent.

Mrs. McQueen: We are transparent.

Mr. Anglin: Where are the reverifications? That's the transparency right there. It's the reverifications that are the transparency, and only your internal people can see them. The market participants cannot. That's where I'm going with this.

Mrs. McQueen: The transparency is that those are put online with regard to the verifications. If there is more time that's needed, some of those are given to those that need it. If we have to look at reverifications as we move forward, being transparent about that, I don't have any problem with that because the whole point is that we have a credible system that others can look to as well. That's what we're trying to do in our ministry.

Mr. Anglin: Thank you very much. You did a good job.

The Chair: Thank you.

Ms Blakeman, would you like to go back and forth with the minister?

Ms Blakeman: Yes, I'll try that. Thanks very much.

My thanks to the staff for joining us tonight and giving up your Monday evening to spend time with us. I appreciate it, and I appreciate the work you've done to prep the minister.

Minister, I'm a bit more fact based, so I will ask you to focus on that. In particular, I'm hoping that you can focus on Alberta and focus more on the here and now and the recent past. I am interested in how much greenhouse gas emissions have increased in this province and how much has been reduced through any action if at all. I will refer the minister to page 92 of the estimates, vote 3.2, and also the capital budget under 3.2 and as well page 30 of the business plan, goal 1.5 and performance measurement 1(b). All of those are around climate change goals, measurements, budgets, and capital budgets.

I note that in October of 2012 the Auditor General repeated a recommendation that ESRD

improve the reliability, comparability and relevance of its public reporting on Alberta's results and costs incurred in meeting climate change targets

and that

the Department has not implemented [the] recommendation to improve its public reporting . . . The Department needs to both improve the clarity of public reports on progress toward emission reduction targets and report on government-wide spending on climate change activities. Without clear public reporting on the results and costs of the government's climate change actions, Albertans cannot assess the impact of these actions.

Specifically, does the department know the emissions that have been released year by year since the plan was brought in in '06-07, or do you have an accumulated total? Do you have any numbers at all?

Mrs. McQueen: As we've talked about with regard to our climate change strategy, Member – and I'm not going to go back into the detail we did at the beginning through the speech but really talking about: how are we are meeting our strategy, because I think that's

what's really important for people, and what are the reductions that we've seen to date? To date, as you know, we've mentioned – we've had this discussion many times – that 32 million tonnes of greenhouse gases have been reduced from business as usual. Certainly, you know that as well with regard to that we do expect our emissions to increase over time because we are supplying the world with regard to being the world's third-largest oil and gas supplier. We've taken an intensity-based approach to our reductions because we know that we will be providing more and more oil and gas to the markets.

But we continue to work to make sure that as we do that, we relook at our climate change strategy. As we said previously to the other hon. member, we know as we move further into the 2050 area, in 2025, 2030, we're going to see a greater increase with regard to technology playing a bigger role, especially as we look to CCS and those kinds of things. We know that as we build forward, to date 32 million tonnes of greenhouse gases, that's going to continue to increase on the reduction side to make sure that we reduce our emissions.

8:20

Ms Blakeman: Thanks very much, Minister. I appreciate this so far.

The 32 megatonnes, then, have been released in what years, or is that an accumulation?

Mrs. McQueen: That has been reduced from business as usual since 2007, which we measured on, so it's an accumulation.

Ms Blakeman: Okay. Now, CCS was supposed to be reduced by 5 megatonnes by 2015. Is the government on target to meet that?

Mrs. McQueen: Well, we know that with regard to . . .

Ms Blakeman: Just, really, specifically on the numbers, Minister.

Mrs. McQueen: It's not as simple as a yes or no answer. With regard to CCS we're very excited about the two projects that will be coming onboard in 2015. As I've said many times with regard to technology, especially things like CCS that are very, very expensive, these kinds of technologies take time. But we're very excited being really one of the first jurisdictions around the world to actually have talked about CCS technology, being able to put the money to help towards those, and actually going to have real projects on the ground by 2015.

Ms Blakeman: Okay. Thanks very much. We're not meeting the 2015, then. You're starting in 2015. All right. We're not meeting that 5 megatonnes.

Okay. Moving on, then, is the government going to be able to meet the recommendations of the Auditor General within this budget year that we're looking at?

Mrs. McQueen: Are asking me with regard to the climate change recommendations?

Ms Blakeman: Yes.

Mrs. McQueen: About the reporting? Is that what you're getting at?

Ms Blakeman: Yes. The department needs to improve both the clarity of public reports on progress toward emission reduction targets and report on government-wide spending on climate change activities.

Mrs. McQueen: Yes. That is our full intention this year, to be able to meet those. Just to supplement a little bit as well, the 1.4 megatonnes from CCS is what we will achieve by 2020 on those two projects.

Ms Blakeman: You think, because we actually don't have a shovel in the ground. We haven't even started.

Mrs. McQueen: That's our expectation because we know that in 2015 it will be built out. It's 1.4 megatonnes that we will have achieved with that.

Ms Blakeman: Okay. Thanks very much.

I'm just still on the Auditor General's recommendations, the bioenergy grant recipients. The Auditor General was having some struggle to find the reporting. The program had a budget of \$46 million, and \$42 million was unaccounted for through reporting. Has that been addressed, or are you planning to address that in this fiscal year?

Mrs. McQueen: You're talking about the federal ecotrust program. Is that correct?

Ms Blakeman: I'm talking about bioenergy grant recipients.

Mrs. McQueen: Okay. There are two separate ones. That's why I asked the question, just for clarity. The bioenergy grants are out of the Department of Energy, so I would encourage you to check with Energy. Although their estimates were already finished, you could check with them on that. The ones that come through our ministry are from the federal ecotrust program, and all of those have been accounted for.

Ms Blakeman: Okay. And that's ending.

I'm looking at the GreenTRIP funding, which is going to come out of one of these budget numbers. There was a recommendation from the Alberta Urban Municipalities to increase and broaden the scope of the GreenTRIP funding to include one-time initial subsidies for new regional transit service agreements. Is there anything in this budget that is going to help municipalities with public transit?

Mrs. McQueen: Yeah. That's a great question. I can tell you that we had an excellent announcement in Leduc county and Leduc city probably three weeks ago. Hon. member, the funding for GreenTRIP comes out of the Transportation department. It's certainly one that we fully support and a large initiative out of ESRD, but the actual budget dollars come from Transportation's budget. I'm not sure whether they've completed their estimates or not.

Ms Blakeman: Okay. That's a coup. You get the policy; they get to pay for it.

Mrs. McQueen: That's what we love about this ministry.

Ms Blakeman: There you go.

Okay. I'm going to move on from the climate emissions and the CCS to a couple of odds and ends here. You and a number of us received questions about whether pack dogs were going to be allowed. I think that falls under SRD. Have you done anything about that?

Mrs. McQueen: Yeah. I was actually surprised, hon. member. For those that don't know about it, with regard to the pack dogs that actually just wasn't allowed. So what I've directed the

department is: this is something that's just common sense and that should be allowed, and let's get moving on this. I was surprised that that didn't happen already. It's something I certainly wasn't aware of. When those that were advocating for it brought it to my attention and to the ministry's attention – in my mind it's a no-brainer, and let's just move on it.

Ms Blakeman: Good.

Can I ask why the government, this department, SRD specifically, continues to fund GuZoo despite the fact that it has failed over and over and over and over and over again to meet the standards that have been set? I've been working on this issue personally since 2003, so I can attest to how many times they have failed, yet they continue to operate. Why is that?

Mrs. McQueen: Well, thank you. First of all, we're the regulator of zoos in the province, but we do not fund anything to GuZoo. Outside groups like the SPCA have gone in. I won't get into the licensing of GuZoo because your question is on funding. We do not fund GuZoo at all, but we do regulate zoos in this province, and they meet the criteria.

Ms Blakeman: How?

Mrs. McQueen: Well, I think we could go back if we'd like to talk about that. Certainly, we had the SPCA go evaluate out at GuZoo and look at what was happening there. We want to make sure that they meet all the compliances that we have. That was done independently of our department. I believe it was last fall, a one-year period. I think the decision was made last fall with regard to that. I believe that in the spring every year all the zoos are up for re-evaluation as well. GuZoo with the others will always have to meet the regulations that the province has with regard to zoos and the safety of animals in this province.

