

## Legislative Assembly of Alberta

**Title: Monday, November 5, 2007**

**1:00 p.m.**

Date: 07/11/05

[The Speaker in the chair]

head:

### Prayers

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

Let us pray. As we begin our deliberations in this sitting of the Legislature, we ask for the insight we need to do our work to the benefit of our province and its people and to the benefit of our country. Amen.

Hon. members, I'm now going to invite Mr. Paul Lorieau to lead us in the singing of our national anthem, and I'd invite all present to join in, as well, in the language of one's choice.

### Hon. Members:

O Canada, our home and native land!  
True patriot love in all thy sons command.  
With glowing hearts we see thee rise,  
The True North strong and free!  
From far and wide, O Canada,  
We stand on guard for thee.  
God keep our land glorious and free!  
O Canada, we stand on guard for thee.  
O Canada, we stand on guard for thee.

**The Speaker:** Please be seated.

### Presentation to the Assembly of Mr. Jack Hayden Member for Drumheller-Stettler

**The Speaker:** I would now invite the hon. the Premier to proceed to the bar of the Chamber.

Hon. members, I have received from the Chief Electoral Officer of Alberta a report of the returning officer for the constituency of Drumheller-Stettler containing the results of the by-election conducted on June 12, 2007, which states that a by-election was conducted in the constituency of Drumheller-Stettler and that Jack Hayden was duly elected as the Member for Drumheller-Stettler.

[Preceded by the Sergeant-at-Arms, Mr. Stelmach escorted Mr. Hayden to the Mace]

**Mr. Stelmach:** Mr. Speaker, I have the honour to present to you Mr. Jack Hayden, the Member for Drumheller-Stettler, who has taken the oath as a member of this House, has inscribed the roll, and now claims the right to take his place in the House.

**The Speaker:** Let the hon. member take his seat. [applause]

### Presentation to the Assembly of Mr. Craig Cheffins Member for Calgary-Elbow

**The Speaker:** I would now invite the hon. Leader of Her Majesty's Official Opposition to proceed to the bar of the Chamber.

Hon. members, I have received from the Chief Electoral Officer of Alberta the report of the returning officer for the constituency of Calgary-Elbow containing the results of the by-election conducted on June 12, 2007, which states that a by-election was conducted in the constituency of Calgary-Elbow and that Craig Cheffins was duly elected as the Member for Calgary-Elbow.

[Preceded by the Sergeant-at-Arms, Dr. Taft escorted Mr. Cheffins to the Mace]

**Dr. Taft:** Mr. Speaker, I have the honour to present to you Craig Cheffins, the new Member for Calgary-Elbow, who has taken the oath as a member of this House, has inscribed the roll, and now claims his right to take a seat.

**The Speaker:** Let the hon. member take his seat. [applause]

head:

### Introduction of Guests

**The Speaker:** The hon. Minister of Employment, Immigration and Industry.

**Ms Evans:** Thank you, Mr. Speaker. It's a real thrill today to introduce a former resident of Sherwood Park now living in Texas, whose father was media personality Ernie Poscente. His mother, Pat, is a person who has been active as a community volunteer and is well known as a marriage commissioner.

Vince Poscente has a BA in recreation administration. He moved to Calgary and became the director of Alberta Luge, assisting the Calgary Olympic Development Association. In the '88 Olympic Winter Games he was one of four Canadian delegates selected to the International Olympic Academy in Greece. He actually undertook to become an Olympic athlete and with no previous experience learned to ski. He represented Canada in the '92 Olympic Winter Games in Albertville, France. Most recently, however, besides all of his expertise as an athlete he earned a master's degree in organizational management and has written a book, *The Age of Speed*. He's an inductee to the Speakers Hall of Fame with the likes of Ronald Reagan, Art Linkletter, and Og Mandino.

I'd ask you to join me in welcoming a man who lives in Texas but whose heart is in Alberta. Vince Poscente, please rise and receive the welcome of the House.