Ms Blakeman: But they failed so badly that you shut them down, and they took you to court for a stay and continued to operate during that time. You're telling me that between when the department ordered them shut down and now they have managed to meet all of the criteria and have been licensed to continue to operate by the province?

Mrs. McQueen: What I am saying, hon. member, is that the SPCA went in, the department worked over the year to make sure. They must meet the compliance of the department, and they did meet that, so yes.

Ms Blakeman: I am gobsmacked. Okay.

Mrs. McQueen: I am happy at any time to have a further discussion with you if you'd like more detail.

Ms Blakeman: I would, and I will take you up on that. Thank you very much.

A few more things under animals. The biodiversity strategy: there appear to have been multiple delays. It was supposed to be complete by the end of 2013, and there's nothing out yet. What has happened there?

Mrs. McQueen: Certainly, the biodiversity strategy we continue to work on. I think the department has done a very good job. The things that are outstanding we will continue to work on, but I think we've done a very good job. When I say "we," I actually mean the department with regard to the work that has happened. The biodiversity strategy we get an awful lot of good feedback on. If there are specifics that you'd like to ask me about, I'd be happy to

answer. I'd say that overall it's a good strategy, one that we continue to build on in this province, and one that I think has worked well.

Ms Blakeman: But what is the strategy? It was supposed to be public, and it's not. Where is it? It was promised for now.

Mrs. McQueen: Okay. My understanding, just looking at it here, is that the strategy will be public, as we've talked about it before. We're still working on it, though, in the department. I can give you more detail on this one if you want, hon. member, but it's something that we have committed to, certainly with regard to the work in the lower Athabasca region as we move forward and the regional planning as well.

8:30

Ms Blakeman: Okay. The Little Smoky, as you know, is the most threatened caribou herd in all of Alberta. Ninety-five per cent of their biosphere, if you want to call it that, is fragmented, but the government continues to give out leases in that area and continues to fragment. What has happened in the implementation, that's required by law, that the government plan for a federal caribou recovery strategy? That's the question.

Mrs. McQueen: What's your question? Sorry.

Ms Blakeman: What is the action? This government is required to meet the specifics of the federal caribou recovery strategy. This government has not done that. What are they going to do in this fiscal year to meet that strategy as it particularly affects the Little Smoky caribou herd?

Mrs. McQueen: We believe that caribou management and conservation can be achieved as well as landscape that supports human activity. You know we have a caribou strategy that's been in place since 2011, and we continue to work with the federal government on their strategy. We also, as you know, are working on predator management within the Little Smoky area as well. We're able to stabilize the population with regard to the predator management strategy that we have in place, working together to make sure there's better monitoring and data collection with regard to the distribution and the habitat use in that area. Certainly, our enhanced budget is \$2 million to help further with regard to making sure that the jointly funded and implemented recovery action plans are in place. So it's important for us. We believe that we can still have activity in the landscape but make sure that part of the solution, too, is with regard to the management of wolves in that area. Certainly, we have seen some success in that area in that regard.

Ms Blakeman: Okay. Recreational enforcement on public lands: I believe that was taken over by or that that is still under the responsibility of this department. I haven't been able to find any record of a patrol that's gone on on any public lands outside of parks. Is the ministry still doing this? Have they not been able to implement it, or did they hand it over to somebody else?

Mrs. McQueen: Are you asking with regard to fish and wildlife officers? Is that what you're asking?

Ms Blakeman: Anybody who is responsible for patrolling public land outside of parks.

Mrs. McQueen: Right. Fish and wildlife officers have gone over to the Solicitor General and Justice ministry. It was about a year ago, so prior to me coming into this ministry, I believe a year, a

year and a half ago, that those folks went over to the Solicitor General and Justice department.

Ms Blakeman: Okay. Moving to water, where is the Alberta wetlands compensation policy? We were supposed to have it five years ago.

Mrs. McQueen: We have a number of policy initiatives that we're working on, as you know. Being the critic, you would know the number of ones that we're working on.

Ms Blakeman: Specific to the wetlands policy.

Mrs. McQueen: Yeah. The wetlands policy is one where we're certainly committed to making sure that by year's end we come forward with that policy. I think it's been there, in my opinion, for too long as well. I wouldn't disagree with you on that piece. Certainly, it's something that we're committed to moving forward on this year as well.

Ms Blakeman: Okay. There was supposed to be the implementation of a low flow cut-off on the Athabasca river. It was supposed to be in place by 2011, so we're two years overdue on that one. I'm concerned that there are no loopholes that would allow industry to withdraw water during low flow times. What is the status of that? We're late by two years. It's not in place. Where are we?

Mrs. McQueen: Certainly, with regard to the work that we've been doing with the lower Athabasca regional plan, over the next 18 months we will continue to work on what I call rolling up our sleeves with regard to that plan and developing the policy that we need to do with that plan. We're currently working to complete the updated surface water quantity management framework for the lower Athabasca river by 2013 as well. It's important for us to do that piece. These are important pieces of policy that we're taking the time we need to to implement.

With regard to the lower Athabasca regional plan it says in all of that that we need to have that, whether it be the tailings management piece or the biodiversity and surface water quantity, completed within the timeline of 18 months. That particular one we're hoping to have completed by 2013 as well.

Ms Blakeman: Okay. One of the things I've talked to the minister about during question period is water that's taken out of the hydrologic cycle. It's used by industry, it's contaminated, and it can't be used again. What is the ministry doing specific to that issue of removing water from the cycle? Closely connected to that is the issue of gravel mining, so I'll put those two together. There seems to be a disconnect by the ministry between understanding the above-ground water and the below-ground water, and the connector there is the alluvial aquifer from the gravel. If you could provide me that answer in writing through the clerk, I'd appreciate it.

The Chair: Minister, do you wish to do that? Or you may want to take some time later and answer that question as you see fit. So your call.

Mrs. McQueen: I'll fit it into some answer somewhere.

The Chair: Ms Notley, do you want to go back and forth?

Ms Notley: Yeah, I will.

The Chair: Ms Blakeman, you are back on the list. There are several people on the list.

Ms Blakeman: That's fine.

The Chair: Okay. Thank you.

Ms Notley: It's the first time I've done this this way.

Mrs. McQueen: Yeah. Me, too.

Ms Notley: Kind of fun.

I'd like to just start by going back to the climate change file. We've had a good discussion about it already. The Member for Rimbey-Rocky Mountain House-Sundre did a very detailed job of talking about the problems with the offsets. I want to just go back to one of the comments. He started out his discussion by pointing out that we don't have any updated numbers around the actual emissions past 2010. You indicated that the reason for that was because we were not getting that from the federal government. I am just wondering how we can do any of this without having this information at our fingertips. If the federal government is three years behind in terms of giving us this kind of information in terms of what we're actually producing, should we not be considering doing it if we want people to take us seriously in this area?

Mrs. McQueen: Thank you, hon. member. What I would say with regard to that is that we're working closely with the federal government on our emission targets. Certainly, Canada has committed to their targets, and we to ours. It's important for us, as we move forward with the recommendations, that the Auditor General has asked for as well, that we're moving forward on those. We are committed to doing that. We have the numbers of our emission reduction targets as well, and we work with the federal government. Those numbers come through the department as well.

Ms Notley: All I've got is a 2010 number in terms of what we've actually produced, and I have the planned business-as-usual prediction for what we would be producing, but I don't have what was actually produced in 2011 or 2012. Do you?

Mrs. McQueen: I don't have those at my fingertips, but that's certainly something that, with the department, we will continue to work on to report.

Ms Notley: Will you give it to us, then? If your department has it, will you give it to us through this process?

Mrs. McQueen: Well, absolutely. Why would we not share that information?

Ms Notley: I don't know. It's just not in your business plan.

Mrs. McQueen: On the report, just so we know here, we continue to gather the information. We continue a report out on the actions that we've seen this year, and this year's will actually include the GHGs up to 2011. When we report those, those will include 2011 targets as well, and of course those will be transparent.

Ms Notley: Right. It's just that I'm really concerned because we're in 2013, and we don't have '11 yet, and we don't have '12 yet.

Mrs. McQueen: As we get them and receive them, we are very open to making sure that those are very public. We have nothing to hide on that.

Ms Notley: Right. But that goes back to my original point, that in looking at the budget and given how important we've clearly

established through this discussion our reduction efforts are, if the federal government seems unable to provide these measures in a more timely fashion, ought we not consider investing in a mechanism to ensure that that information is provided in a more timely fashion?

Mrs. McQueen: Well, I think we're trying to find them, Member, in as timely a fashion as possible. As I say, they'll report for 2011. Next year you'll have 2012. With regard to that, we look at that and look at our strategy on: how did we meet our reduction targets? We use the numbers that are available to us and project those out. Could we always have better information? Absolutely. But we're certainly using the numbers that are available to us. As we work to meet our emission targets, we use those numbers that are there.

8:40

Ms Notley: You've said that we have an aggressive plan on climate change, but, you know, we've had a lot of discussion about our targets, Alberta's targets, and the fact that we're currently on track to meet them. New exciting things may happen in the future, and we may meet them, but we are not currently on track to meet them as per the plan that we've received thus far from the government.

Alberta is looking to get to 14 per cent under 2005 levels by 2050, and the federal government is looking to get to 17 per cent under 2005 levels by 2020. Is it really reasonable to say that we have the most progressive and aggressive targets and plan in the country when our targets are so far behind that which the federal government has agreed to and assuming, therefore, that we are expecting other provinces to take even more aggressive targets than what the federal government has agreed to in order for the federal government to reach its own targets and allow for us to be so far behind the overall national target? How can we say that we are the most aggressive or the most progressive?

Mrs. McQueen: Well, a couple of things. As I said earlier – and I'm not sure if you were here at that time – certainly with regard to our emissions reduction strategy and intensity we know what's important. As the federal government is reaching those targets by 2020, we know that Alberta as well is reducing our per-barrel intensity over 29 per cent.

We know also, though, that we are growing the market with regard to being a global energy supplier, and we've been very open and up front about that. We do believe that we have a very good climate change strategy, that we were the first in North America to do that. We will continue to build upon that. As we move forward with the federal government sector by sector, as I had said in my opening comments with regard to the coal sector, the transportation sector, and now oil and gas, we'll have to meet equivalency with regard to meeting our targets, and that's important for us as well. It's important that we not only have been aggressive in the past with regard to our climate change strategy but that we continue to be aggressive as we move forward.

Ms Notley: We're the only ones . . .

Mrs. McQueen: We're committed to meeting our targets.

Ms Notley: Right. My point is that our targets are a fraction of most other targets.

Mrs. McQueen: That's your opinion.

Ms Notley: Well, no. It's just true. I just outlined what the national targets are and what ours are, and ours are a fraction of them. It's fact.

I just want to say – I usually say this at the beginning of estimates, every time I do this – that when I interrupt you, it's not that I'm trying to be rude although I'm sure it sounds rude. It's just that I have such a limited amount of time, and I want to get to certain questions.

It's obviously clear. We have an intensity-based target. Other targets are not intensity based. The rough formula for calculating an equivalency from an intensity-based target to an absolute target is to multiply the percentage intensity by the cap or by the cost per tonne of exceeding the intensity. If you do that roughly, we currently, at our \$15 per tonne of intensity based, are roughly at about \$1.80. B.C. is at \$30, and Norway is at \$70. The 40/40 plan, that you threw out there, would get us to roughly \$16 if we ended up there. As I say, B.C. is at \$30, and Norway is at \$70. Now, I'm not necessarily advocating \$70 or anything like that, but again I go back to this question. How can we actually say truthfully that we are aggressive or that we're leading with these kinds of targets?

We're the only jurisdiction in the world – you say that we're one of the few jurisdictions to have this cap and trade, and that is true. But we're also the only jurisdiction to use intensity based, and that's so rarely discussed. When you look at it comparatively, it means we're again setting limits which are just mere fractions. Would you acknowledge that the intensity-basis conversation does not allow for a straight across-the-board comparison to other jurisdictions that are actually engaged in meaningful greenhouse gas emission strategies?

Mrs. McQueen: Well, we believe that we do have meaningful greenhouse gas reduction strategies in place, and we look at it from more than just the climate change policies that we've talked about. We've talked with regard to integrated resource management. It's far more than just the climate change piece. It's also about the regional planning and making sure we're doing reductions and limits with regard to cumulative effects management. We look at the monitoring piece, and it's a much bigger piece.

Certainly, when you look at B.C. with regard to, as you mentioned, their \$30 per tonne, it goes into general revenues. For us that's not what our plan has ever been about. With our plan we know that if you're going to see real reductions long term – and 2050 is the real prize that everyone's reaching towards – you're going to actually see that that's going to happen from technology.

We have chosen to go in a way that will actually see the reductions not only for us, quite frankly. When we unleash technology in this province, it will help unleash technology in other places. When we look with regard to carbon capture and storage, if we can unleash that at a price that's reasonable – and we know we'll get there – just think of what that'll do to the large emitters like China or the United States as well.

With the technology fund and the way that we've chosen to go, while we continue to be a global supplier, the third-largest energy supplier in the world, we've chosen this process where we'll meet our 2050 targets. We might just meet them differently. That's not to say that what B.C. is doing or Norway is doing or other places are doing – I'm not going to comment on those. What I will comment on is that Alberta will reach its targets. We may not do it the same way, but it's important that we know that technology is actually going to be what's going to unleash the reductions.

Ms Notley: The unfortunate thing, of course, is that this is all speculative. You're investing in a plan to reduce our emissions on the basis of technology that's not yet been established as either affordable or, frankly, in existence. This really is a bit of a fictional, shall we say, plan because the foundation for it is stuff

that's not there, just like the CCS component of the plan thus far has failed to succeed because it has not been as feasible as people estimated.

But I want to go on to other questions.

Mrs. McQueen: Well, I'm going to actually answer that, Chair, because I think it's important.

Ms Notley: That wasn't really a question, though.

Mrs. McQueen: Well, I'm going to answer it, anyway.

The Chair: If you're asking questions, please allow the minister the opportunity to answer.

Mrs. McQueen: I remember the discussion, looking back, with regard to when Peter Lougheed was our Premier, and people were saying: it'll never happen in the oil sands; you'll never be able to do that. Those were the naysayers and the doubters and all that. We look at the progressive thinking of that time, and we look at what's happened with the oil sands and where we are today, 40 years later. It's the engine that supplies this economy not only in Alberta but in Canada.

Ms Notley: Okay. But that's really not about the environment. We're not talking about the ways to . . .

Mrs. McQueen: It is, actually, because we go back to what your question was, that you doubt whether technology could do that.

Ms Notley: Sometimes technology works.

Mrs. McQueen: Technology works many times.

Ms Notley: Yes, I get that argument. I am prepared to accept it.

Mrs. McQueen: Thank you.

Ms Notley: Sometimes it does; sometimes it doesn't.

Mrs. McQueen: And it will in this case as well.

Ms Notley: We'll see.

Let's talk about energy efficiency, which we actually do know will bring about very significant reductions in greenhouse gas emissions. Now, the government has talked about energy efficiency at some length, but it appears to me that although the energy intensity in Alberta's homes is declining gradually, it remains significantly higher than it is in other provinces. It's 26 per cent higher than Saskatchewan, 85 per cent higher than British Columbia, and 40 per cent higher than the average for Canada. So how is it that we are leading on energy efficiency on the issue of residential greenhouse gas emissions? I would say that we're not.

Mrs. McQueen: Thank you. I would say that with regard to that, there might be something that you might be very interested in, the crossministry work that's going on as well between ourselves, Municipal Affairs, and some other ministries with regard to the plan we're bringing forward with regard to energy efficiency. We know there are lots of gains to happen there. There's some low-hanging fruit we can gain there, too. That certainly has been something that the Premier has challenged us on as well, to look at energy . . .

Ms Notley: Is there a place in the budget where we see an energy efficiency program? That was discussed, and typically those are founded on, you know, homeowner rebate programs, subsidies for

energy efficiency construction, those kinds of programs. It was something that was discussed in the past and commitments have been made. Does it exist anywhere in the budget?

8:50

Mrs. McQueen: You're absolutely right that it was in our budgets in the past. We're actually doing the development of a plan right now, so you won't see it in this budget, but you will see it in budgets coming forward. That's certainly part of what we're looking at, but we're doing that within a crossministry perspective as well.

Ms Notley: Can you give me some numbers and some sort of documents in terms of where this plan is at, the resources that are being dedicated to it, the staff that are being dedicated to it? Can you show us any documents around the point that the crossministry collaboration is at? It is a very important component to the work of your ministry.