**The Speaker:** The Associate Minister for Capital Planning and Deputy Government House Leader.

**Mr. Zwozdesky:** Thank you very much, Mr. Speaker. It's my pleasure to rise and introduce to you and through you to all members of the House a constituent, Mr. Ranjit Dhanoa, who is visiting the Alberta Legislature for his first time. He is seated in the members' gallery, and he's accompanied by Sukhi Randhawa from that area. I'd ask Sukhi to rise as well, and perhaps the Chamber could receive them on this special occasion. Thank you for coming.

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

**Mr. Tougas:** Thank you, Mr. Speaker. It's my pleasure to introduce to you and through you to all members of this Assembly a group of 49 visitors from Aldergrove elementary school in my constituency. They are joined by teachers Mrs. Sandra Colquhoun and Mrs. Christine Steil; parent helpers Doug Parnham, Dana Hamilton, Kathy McDonald, Glennis Rideout, Christine Barringham, Pamela Young, and Cora Nicholson. I'd ask that they please rise and receive the traditional warm greeting of this Assembly.

*1:10*

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

**Mr. MacDonald:** Thank you very much, Mr. Speaker. It's a pleasure to rise and introduce to you and through you to all hon. Members of this Legislative Assembly a visiting group from the Suzuki charter school in the Ottewell neighbourhood in the constituency of Edmonton-Gold Bar. The total number of visitors in the group today is 21. The group is led by teacher Miss Bauernhuber.

She is accompanied by two of the parent volunteers from that fine school, Mrs. Colette Grant and Mrs. Alison Schneider. The group is located in the public gallery, and I would now ask them to rise and receive the warm traditional welcome of this Assembly.

Thank you.

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

**Mr. Martin:** Thank you very much, Mr. Speaker. I have two groups to introduce today. I'd like to introduce, first of all, to you and members of the Assembly 21 keen students from the Belvedere elementary school. They are accompanied by teachers Mrs. Janice Bogner and Miss Nicole Moores, who's a student teacher. They're in the public gallery. I'd ask them to stand and receive the traditional warm welcome of the Assembly.

Mr. Speaker, I'd also like to introduce to you and to members of the Assembly 40 energetic students from Belmont elementary school. They are accompanied by teachers Mrs. Gerke and Mrs. McKeen and parents and helpers Mrs. Hay and Mrs. Kruger. I would ask them also to stand and receive the traditional warm welcome of the Assembly.

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

**Mr. Backs:** Thank you, Mr. Speaker. I'm proud to stand before this Assembly and introduce to you and through you to all members of this Legislature Janine Halbesma, the senior policy analyst for the Canadian Federation of Independent Business. I'm pleased and honoured that Janine is here today in support of Bill 213, the Regulatory Accountability and Transparency Act. Also, with her to support Bill 213 is Walter Hrach, a businessman and community activist from north Edmonton. They are in the members' gallery, and I'd ask them to rise and receive the traditional warm welcome of this Assembly.

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

**Dr. B. Miller:** Thank you, Mr. Speaker. I am very pleased to introduce to you and through you to all members five of our fine, fine research and administrative staff in the Liberal caucus. They are new members Michael Decore, Kristen McFaden, Marta Rzechowka, Derek Volker, and Amanda Krumins. They are seated in the gallery along with our chief of staff, Judy Wilson. I'd invite them to stand and receive the warm welcome of this Assembly.

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

**Mr. Webber:** Thank you, Mr. Speaker. Looking up in the gallery here, I see a familiar face, a lady by the name of Kathy Watson, who is with the Alberta Home Builders' Association. She also served as a member of the Affordable Housing Task Force. I'd like you to please welcome Ms Kathy Watson to the Assembly.

Thank you.

head:

### Members' Statements

**The Speaker:** The hon. Member for Red Deer-North.

### Family Violence and Bullying

**Mrs. Jablonski:** Thank you, Mr. Speaker. November is Family Violence Prevention Month in Alberta. Family violence surrounds us in our communities, affecting men and women of all ages, socioeconomic backgrounds, sexual orientation, and ethnicities.

Children are negatively impacted by family violence regardless of whether they are the direct target of abuse or witnesses to it.

The government of Alberta has taken action. Nine partnering ministries are working together and investing a combined total budget of \$46 million to prevent and respond to family violence through the implementation of Alberta's prevention of family violence and bullying initiative. This year we provided an additional \$2.6 million to help communities provide services to victims of family violence and bullying, including additional support to women's shelters and sexual assault centres, for a total investment of \$23 million. We also launched a provincial safe visitation initiative earlier this year, and we continue to support community actions aimed at preventing family violence and bullying.

Along with our many community partners we have worked just as hard at preventing family violence as we have in responding to it. In fact, this morning our government launched the second year of the family violence public awareness and education campaign, which encourages Albertans to help individuals that are impacted by family violence. I encourage anyone who wants to know how they can make a difference to visit the family violence website at [familyviolence.gov.ab.ca](http://familyviolence.gov.ab.ca).

Mr. Speaker, putting an end to family violence requires a strong and collaborative approach from government, our communities, and our citizens. There are many ambitious goals that have been set for Albertans, like ending homelessness in 10 years. We can set another goal to end family violence, but it will take the whole community working together to help others. Together we can end the silence and stop the violence.

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

### University of Lethbridge

**Mr. Dunford:** Thank you, Mr. Speaker. This year has been a very, very good year not only for the city of Lethbridge but for the postsecondary institutions that make up part of our community. Today I'd like to make special note of the University of Lethbridge, which is celebrating their 40th anniversary. This institution is incredibly blessed with the administration and faculty that they have, the tremendous appeal that they have toward students from all across Alberta and right throughout Canada but, of course, especially southern Alberta. I believe that – I should be close – approximately 25 per cent of the student body actually comes from the city of Calgary. We're a great opportunity for Calgarians to offer their young children an opportunity to attend a first-rate university situation away from home, which is important to many young people – it certainly was to me – and, of course, also a very safe community.

There has been tremendous growth at that university, now something over 8,000 students. Because of that, the government of Alberta has been assisting them in their capital plan. Just recently announcements were made not only regarding renovation money for the University Hall but also, of course, capital going in to a life science and management centre and then just recently a top-up of the water centre. This water centre, by the way, is going to be world class for water in a semiarid environment like we're in. It'll be great for Alberta.

Thank you very much, Mr. Speaker.

### Canadian Centre for Unmanned Vehicle Systems

**Mr. Mitzel:** Mr. Speaker, it's my pleasure today to rise to talk about a \$3 million funding announcement which was made last week in Medicine Hat for the Canadian Centre for Unmanned Vehicle

Systems. Funding will be provided through the rural Alberta development fund, which encourages innovation, collaboration, and growth across rural Alberta. The Canadian centre for unmanned vehicles will create limitless opportunities for this type of technological industry in Alberta.

The centre is a national and international hub for the development, testing, evaluation, and commercialization of unmanned vehicle systems. Company partners already include such entities as DRDC, which is Defence Research and Development Canada, and MacDonald, Dettwiler, who built the Canadarm for NASA. Research and development and testing will occur for unmanned air vehicles, unmanned ground vehicles, and unmanned underwater and surface vehicles.

Mr. Speaker, their vision is to reach across Canada to promote and bring focus to research and development and, as well, the commercialization of the UVS technology. The centre will bring together existing technology clusters such as university, government, and industry interests throughout Alberta with regard to aerial, marine, and land UVS applications. Three million dollars from the Alberta government in rural development funding will help kick-start this viable international business in Medicine Hat for southern Alberta and for all Albertans as emerging cutting-edge technology brings worldwide recognition to the centre.

Mr. Speaker, I'd like to thank the RADF for recognizing this project as a project that will develop a phenomenal industry in not only rural Alberta but all of Alberta. Thank you.