Mrs. McQueen: We are having the crossministry discussion. We don't have a draft plan yet because we're in the early stages of developing that, certainly, making sure that that's an important piece as we look at the challenges with regard to budgets as well this year. This is something that we'll continue to work on. It's an important piece. We know that it's a good initiative for municipalities and for homeowners as well.

It's something that, as I say, we are developing with a cross-ministry perspective, but you won't see it in this budget because this was a very tough budget. There were some priorities that we needed to do with regard to this budget: making sure the environmental outcomes that I've spoken about and that integrated resource management continue on, making sure of the funding for our grant providers that do a lot of good work in air, land, water, biodiversity.

Ms Notley: Okay. I apologize, but I've got the answer.

Just going back to the question that was raised by Ms Blakeman around the water management framework agreement for the lower Athabasca and the ecological-based withdrawals, the Kearl project was approved with the understanding that ecological base flows would be in place by the time it went ahead. The Kearl project was itself delayed because of other issues unique to the company, but it has now commenced. They are producing. We have no ecological base flow in place, so in theory we are in contravention of the conditions that were initially put in place when the Kearl project was approved. When can we expect to see the framework that would include the ecological base flow levels upon which the Kearl project's approval relied?

Mrs. McQueen: It's the same answer that I gave the hon. Member for Edmonton-Centre with regard to the lower Athabasca regional plan, that it shows that within 18 months those have to be done. With regard to that, we're looking at 2013 for the work to be completed for the surface water quantity management framework for the lower Athabasca. So it is the same answer with regard to that question.

In the approvals of the lower Athabasca regional plan there are time limits that we will have to complete those objectives within. That's the work that we're now working towards, as I said, rolling the sleeves up. We approved the plan, and now it's working through those specific pieces.

Ms Notley: I'm just really concerned because, of course, the land-use framework, generally speaking, has been delayed extensively. Every deadline, every promised completion date has long since

been surpassed. We have the wetlands policy, which I know is not necessarily part of it but it's part of other ones, which you told the Member for Edmonton-Centre would be completed this year. But I was reading through the estimates from last year, and last year you told us that they would be completed last year. The year before that we were told that they would be completed that year. So what we have is a pattern within the ministry of all the work not getting done on time, and in the meantime we have something like the Kearl project going ahead, where we had an expert panel say that this can only go ahead safely in the public interest if these base flows are in place.

It seems to me that the inability of the ministry, notwithstanding the incredible, hard-working staff, to get the job done on time is now hurting the public interest. Should you not be asking your cabinet to approve adequate resources for you to get this work done so that we do not continue approving development in the absence of the work that is promised year after year after year after year without its completion?

Mrs. McQueen: Well, I think what we have done is made sure that we have adequate resources to get the work done. On top of that, if you look at the work – you say that the land-use plans have taken a long time to do – I think when we completed the first one, the lower Athabasca regional plan, it came into effect September 1, 2012. They're big and complicated plans. There are no plans like that elsewhere. But what it does is that it really legislates under the plan that these things will be done. I think we have the resources to do it within the department but also the legislation in place under that plan to make sure these come through, and we have an 18-month time frame to get those done. So I think we've come a long way with regard to that to make sure that that work does get done.

Ms Notley: What about the communities downstream? You know, we've got a winter that could easily pass before this is done. If too much water is taken out of the lower Athabasca by, say, for instance, the Kearl project, fish stocks will be jeopardized, and communities living downstream as well as the ecosystem will be jeopardized, potentially in a way that is unfixable. So, practically speaking, we have stuff going on that you folks should have been prepared for, and you're not. One part of the train has left the station, but the other part is still getting gassed up. It seems to me that that jeopardizes the public interest. I appreciate that you've passed the law and that you've given yourself slightly more definable deadlines, but it seems to me the public interest is not being served right now.

The Chair: Thank you.

We're going to take a five-minute break now. We'll come back, and the PC caucus will be able to ask their questions as a caucus. Five minutes.

Thank you.

[The committee adjourned from 8:57 p.m. to 9:04 p.m.]

The Chair: Okay. We are now at the 20-minute time for the members of the government caucus. Mr. Khan, I think you were going to start and Mr. Lemke was going to join you. Would you like to go back and forth with the minister?

Mr. Khan: I would like to go back and forth with the minister, please.

The Chair: All right. You have 20 minutes. Thank you.

Mr. Khan: Thank you very much. I'm going to focus my questions/conversation around the ministry's integration and primarily on the 2013 business plan. If we can get through those questions, I might branch off into a few other things.

As the minister mentioned in the opening comments, Alberta Environment and Sustainable Resource Development is essentially a new entity that's comprised of two former departments: environment and water, and sustainable resource development. I think it's appropriate and I'd like to take a moment to congratulate the minister and the department for really, you know, what essentially is building a new machine out of two complementary but still very much disparate parts. Having a little bit of experience in those regards, I think it's important to acknowledge the hard work and the dedication of a very talented team. We spoke of that earlier today, and it was great to hear some of the opposition acknowledge the tremendous efforts from the department in those regards.

I would just like to start my round of questions with that acknowledgement and then really blend sort of that understanding, that you've brought two disparate parts together in what we should also acknowledge is a very short period of time. I guess that's a little bit of a preamble into my first question. I'd like to ask the minister to speak to how the 2013 business plan was formulated from the 2012-15 business plans of each of the respective ministries.

Mrs. McQueen: Well, thank you, hon. member. I thank you on behalf of our department staff for your positive comments about the exceptional work that they are doing. You're bang on with that. We've got great staff, outstanding staff. I have to say with regard to the ministries of environment and SRD that the one thing that I really have cherished in my municipal world before I came into the provincial world was the outstanding work and the dedication of these two ministries in particular. You see that reflected in the long time that people stay within the ministries, when they were separate and now together. We have people that have made their whole career within these ministries. I think that says a lot about the kind of people but also the kind of work that they value, and I commend our team. I feel very exceptional to have the opportunity to be a part of this team.

When we looked at bringing the two ministries together, we really looked at what the priorities were that we wanted as a government and how do we make sure that when we have Environment and Sustainable Resource Development – some challenged us with regard to: "How could you have these two ministries together? Are they not in conflict?" Those were some of our first comments that we got early on.

I think some of those that commented to me early on, the critics, have actually been quite positive in the sense of how we've moved them together. It really is about integrated resource management. It's about the bigger picture, and it's about how we make sure that the outcomes that we want to see on the environment side are also on the sustainable resource side as well so that we have strong policies with regard to air, land, water, and biodiversity. As we bring this forward with integrated resource management, we really look at that. It's the work that we're doing with regard to the land-use planning, as I've mentioned before, not just the lower Athabasca region but now moving into the other regional plans.

The work that we're doing with regard to the water conversations: those are such important conversations. Some of the other members have talked in their questions with regard to water this evening. It's very important when we go out and have water conversations – and deliberately have them across this province in 20 different communities – to be able to talk to Albertans about

the importance of water and the use of water going forward into the future. So that's been a very important piece as well.

Then, of course, the piece with regard to the monitoring, not just the joint plan that we have with the federal government but also the work that we're doing. We're very proud of the work that our CEO of monitoring, Ernie Hui, has been doing with us and the board that's working with us on making sure that we're moving towards the independent arm's-length agency. It gives the credibility of having, if you will, a one-window approach with regard to access to information and data regarding the monitoring of the four parameters of air, land, water, and biodiversity. It's developing those world-class monitoring systems but also the work that we've done with the Energy department with regard to bringing forward the single regulator as well.

9:10

I'm really proud of that work in the sense that we can create regulations that are efficient, that are effective, that can still achieve the strong environmental outcomes that we want, but we can reduce the time. What I think is a real bonus of that is that we can actually sit down and holistically look together at applications and look at the environment, look at the sustainable resource side of it, look at the development side of it, and then develop policies and regulations holistically versus in silos.

So I think what I would say, just so that you have more time, is to really commend this department and my deputy and his team with regard to how they've brought this together to make sure that we're looking at all of those things, the things that are important to Alberta. By bringing these two ministries together, we've been able to have a lot of success over this last year.

Mr. Khan: Fantastic. Thank you very much for that answer.

You spoke amongst your answer of the public consultation work that your department is doing. I had the privilege of participating in one of the water consultations, and I had actually a number of constituents engaged in that process. I think it's appropriate to acknowledge how effective that consultation was and the overwhelmingly positive comments that I've received from my constituents who were able to attend that consultation. Thank you for raising that issue.