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

1:20

#### Children in Care

**Mrs. Mather:** Thank you, Mr. Speaker. The week that ends in Remembrance Day is a time to ask what matters in our lives. Some things that preoccupy us, such as oil royalties, will matter very little 50 years from now unless we convert the income from that source into things that do. Family values is one thing we say does matter; however, it is not uppermost in the day-to-day. This past week another child died tragically in the province's care in a foster home we commissioned to provide for those in critical need.

I believe we cannot in good conscience say that we support families unless we support them for all. The continued death of children in Alberta's care is unacceptable in a human society. These losses are not inevitable. A hundred and fifty years ago children died regularly working in conditions accepted as normal that we would not accept for a moment. These conditions did not just go away. Politicians resolved that those conditions would end and made it so.

I appeal to the hon. Premier to include the elimination of deaths in Alberta foster care in his objectives. This is an attainable goal if we increase the investment and attention given our social services. It is also a matter of faith and value. In a province that claims to be built in that tradition, Mr. Speaker, let us put our money where we say our values are: in building a child-friendly society.

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

#### Stewardship of Energy Resources

**Dr. B. Miller:** Thank you, Mr. Speaker. The basic assumption of the whole debate on royalties is that Albertans own their resources. The Auditor General states it concisely. "Albertans own a world-scale hydrocarbon resource." Unfortunately, ownership, especially private-property ownership, too often means the licence to exploit.

Aboriginal people remind us that the land and its natural resources are a gift. Ownership is a foreign concept to them, and of course it's

obvious that we did not in any way create the huge deposits of oil and gas beneath the land. The authentic response to receiving the land as a gift is thanksgiving, and the basic value which emerges from thanksgiving is stewardship.

Stewardship is deeply rooted in our western civilization and in the Christian tradition. As a preacher for 30 years in Alberta I delivered many sermons on the theme of stewardship. What is worth remarking is that this word "stewardship" has continued to have profound meaning in the wider secular society. In the circles of business and industry and especially in the context of our natural resources the word "stewardship" is often used. We have received the land as a gift, and the issue is whether we are good stewards of the resources we have received.

The Auditor General choose his words carefully and correctly when he wrote that indeed "Albertans own a world-scale hydrocarbon resource," and that it is the government and the Ministry of Energy which have "final responsibility for the stewardship of Alberta's oil, gas, and oil sands resources." But instead of stewardship the government has demonstrated a continuing history of mismanagement and the squandering of our resources.

Albertans are now faced with one of the most important choices in Albertan history. The Progressive Conservative government of Alberta has forfeited its right to act as stewards of the resources we own. This government should be replaced by responsible stewards whose values and vision and long-term plan will truly honour and respect the gift of our bountiful land and the resources we own.

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

#### Anthony Henday Drive

**Mr. Lukaszuk:** Thank you, Mr. Speaker. I'd like to take this opportunity to pass a thank you to the Legislative Assembly of Alberta and particularly the Premier of Alberta for fast-tracking and putting in place the third quarter of Anthony Henday. Earlier this summer our minister of infrastructure, under the leadership of our Premier, announced the construction of the northwest section of Anthony Henday. [some applause] Thank you.

I cannot express enough how important this particular stretch of ring road is to my constituents of Edmonton-Castle Downs. As you know, Mr. Speaker, with the P3 model which is being implemented at this construction, this entire section of the Anthony Henday will be built in one piece. It will be built as a free-flow highway with no traffic lights and no intersections, allowing for the already congested area of northwest Edmonton to have their traffic moving freely.

Mr. Speaker, more importantly, this project will link the capital region in the way that it is meant to be linked, and St. Albert residents will have free access to northwest Edmonton and other parts of Edmonton. But what makes this project even better is the fact that it has a 30-year warranty – how often do we hear about a 30-year warranty on a highway? – which means that in 30 years residents of Castle Downs will receive the highway in the shape that it was built on day one of its utilization. That is a great deal for residents of Castle Downs.