Coming back to the 2013 business plan, one of the significant purposes of bringing these two departments together – we can call it a merger – was to maximize, as you said, the efficiency of the disparate resources coming together and sharing the synergy, the idea that together the departments were stronger. Hopefully, as well, there are some efficiencies that could be created and reflected in the budget. With that said, why, then, when we look at this ministry's 2013 budget, is the 2013 budget not substantially less than the 2012 budgets of environment and water combined with sustainable resource development? Do you care to comment on that?

Mrs. McQueen: Sure. I'm actually very proud of that because I think we've worked very hard to share with our colleagues the importance of the work that we're doing and the importance of good, strong funding to do that. I have to say that the department has done a very good job with regard to the \$22 million in the budget that you would see as a reduction, an overall reduction. About half of that is about the integration of the departments, so efficiencies in that as well.

Also, the big piece that I think is really important for us is that as we deliver programs in our budget, those programs that are really important outcomes for us, some of those that we fund, we're able to maintain the core of those programs. I commend our

department because we went back many times to make sure that those are the things that we can still achieve. In talking, making the personal phone calls myself to a lot of those stakeholders that we fund, having that conversation, many were open to the fact that it may be spread over a little bit longer time. Maybe it would be something we fund over a year, maybe a year and a couple of months or a few months, but that important work will still continue because for me it's paramount that we continue to make sure that we fund those very important core programs.

As well, I think it says a lot about the importance to this government with regard to Environment and Sustainable Resource Development, the work that we're doing, the important work for market access and for the commitment we have with regard to the environment that we actually saw, you know, a reduction in our budget but, compared to many, many ministries, a smaller reduction than some had to face.

Mr. Khan: Okay. Thank you for that answer.

There's a crossministry initiative that the Premier has spoken to in the budget, and that's the results-based budgeting initiative that all ministries are undertaking. The idea here, of course, is that we're looking at the outcomes. We're looking at the services that the departments are delivering to Albertans and ensuring that we're delivering on outcomes with the idea that we're creating efficiencies as we're moving forward.

I also understand that each ministry is phasing in RBB within a three-year time period. I'm curious to learn a little bit more about where your ministry is at with RBB and if there are any efficiencies that you've already seen as you undergo this process.

Mrs. McQueen: Yeah. For us the cycle really begins this year with regard to results-based budgeting. This will be certainly a year, year 2013-14, as we look at the three-year program. It'll be ramped up a little bit more with regard to 2013, and the bulk of our work will be doing that. This is the second cycle, as you know, hon. member. We started last cycle, but very little reflected with regard to our ministry. The bulk of that work will happen this budget. I'm really looking forward to that. You know, I think about the many programs in government that we offer that are great programs and that we start. I think it's important for us to go back and reflect upon why we brought programs in and whether they still meet what we're trying to achieve today.

I'm very excited about results-based budgeting. I have to tell you, we used to do that when I was at the local level and really go back and say: let's challenge these things. Many of the programs we have are excellent, but are they meeting the expectations that Albertans are expecting of us? That's going to be an important piece for us, to go through different programs in our ministry, in all the ministries to be able to say: "These are the programs that Albertans desire us to continue. These are ones that maybe we need to tweak because parts of them are working good, but we need to tweak them to get the results we want to achieve." Then there will be ones where we may say: you know, they've served their lifetime.

It's very easy to bring programs in, but it's extremely hard to take programs out. That is equally important for us as we move forward in the work of government, to be able to have those tough questions and say that sometimes a program has reached and achieved what we needed it to achieve. Certainly, for us it gives us a good opportunity to do that. I think this is tremendous leadership that the Premier has brought through, and I'm really looking forward to our ministry going through that.

The other part I really like about it is that we get to learn a lot more in depth about the great work that our stakeholders and our

partners are doing. It gives us a chance to commend them as well for that work that they're doing and really focus on: where are the priorities, and how do we work with them? Sometimes it will be like we're doing this year, where there are so many core programs that we value that we may just extend it a little bit. The reality is that you still have to live within your means.

Mr. Khan: Absolutely. I'm very pleased to hear that. You know, having worked through RBB myself, what I've found is that it's an invigorating process. It may seem counterintuitive at first for the department to actually, you know, experience a little bit of a revitalization and look at RBB as not something that's critical but something that's very positive. The efficiencies coming out of the RBB process I think will be a wonderful undertaking for your department, so I'm very encouraged to hear your comments regarding RBB.

If I can just come back for a moment to the 2013 business plan, specifically where you speak to priority initiatives. I'm going to read a priority initiative which you've identified as one of the core priority initiatives, and that's 1.1 on page 30. The priority initiative reads:

Advance world-leading resource stewardship through an Integrated Resource Management System that manages cumulative effects and enables and demonstrates the achievement of environmental, economic and social outcomes Albertans expect from resource development.

I want to commend you for that particular initiative. It's extremely ambitious, but I believe it's the kind of initiative that all Albertans deserve. It's one thing to put these initiatives down on paper, but I'm curious to know: what specifically is the ministry doing to achieve this particular initiative 1.1, which I just read?

Mrs. McQueen: Right. The integrated resource management is a number of things with regard to the land-use planning that we're doing and making sure in a region cumulatively – for example, I'll use the lower Athabasca region because it's the plan we've finished – that we put in binding limits with regard to water emissions, air emissions. We've also put in there – I think the department does a very good job doing this, working with our stakeholders – early warning signs as well so that we will be able to work on these triggers, as we call them, to make sure that there are early warning signs in place so that we'll actually never reach a limit.

I think that's really important when you're looking cumulatively in a region. People need to know that there is a limit to what an area can handle. When it's new technology – and we know that the technology will work – with regard to that it is really important to make sure that there are ways that we can work with our stakeholders so that targets are in place, to work with them so they get the early warnings, that they know they need to do something so that we'll never hit a limit. That's the first piece of integrated resource management.

9:20

The other piece is the monitoring. I have to tell you about the work that we've done with federal Environment Minister Kent on the three-year joint monitoring plan – we just finished in February the first year of that plan – and the doubling of the monitoring in specific areas in that plan. We worked with stakeholders to come up with where it would be appropriate for areas of monitoring as we move forward. We've had some really good feedback with regard to that from people that have been critics in the past with regard to the work that it's doing.

That in conjunction with the work we're doing on top of that to have an arm's-length agency is a big piece of that. As you know,

hon. member, when government or industry says something with regard to a number, it's not always seen as being as credible as if you had an independent agency saying it. What I'm really excited about as we move that forward is having the science advisory board and the fact that the data will be supplied to me at the same time as Albertans get it. It's not that what we give isn't credible because it is credible, but the challenges are there. People can see that we'll have a science advisory board that can be peer reviewed. I think it just adds that other layer of credibility.

Then, of course, the work that I talked about with regard to the regulatory enhancement project, the single regulator, is really quite exciting when we think about the fact that we get questions on: well, how can we move that over to a single regulator? The point is that we still will be developing the policies with regard to that in conjunction with the policy management office, with Albertans having big policy discussions, but the new regulator will regulate under those policies. I think that's quite exciting with regard to how we can be efficient and effective while still maintaining our strong environmental policies.

Quite frankly, when we worked on that project, the comments we got back with regard to the environmental groups were that they don't want to have a conversation at every well application. Let's have those big policy conversations that all Albertans can have, whether they be on water or air or whatever they happen to be, then when we move to individual applications, we don't need to do that. That's for the folks that are affected in those areas, the landowners and those that are in those areas.

I'm quite excited about that. I think it's going to take us to a new place with regard to policy development. It will no longer be siloed. It's crossministry. That's what's pretty exciting. When we developed that, we worked with 10 different ministries. It's something that hadn't been done in the past when they looked at moving to a single regulator. That's another piece with regard to the integrated resource management: the integration of working crossministry and developing policies based on the fact that everyone has the opportunity for input.

Mr. Khan: Excellent. Thank you again for a very fulsome answer.