So, Mr. Speaker, on behalf of all residents of Castle Downs, thank you to all members for supporting this project. We are looking forward to driving on this brand new stretch of road by fall 2011. Thank you.

head:

#### Presenting Petitions

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

**Mr. Elsalhy:** Thank you, Mr. Speaker. I'm tabling 230 more petitions on the following:

We, the undersigned residents of Alberta, hereby petition the Legislative Assembly to urge the Government of Alberta to:

1. Ensure that the remuneration paid to employees working with people with disabilities is standardized across the sector, regardless of [where they work];
2. Ensure these employees are fairly compensated and that their wages remain competitive with other sectors . . .
3. Improve employees' access to professional development opportunities (training and upgrading); and
4. Introduce province-wide service and outcomes-focused level-of-care standards.

Thank you.

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

**Mr. VanderBurg:** Thank you, Mr. Speaker. I rise in this Assembly today to table a petition that's been signed by 18 residents of Whitecourt-St. Anne. The petition urges the Assembly to pass Bill 45, the Smoke-free Places (Tobacco Reduction) Amendment Act, 2007.

Thank you, sir.

head: **Notices of Motions**

**The Speaker:** The hon. Member for Edmonton-Centre has advised me, but she has no notice of motion. You want to rise on a point of privilege later. This is Notices of Motions here.

**Ms Blakeman:** Yes.

**The Speaker:** We'll recognize that.

**Ms Blakeman:** Thank you.

**The Speaker:** But I do have a notice of motion from the hon. Member for Edmonton-Beverly-Clareview.

**Mr. Martin:** Thank you, Mr. Speaker. On behalf of my leader and pursuant to Standing Order 30,

be it resolved that the ordinary business of the Legislative Assembly be adjourned to discuss a matter of urgent public importance; namely, the failure of the government to promptly introduce and pass royalty legislation to prevent the loss of billions of dollars to the public treasury as oil prices rise dramatically.

head: **Tabling Returns and Reports**

**The Speaker:** The hon. Member for Edmonton-Manning, followed by the hon. Member for Edmonton-McClung.

**Mr. Backs:** Thank you, Mr. Speaker. I'm very pleased to rise and present a document from the Canadian Federation of Independent Business which supports Bill 213, the Regulatory Accountability and Transparency Act, often known as the red tape act.

Thank you, Mr. Speaker.

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

**Mr. Elsalhy:** Thank you, Mr. Speaker. Today I'm tabling a letter from my constituent, Ms Elaine Hyshka, in which she expresses deep concern with Bill 46, that's before the Assembly. She goes into detail, section by section of the bill, on what she finds objectionable in that the government is now restricting public input and

placing the energy industry in a privileged position relative to ordinary landowners and citizens.

Thank you.

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

**Ms Blakeman:** Thank you, Mr. Speaker. Two tablings today, both from constituents. The first from Tina Danecke, who is noting that her rent has increased by \$305 a month. Needless to say, her salary has seen no increase. She notes that she's just a working schmo living paycheque to paycheque and believes she's being gouged because of greed and that nothing was done by the government to assist her.

The second tabling, also from a constituent, from Sarah Jackson, noting that herself, the majority of college and university students, and many Edmontonians want legally binding air quality laws and would love to see Edmonton set the Canadian standard for great air quality and low emissions.

Thank you, Mr. Speaker.

**The Speaker:** The hon. Member for Edmonton-Mill Woods, followed by the hon. Member for Edmonton-Gold Bar.

**Mrs. Mather:** Thank you, Mr. Speaker. I have a letter from a constituent, Mr. Neil Evans. He said that he would like to comment on the Royalty Review Panel and tell us that he supports and agrees with its recommendations: "My opinion is that changes in the royalty structure and policy are long overdue, and that Albertans have been shortchanged by the generous royalty policies of previous governments."

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

1:30

**Mr. MacDonald:** Thank you very much, Mr. Speaker. I have two tablings today. The first is from RKS Research and Consulting. It indicates that when asked to identify the states operating the most successful deregulated energy markets, the response was none.

The second tabling I have is a press release dated June 20, 2007, from the Official Opposition of the province of Alberta, and this press release is regarding Bill 46, which will restrict Albertans' democratic rights.

Thank you.

**The Speaker:** Hon. members, we'll return to the remainder of the Routine at the conclusion of question period.

head: **Oral Question Period**

**The Speaker:** Today it is my pleasure to invite the hon. Leader of the Official Opposition to commence the fall session question period.

### Royalty Revenues

**Dr. Taft:** Well, thank you, Mr. Speaker, and it's my pleasure to respond. Secrecy and incompetence continue to be trademarks of this government. The current and former ministers of Energy claim Albertans have been receiving their fair share of billions of dollars in royalties. This has proven to be false. Yet they continue to figure prominently as front-row ministers in this government's cabinet. My question is to the Premier. What does it take before ministers are fired under this Premier's leadership?

**Mr. Stelmach:** Mr. Speaker, I see Dr. Doom is back from vacation.

Mr. Speaker, I promised Albertans a very fair share of the development of the resources they own, and we have delivered on that commitment. Our royalty framework is fair to the owners of the resource, which are all Albertans, and it also finds the correct balance, providing the certainty and predictability for the continued investment that's necessary to develop the resources. We have found the balance, and I am certain that the policy is good for all Albertans.

**Dr. Taft:** Well, Mr. Speaker, the Premier's word is no longer good enough. Albertans do not trust this government.

To the Minister of Energy: given that the minister has vigorously defended the old royalty regime knowing full well – full well – that it was shortchanging the citizens of this province billions of dollars, will the minister do the honourable thing and resign?

**Mr. Knight:** Well, Mr. Speaker, the short answer would be no. However, I can indicate to the House and to all Albertans that, in fact, if you attach the 20 billion plus dollars that have been invested in capital deployment across this province year after year after year for the last five years, if you include the 8-plus billion dollars invested in the Wood Buffalo region year after year after year, if you include the jobs, jobs, jobs that Albertans received from the policies of this government, we are on the right path.

**Dr. Taft:** Despite seven years of gross financial mismanagement and incompetence on the part of three consecutive Energy ministers, the Premier refuses to do the right thing and clean up this mess. Why? Why does the Premier allow these ministers to remain in his cabinet?

**Mr. Stelmach:** Mr. Speaker, in the period of time that the member is talking about, we've eliminated, paid off, \$22 billion worth of debt. We now have the highest employment rate in Canada. For the last – what? – three decades we have had the lowest income taxes. We also have the highest per capita income of any Canadian right here in Alberta, plus at least 500,000 new Albertans voting with their feet, moving to this province because our policies are correct. They also create new opportunities for their children and their grandchildren right here in the province of Alberta.

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

**Dr. Taft:** Thank you. Mr. Speaker, for the past seven years this government has assured Albertans that they were receiving a fair share of royalties. They should have known better. Albertans were losing billions. The Auditor General states that the minister's technical review staff "held the view that Alberta has not been collecting its appropriate share since 2000." My question is to the Premier. The department staff has known the truth for seven years. Surely the cabinet did. Surely the Premier was at the cabinet table. How long has the Premier known that Albertans have not been getting their fair share? How long have you known?

**Mr. Stelmach:** Mr. Speaker, this whole question about: where has the investment gone, whatever is being raised by the Liberals . . . [interjections] I always give the opposition the opportunity to ask a question uninterrupted. I would hope that they would find the decency someplace there to reward me with the same behaviour, be reciprocal. Maybe now they'll be quiet.

Mr. Speaker, since being appointed Premier, I immediately asked for a review of the royalty framework to make sure that it's keeping

up with the times. We've seen increasing prices, especially in oil. We've seen changes in world politics that made our resources more valuable. That was the most appropriate time to do the royalty review, and we did.

**Dr. Taft:** I'll repeat my question. Maybe we'll get an answer this time. The government staff have known the truth for seven years. Surely the cabinet was briefed. The Premier was at the cabinet table. How long has the Premier known that Albertans were not getting their fair share in royalties? How long? One year? Two years? Three years? Seven years? Answer.