I'm going to come back again to some of the priority initiatives identified in the business plan, but I'm going to first start with, you know, acknowledging the fact that you and your staff have been undertaking a great deal of international travel. There's a rather large dollar value attached to that travel. My numbers show that there's been \$124,000 of taxpayers' monies attributed to your staff and yourself in your international travel this year. You know, looking at the business plan and priority initiative 2.1 on page 31 of the business plan, I'm going to connect the dots here. I don't want to put words in your mouth, but I'm going to read priority initiative 2.1, which reads, "Contribute to expanded market access for Alberta's natural resources and products by working with other ministries to advance opportunities for Alberta." I take it that with the travel there's . . . [A timer sounded] That's 20 minutes?

The Chair: That's 20 minutes. The minister can choose to answer that question and fold the answer in later.

We're now at the stage where individual members, not caucuses, get to speak. We're going to start with the Wildrose caucus.

I understand, Mr. Stier, you're speaking first.

Mr. Stier: Yes. Thanks, Madam Chair.

The Chair: It's a five and five. Do you want to combine your time, or do you want to go back and forth?

Mr. Stier: We'll go back and forth. We'll try that.

The Chair: Great.

Mr. Stier: Thank you.

Thank you, Minister, for coming in tonight, and thank you also and good evening to all those folks in support who have come tonight, too, to sit this evening. I really appreciate all you people coming in. That's just wonderful.

I'd like to get into something a little different than what we've seen in the past couple of hours, if I may, and look to one of my favourite topics – it's probably not unexpected – and talk about the regional plans. There has been a lot of work done towards these regional plans. I understand that, and I do have some interesting things that I found when going through the budget documents and so on that I want to bring up. I'm going to refer a little bit to page 92 of the estimates document, for your reference, Madam Chair, and also to page 30 in the business plans.

Particularly on page 92 in relation to costs, I don't see some of the figures that I was hoping to find. I wonder, Minister, if you or some of your staff can help me in trying to understand what the estimated and forecast costs might be for the full development of these plans, both the South Saskatchewan and the LARP. There must be some figure. When you're building a new house or a new building, you know it's going to cost you so many dollars to get something going.

Other than the Land Use Secretariat item, which is line 5.4, I'm just wondering: is there some other spot in the budget documents where we could get an understanding of what the costs are going to be for this? Again, we're talking about the implementation of these plans.

Mrs. McQueen: Are you talking about the development and implementation?

Mr. Stier: Right.

Mrs. McQueen: Okay. We're very proud that we're going to be moving pretty aggressively with regard to these plans. The lower Athabasca regional plan, as you might appreciate, took longer than probably anybody had anticipated. But I think it was important for us to take the time with regard to that plan to get the plan right. As we're moving forward with the South Saskatchewan regional plan, we've got the North Saskatchewan plan and the lower and upper Peace as well that we've been moving forward. We've got about \$6.9 million that we'll be putting towards those plans. That's the development, implementation, consultation: all those things you might think of when it comes to developing these plans.

Mr. Stier: Excuse me, if I may. Just to clarify, is that the South Saskatchewan and the LARP? Which is that, the \$6.9 million?

Mrs. McQueen: That's with regard to moving forward this year with the – they all progress at different stages of planning. As you know, LARP has been finished. September 1, 2012, it was completed. We still have work to do now about implementing some of the things we talked about earlier, but the overall development includes some work with regards to LARP as we move forward with the commitments that have to be done over the 18 months to get into what I call the meat and potatoes of the plan, so that includes that. It also includes the work that we're doing with South Saskatchewan regional planning, and as we move forward in this year we'll begin the work with regard to North Saskatchewan and potentially lower and upper Peace as well. The timeline is over 2013-2014 as well.

Mr. Stier: Basically, it's a combination of all these plans. Is that in here someplace? Did I miss that?

Mrs. McQueen: I believe it's under – I'll let someone find me what line item it is, so I don't waste your time, and then I'll answer that.

Mr. Stier: Thank you. Yeah. The time is short in these little, shorter sessions.

If we look at land-use compensation as a result of these plans – it's acknowledged in ALSA that compensation is something that may occur, and we know that from the Energy estimates that there was roughly \$30 million spent in settlements there – do you propose any compensation amounts for the South Saskatchewan and/or future LARP settlements coming up? Is that in this document somewhere? Again, I don't see that as a line item in your budget.

Mrs. McQueen: Okay. Just to answer your previous question, page 92, 5.4, Land Use Secretariat, shows the dollars associated, just so you have it there.

Mr. Stier: That's what I mentioned in my question. Is that the total amount, then, in there?

Mrs. McQueen: Yeah. I just want to make sure you have that.

Mr. Stier: Yes. Thank you.

9:30

Mrs. McQueen: The point with regard to compensation that you mentioned Energy had spent. My understanding is that that has not been spent and may not be spent, quite frankly, because there could be some different options for Energy with regard to that. If it has to do with the Energy department on any land compensation with any of these, that would be something that they would do.

It's too early in the process to know whether there'd be any dollars attached to this. Certainly, as we move through the South Saskatchewan plan and other plans, it's very different than it was with regard to the lower Athabasca regional plan. As we move on that, it will also depend a lot on the priorities of Albertans as we do the consultation with regard to them wanting to have conservation areas, them wanting to have recreation areas, all of those things. But it's a very different climate than the lower Athabasca region.

Mr. Stier: Okay. With regard to the lower Athabasca, on that same point, beyond the \$30 million that was in Energy that we were just discussing, was there also something else that I couldn't find for lower Athabasca in the ESRD budget?

Mrs. McQueen: For compensation?

Mr. Stier: Right.

Mrs. McQueen: No.

Mr. Stier: Nothing whatsoever?

Mrs. McQueen: No.

Mr. Stier: Okay. Thank you for that.

Moving on, then, there was a lot of talk about the amount of money that may have gone in beyond the \$21 million or the \$30 million in terms of development costs for corporations involved in those leases and so on and so forth. Is it your understanding or am

I to understand that there would be no extra costs behind the scene somewhere that may have been settled in some sort of exchange of leases or something like that, beyond the dollars in the budget here, land trades or those kinds of things?

Mrs. McQueen: That is an Energy question. In reading Energy's estimates, I believe you or someone raised that issue. I think that if you wanted to have further dialogue on that, that's something you could certainly have with the Energy minister. It's projected that it could be, as I said, up to \$30 million that they budgeted for. Those dollars haven't been expended. If you want greater detail on that, I would suggest that the Energy minister would be the person to ask.

Mr. Stier: Okay. So, again, nothing in your ministry on that item.

When we look at the South Saskatchewan regional plan, then, can you give us an idea now when the first draft might be coming out? I know a lot of people are concerned in that area. As we all know, it's a model plan. Perhaps it's been referred to that way for future plans. Is that being delayed, as we talked about earlier tonight, I think, till the fall? Is it going to be next winter? What is the latest date for that first draft?

Mrs. McQueen: I'm going to try and do this really quickly to respect your time, but I think that to put it in context – and you may know, but others may not – is that, first, with the regional plans we have the regional advisory councils, and they come forward with what they see would be a draft. That has happened. Then we take the regional advisory council's report out for a draft. That has been done. We finished that piece, so we're looking over to the fall as to when we would come back with our draft. What we've heard from the regional advisory council and then what Albertans have told us as we did the consultations in many communities with regard to SSRP – I believe that we visited 20 communities. They gave us feedback on that RAC and gave us feedback in general, and we're incorporating that into a first draft of the plan. That will be out this fall as well.

Mr. Stier: Okay. When that comes out, will there be another public consultation process? Will there be another round of town halls and so on and so forth to explain to folks that are involved in the area how that's all going to be working?

Mrs. McQueen: Yeah. That's the whole idea, that we can get a lot of consultation with regard to that. We've been able to build onto that and then to work forward and give people the chance to give us feedback on the draft as it comes forward. We'll then take the feedback they've given us with this draft and incorporate that into a document that will formulate eventually the South Saskatchewan regional plan document.

Mr. Stier: Okay. In terms of time I don't have much left here.

With the previous experience of the lower Athabasca, from the rollout after the first draft to implementation, do you forecast another year after that? What do you think would be your expectation or guesstimate for the South Saskatchewan?

Mrs. McQueen: I'm hoping it's not going to take that time, but what I have committed to is to give Albertans the time they need as well. These are important plans. These are 50-year plans. The time it took for the lower Athabasca region: none of the plans will take that long, but we want to give enough time for consultation. It's very important.

Mr. Stier: Thank you, Minister.

The Chair: Thank you, Mr. Stier.

Mr. Lemke, I think you're up next. Do you want to go back and forth with the minister?