**Mr. Stelmach:** Mr. Speaker, with respect to this whole question of fair share, when I look at – and this will come out in the next quarterly report – Crown lease sales, the highest ever, look at corporate tax revenue paid in this province, personal income tax, again much larger than projected, and given the fact that we have for-hire signs everywhere in this province of Alberta, that tells me that the money was reinvested in Alberta for not only developing the resources, but it also created opportunity for many other Albertans and gave them a much better quality of life in terms of health care and education right here in the province.

**Dr. Taft:** Well, Mr. Speaker, this is a straightforward question, but it is of fundamental importance, and the Premier is evading it. How long has the Premier known that the current royalty system was shortchanging the people of Alberta billions of dollars? When were you first informed?

**Mr. Stelmach:** Mr. Speaker, the hon. member is making an assumption. All I'm saying is that the current policies of the government over the last number of years have been very good for the province of Alberta. We've seen tremendous growth. We're on the world stage as the province of Alberta in terms of a good place to invest. Again, we have the lowest per capita taxes, income taxes. We also have a good return on the investments. We have \$70 billion in investments. We're the engine of prosperity for all of Canada right here in the province of Alberta.

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

**Dr. Taft:** Well, thank you, Mr. Speaker. The oil and gas don't belong to this party that's governing or to this government. This government are trustees for the people of Alberta, who are the owners of this oil and gas. As trustees they owe an explanation to the citizens, so I will once more repeat my question to the Premier, who seems so determined to evade an answer. Mr. Premier, how long have you known that the people of Alberta were being shortchanged with the current royalty system?

**Mr. Stelmach:** Mr. Speaker, I'm glad that the hon. member has finally come to the realization that the resources of this province are owned by all Albertans. It's also put in place the policies we have today to support the next generation and the generation after that, and that is why the new dollars coming from the royalty framework will be invested. One-third of that will go, of course, into savings, whether it be endowments, whether it be the heritage savings trust fund. The balance of that will be invested in infrastructure and the maintenance of that infrastructure so that the next generation doesn't have to reach deep in their pocket to pay for the maintenance of all the new infrastructure we're building in the province of Alberta.

1:40

**Dr. Taft:** Mr. Speaker, this is a question of profound importance. I am asking it on behalf of the citizens of this province. How long has this Premier known that the current royalty system was shortchanging the people billions of dollars a year?

**Mr. Stelmach:** Mr. Speaker, once again the hon. member is making an assumption. When I look at this province, I can't see where this province of Alberta was shortchanged when you look at the quality of life that we enjoy, the excellent health care. In fact, we're attracting to Alberta the world's best physicians, some of the best research people to the province of Alberta because they see hope and they see opportunity. We're going to make sure that the new policies, the new framework continue with the kind of openness, predictability, and certainty that investors need to bring more money and more investment to the province of Alberta.

**The Speaker:** The hon. leader.

**Dr. Taft:** Thank you, Mr. Speaker. We've seen a demonstration here of evasiveness seldom seen in this Assembly. My question is again to the Premier. Why does the Premier feel it so necessary to evade answering a very straightforward question?

**Mr. Stelmach:** Well, Mr. Speaker, the member across is talking about or he's trying to make the assumption that there are missing billions. Well, there are. There are missing billions: \$22 billion of missing debt. That's missing. That's gone. That's paid off. Billions of dollars invested in infrastructure, in fact the most aggressive investment in public infrastructure ever in the province of Alberta, \$18 billion over three years. We see the best quality of life here in the province of Alberta compared to anyone in the country of Canada, yet they seem to be the doomsayers of tomorrow. I don't know where they're coming from, but I'm looking to the future, not only for our children but for our grandchildren. That's what they can't see.

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

#### Ministerial Accountability

**Mr. Mason:** Thank you very much, Mr. Speaker. Three years ago the NDP said that Albertans were not getting a fair share from royalties. The Liberals failed to support higher royalties while the Tories claimed the sky would fall. The Liberals will plead ignorance, but the Minister of Energy cannot. His department told him Albertans should be earning up to \$2 billion more in royalties every year, and he covered it up. My question is to the Premier. When will you fire that Energy minister for this massive betrayal?