Mr. Lemke: Yes, please. Thank you, Madam Chair.

Minister, I'm going to start off by talking about wildlife management. My question is about performance measure 2(d) on page 31 of your ministry's business plan. It states that healthy fish and wildlife is measured by percentage change in fishing licences and percentage change in hunting licences. Is this measure reflective of the number of fishing and hunting licences issued or the number of licences offered for sale?

Mrs. McQueen: Thank you. It certainly is a combination. Certainly, whether it's commercial fishery or recreational fishery, it's something that is important for us as we move forward. We know that it's important to Albertans, too, to make sure that there is a healthy fish and wildlife population, particularly as you talk about the fish in this particular instance. The total number of anglers decreased somewhat in 2010-11, by 6.7 per cent. That was mainly due to the cool, wet summer and spring that we had combined with some slow economic growth as well. The 2011-12 plan showed a small increase of 2.1 per cent, so we see that based on conditions as well.

Both hunting and fishing are outdoor activities that are affected by weather conditions, so some of that with regard to licences is really dependent on the conditions as well. Certainly, targeted licence increases for anglers and hunters weren't met in the 2011-12 season. We certainly know that moving forward, this is something that's very important for those groups of people. It's something that we like to continue to grow because we think it's an important industry in our province as well.

Mr. Lemke: Thank you.

What resources are being dedicated to species at risk, and is it a priority for your department?

Mrs. McQueen: Yeah, certainly it is. We've dedicated a number of resources.

I actually would like to take the time to commend you, MLA Lemke, for the work that you are doing on the species at risk committee. You do a lot of great work there. We know that that is very important work. Coming in as a new MLA to our government . . . [interjection] One of our MLAs is saying things here about fishing.

I have to tell you that I'm very happy and, quite frankly, impressed with the amount of work that you've been doing. When we look at the work with regard to the peregrine falcon, certainly, downgraded from endangered to threatened, that's very, very important. We look at the swift fox, the northern leopard fox: reintroduced into four sites. This is really important work.

We put a lot of resources toward this because it's important for us in this province. If you look at the budget, the dollars that we have in the 2013 budget with regard to wildlife management are just slightly above what we had in 2012-13. It's something that we not only take seriously, but we've managed to increase our budget somewhat within this area to show that significance as well.

Mr. Lemke: Thank you.

Conflicts between grizzlies and ranchers. I know that this has certainly been in the press lately. I'm wondering what your strategies are on mitigating.

Mrs. McQueen: You know, particularly in the south, our farmers and ranchers have had a number of conversations with me with

regard to the grizzly bear population. I'm actually quite impressed with the work that our department has done with regard to that. We are seeing an increase in the grizzly bear numbers. We're about 700 grizzlies right now, which is good, but we're not done our work yet. We continue to do grizzly bear management with regard to our producers and ranchers to help mitigate some of the issues that are there.

I'm committed and our department and our government are committed to bringing the numbers up. We have to continue the grizzly bear management, monitoring the bears, education, the BearSmart program. All of those kinds of things are so important for us to continue so that this important species, this beautiful species that we all love in this province continues to get to the numbers that we need. We've got a large number; that's increasing. As I've said to the ranchers in the south, we're more than willing to work with you because we know there are live-stock issues. We're working there, but it's important, and we have to make sure that we get those numbers up. We've made a commitment to do that as well.

9:40

The BearSmart program. I don't have the exact number, but it's over \$500,000 that we're putting towards that, a large number of dollars. We're doing that to continue to make sure that the BearSmart program really is there for our ranchers, for our communities, and for Albertans across the province. We're hearing some good feedback. We're also being encouraged by others to continue to make sure that we work to get that very important species up in the numbers that we want.

We're working with our ag producers to make sure that there is electronic fencing, all of those things, a way to improve the disposal of dead livestock as well, and the compensation program with regard to that is very important to them. We'll continue to work on that as we increase the numbers of grizzlies in the province.

Mr. Lemke: Thank you very much.

Switching topics a little bit, I want to talk about gravel pits. Certainly, in my constituency we have a number of gravel pits. While most Albertans recognize the need for them, many people in my constituency are concerned about what happens to the pits after they've been emptied of gravel. What is the department doing to ensure that those pits don't become scars on our landscape?

Mrs. McQueen: That's a very good question. Certainly, we have the environmental protection security fund with about \$70 million in total to date. It's important that when we approve gravel pits, we also make sure that reclamation is a very important part of the approval as well. Gravel for communities is very important. As you know, it's finding that balance. Again, we all want to make sure that we have good roads to travel on, that we have access to the gravel, but we have to do it in a way that is taking care of the environment and the impacts, ensuring as well that any of the reclamation that needs to be done is done by those that have the permits. It's certainly something that our department works hard on as well.

We're working as well with folks that you'd be familiar with from the AAMD and C and others to make sure that we have good procedures in place for the extraction of gravel, making sure that the authorizations that we do have do not have a significant adverse impact on water bodies. As you know, certainly with regard to approvals, Water Act approvals have to be done as well, and they have to work within the Water Act. The department

really does specific reviews. If there is any extraction of gravel resources from a water body, they have to work within the Water Act as well.

Let's remember that this is an important industry for Alberta, making gravel available to our communities. You come from a rural community as well. For urban communities having gravel for our roads, for our pavement, all of those things is important. As we balance the environmental issues with the economic issues, those are very important. The opportunities for first approvals with regard to the municipalities is very important. That they have the opportunity to decide whether they want those developments done in their communities is important. It's important for us to respect that as well and to continue to work hand in hand with our municipalities as we update any gravel policies as well. We've been working with the AAMD and C and the AUMA and others to make sure that we deal with those issues that are important to them.

Mr. Lemke: Thank you.

Again, changing the subject a little bit, you mentioned the Water Act. Certainly water for life is an important topic on all Albertans' minds. Why was the municipal water and waste-water program cut in Budget 2013?

The Chair: Good question. We'll leave it there.

Mr. Stier, do you want to go back and forth again?

Mr. Stier: Yes, thank you.

Minister, just getting back to where we were a little bit on the regional plans once again if I may. Where we left off was talking about the implementation of these things and the costs and the budget, you know, in terms of cost to implement. One of the things that occurs to me that has occurred in the past is that there has been a cancellation of some types of leases and so on and so forth in the previous plan, the lower Athabasca. Do you and does your ministry contemplate or can you give us a guesstimate: are there in fact going to be other types of leases in the South Saskatchewan that may be on the block, so to speak? Have you considered looking at any of those items yet in the South Saskatchewan plan?

Mrs. McQueen: Yeah. Hon. member, I just want to say with regard to your opening comments with regard to cancellation of leases that those actually didn't happen with regard to the lower Athabasca plan. That's the beauty of having lots of time for consultation and input so that you can work with the different stakeholders regardless of industry, whether it's forestry or agriculture or oil and gas, so that we have time to look at what some of the opportunities but what some of the challenges might be when we looked at, as we were doing the lower Athabasca plan, making sure that we would have a limited amount of sterilization, if you will, of resources but also the balance of making sure that we could set aside 2 million hectares in that area for important things of our important habitat, all of those.

As we move forward with all of these plans, it's a balance because, as I said earlier, these are 50-year plans. These are really important plans that we will all have input into today that will reflect – I look at my four-year-old grandson. It will make a real difference in his lifetime moving forward. I think we should all be proud of the fact that we're being bold and looking beyond our mandates and really looking long-term into this. There'll be lots of opportunities for everybody to give input with regard to these plans, and we will balance again to make sure that we will have conservation areas, we'll have strong economic areas. As I said, these plans are a little bit different in the rest of the province than

the lower Athabasca because that's quite unique for those developments.

Mr. Stier: Okay. If I could, I understand that very clearly. Back to my point, though, do you have in your estimates or projections the possibilities of some leases being cancelled in the South Saskatchewan regional plan, whatever type they may be?

Mrs. McQueen: No. We haven't had that because we haven't had the opportunity to hear from Albertans first and foremost. That's the most important piece.

Mr. Stier: Well, with respect, did you not do that during the public consultations with the RAC?

Mrs. McQueen: Pardon me?

Mr. Stier: Did you not have that opportunity during the RAC process?

Mrs. McQueen: Well, the regional advisory council, as I explained first, comes up with what is their draft. We then take what their draft is out to Albertans and get to hear from Albertans on that. We just completed that process. Now what we'll do is take everything we've heard and make our first draft with regard to that. We haven't actually put a draft out there yet. Once we do that, we will then bring that forward to Albertans so they can give us feedback there as well.

Mr. Stier: I understand that, but do you consider possibly cancelling some leases, like what happened before?

Mrs. McQueen: I will consider what Albertans tell me. I think we'll all consider what Albertans tell us. That's the whole point of consultation and having a really good – and I mean that respectfully – wholesome consultation. As I said, when you are dealing with plans that are 50-year plans, you want to make sure you get them right. There are chances for renewal every five years, but these are big, important plans, and we need to make sure that we're listening first before we make decisions.

Mr. Stier: Okay. Thank you for that. If we could move on.

When we look at the implementation on the plan, then, as you know, there are a lot of people that are very concerned about how that will eventually take place, how it will roll out in the South Saskatchewan plan. There are a lot more landowner, surface owner situations potentially coming up. How does that actually work? Do people that are underneath one of these areas that is painted with a broad brush, that might be under a conservation situation, as an example, get direct visits one-on-one with some sort of representative from ESRD to discuss their situation if there's going to be a change in their land use, et cetera? How does it actually take place, and if so, if it looks like it's going to be a compensational-type taking, would they be discussing how that land would be assessed and what process would take place thereafter?

9:50

Mrs. McQueen: I think you're quite early in the game because we haven't had those kinds of conversations. You're presuming that that would happen. If you remember the great discussion we had last year with regard to property rights and all of the work there, making sure, when we went out and talked with Albertans, that compensation, consultation, access to the courts, all of those things would be in place to ensure that if Albertans were giving land anywhere to the greater good, whether it's in regional plans

or elsewhere, those three factors would be there in addition to, you know, the Property Rights Advocate we've put in place. You're way too early in the game to even talk about compensation because we don't even know if any of that will happen.

Mr. Stier: Well, with respect, Minister, if I could interrupt you on that very point, though, the regional advisory council map shows huge areas all over southern Alberta that are painted in a broad brush of brown. There are a lot of landowners in those areas that are concerned, so I would suggest it's already kind of in the making. If that map again comes out and is repeated in the first draft, then one would say that it's kind of already on the go, is it not?

Mrs. McQueen: Well, you're assuming that that would be the end outcome. If you look at the regional advisory council for the LARP, the lower Athabasca region, and if you look at the original plan versus what came out: very, very different. The whole point is that Albertans will tell us what they expect in those plans, and they will give us the feedback. From that feedback we will then take that direction from Albertans. As I say, respectfully, the RACs are one part of the process. The feedback on the RACs is very important. Then the draft plan comes back, and what we've heard is really hearing from Albertans, some who are really quite excited, even landowners.

When we look at the work, Nature Conservancy is working with some private landowners in that area and other landowners about setting aside lands. This will be the time for Albertans to talk to us and to tell us what they see happening in the SSRP part of the province, and if there are lands that are used for the greater good, the three Cs – compensation, consultation, access to the courts – of that will be in place. But, as I say, it's way too early in the process for that.

On the RAC's decision I think you're confused. That is not the plan. That is a draft of what the RAC thinks, and now we get the feedback from Albertans.

Mr. Stier: Okay. I guess the confusion comes from a lack of information on how the first draft process will work, so I'll thank you for that information.

You mentioned the Property Rights Advocate that has been set up. I understand basically how the Property Rights Advocate works. He's basically at arm's length from your department if I understand it correctly, yet I would suggest that he probably has had to have some involvement with your department to understand what his function is going to be. I know that there are going to possibly be regulations coming out to look after the compensation aspect of the rollout. I'm just wondering if you can speak to anything regarding future regulations in relation to that process.

Mrs. McQueen: Yeah. The office of the Property Rights Advocate is under Justice and Solicitor General, so any of that, I think, would be good questions to have for them. That's certainly where it is. We led the process, but certainly that's where it's under, that ministry. I'd encourage you to ask any of those regulatory questions with regard to that.

Mr. Stier: The whole thing would be under that?

Mrs. McQueen: Yes.

Mr. Stier: Okay. All right. Thank you very much for that.

That being the case, then, if we could move on to some of the other matters I had here. I think one of the other members talked about the BearSmart program. I know that the bears in southern

Alberta, as you've said, have been an issue, and I have discussed this most recently with some of your fish and wildlife officers this past weekend, in fact. I think, as you've said, there are some wonderful people working there, and they're doing some great work. There's no question about that.

I know that in the MD of Willow Creek, as an example, they've implemented a program where they're actually paying farmers and ranchers to have a processing company pick up their dead animals to avoid these types of confrontations. I'm just wondering: are you considering working up a program for many other municipalities and offering them some sort of assistance in that regard? Is that program that Willow Creek might be offering somewhat funded from an SRD type of program, or are you aware of it at all?

Mrs. McQueen: Yeah. First, thank you for the compliments on fish and wildlife, my department, but they're not with me anymore. They're with Justice and Solicitor General as well. Just so that you know that.

Mr. Stier: I did know that, actually.

Mrs. McQueen: Yeah. I figured you did. But just in case you didn't know that, that's who they're with. They are doing outstanding work. I'm glad you had the chance to chat with them.

The predator compensation program is really where all of that goes through the Alberta Conservation Association. They are the ones that manage that program for us. It's through them. For any of those programs, Willow Creek or others, they do that. It's arm's length from us because that is their mandate.

The Chair: Thank you, Mr. Stier.

Mr. Stier: Thank you.

The Chair: We've got four minutes left. I'm going to ask Ms Fenske to ask a very short question.

Ms Fenske: Oh, that will never happen, will it?

Thank you, Minister. I appreciate you being here so late in the evening and your staff as well. I know that I certainly appreciate the work that you've done out in my community. Thank you for being so available.

I want to continue on with the consultation process. We've spent a lot of money on consultations in 2012 and in 2013. You've done some great work with respect particularly to the recommendations for the property rights coming forward. Right now you're doing water consultation. You're doing land-use consultation. How are these all going to fit together? Could we somehow streamline those processes? I know it's very important from the municipal perspective. We did a lot of consultation. But there comes a time when people feel they've said what they need to say, and they're ready to move on to the action. Perhaps you could just let me know. Is there a way that you've looked at streamlining those processes?

Mrs. McQueen: Yeah. We really looked at this when we started with regard to the land-use planning consultation, particularly SSRP because that was the one we were starting on, and then the water conversation. But we made the decision to go separate because with regard to the South Saskatchewan regional plan that's one part of the province. The water discussion is to build on the excellent work of the water for life strategy. I commend Lorne Taylor and then Rob Renner prior to myself, who came up with this initiative.

The water for life strategy and the water conversations are really about the entire province. If you were to focus it just with regard to the one regional plan, you wouldn't have the full wholesome discussion that we're having with regard to water across this province, in the four areas that people really gave us feedback. We're hearing some common things with regard to water conversation across the province, but then in different parts, if you were to break them down into regions of this province, we're hearing different things. In the south, where you've got a closed basin, the conversation about water is very different than it may be in a different part of the province. It's important. We took a while to talk about that and to think about that. The water is so important. Again, long-term 20- or 30-year plans: it was very important for us to make sure that we did those separately and holistically so people could really talk about the water.

Now, together, as we bring in regional plans, what we'll then be able to do is bring the work of those water conversations into regional planning. We would have heard from regions, too, "Here are issues," when they talked about land-use planning because when they talked about land-use planning, they also talked about water in the south. They talked about many different things. So as we bring those conversations of water together and bring future policies together, we'll really, then, be able to as well integrate that into the land-use planning and all of those plans because we've had excellent feedback.

Ms Fenske: Thank you. I know that, as I've said, we've spent a great deal of money on consultations if you look back at the budget, but Albertans are expecting action from this consultation. Now, you've given some examples, for example the lower Athabasca, of your expected timelines of some more recommendations or moving forward. I know that you're looking at speeding up the process of the North Saskatchewan. [A timer sounded] And we'll continue this.

The Chair: On that note of action, yes.

That brings us to the close of this meeting.

Ms Blakeman, you are the first speaker tomorrow afternoon after Ms Fenske finishes.

We reconvene tomorrow afternoon at 3:30 in committee room A, so we will have more room.

Thank you, everyone. The meeting is adjourned.

[The committee adjourned at 10 p.m.]