**Mr. Stelmach:** Mr. Speaker, obviously the two leaders must have been – I don't know – recessing together here or something like that and drawing up their own questions.

Mr. Speaker, going right back to where we were before, this is a wonderful province to live in. The billions of dollars that they're making remarks on are invested in the province of Alberta. We've paid off the debt. We have \$70 billion set aside in savings to invest. In fact, we also have a stabilization fund set aside to cushion this province from huge revenue differences because of oil and gas or any other revenue streams that may change in the province. There is no better place in Canada than right here in the province of Alberta.

**The Speaker:** The hon. leader.

**Mr. Mason:** Thanks very much, Mr. Speaker. When will the Premier get out of his lame message box and answer a very, very clear question?

Now, the Auditor General said that this minister had access to information showing that royalties could be raised without hurting the industry, and he denied it in this House. How can you condone that, Mr. Premier? Why don't you do the right thing and fire that minister?

**Mr. Stelmach:** Mr. Speaker, the Auditor General has issued a report. We have accepted that report. But before the Auditor General issued the report, made it public, I had called for a royalty review very early after being sworn in as Premier. It took time to do the review. The panel looked at so many different pieces of information. It's quite a very complex issue, obviously. We've received that report, we looked at it, and we made our decisions. Those decisions are good. They're good for the future because these are depleting resources, and we have to make sure that we find the balance but also keep some of that money aside for the next generations because that's important. Once the oil and gas is sold, it'll never come back.

**Mr. Mason:** Mr. Speaker, the minister had knowledge that you could have raised royalties years ago and earned billions of dollars without hurting the industry. He did not tell Albertans that, and by evading the question, you are condoning that behaviour. Why is that minister still in your cabinet, Mr. Premier?

**Mr. Stelmach:** Mr. Speaker, again, they're making an assumption based on, you know, what he said – I don't know – three years ago or something like that. They'll never be satisfied as the ND opposition. If there's still any life left in the economy, they'll keep taxing it. They'll tax it to its death, and once it dies, they'll subsidize it. The policy we have is good, it's sound, and it's going to carry this province well into the next century.

**The Speaker:** The hon. Member for Cardston-Taber-Warner, followed by the hon. Member for Edmonton-Gold Bar.

#### New Royalty Framework

**Mr. Hinman:** Thank you, Mr. Speaker. We need to change from tax and spend to: let's have some integrity. Alberta has developed a reputation for respecting the rule of law and keeping its agreements. We have been able to attract billions of necessary dollars for the development of our oil sands. The problem, though, is that the Premier has given his word to Albertans that he is going to rip up those contracts. From the New Royalty Framework, page 10, it says "in the event that agreement cannot be reached, the government will take other measures." Will the Premier be open and honest with Albertans and tell us what those measures are?

**Mr. Stelmach:** Mr. Speaker, the hon. member makes reference to this government tearing up agreements. We're not tearing up any agreements. Those agreements were renegotiated many, many times, many times at the request of oil and gas companies as prices changed over the years. That's dating way back, I believe, to the '60s, so there's good evidence as to how many times these agreements were open. We said that we're going to sit down and discuss the new royalty framework with the two companies. We're continuing to do that. It's in the best interests of their shareholders

between the two companies, the government of Alberta, and future generations to reach an agreement, and I'm confident we will.

**Mr. Hinman:** What a bunch of political propaganda.

Mr. Speaker, the Premier says that he's a man of his word. He has promised to be open and honest, but evidence has not shown that. He will not reveal his donation list, he has already increased the size of his cabinet, and he broke his promise that he wouldn't have a TV address or infomercial. Will the Premier and this government come to its senses, though, and reverse its decision to break the signed agreements with Syncrude and Suncor?

**Mr. Stelmach:** Obviously, he never heard the first answer. We're not tearing up any agreements. We're entering into discussions with the two companies, and we'll continue to do that. I also said that once those discussions have been completed, then we'll bring that information to all Albertans, just like we did with the royalty framework report. As soon as the government received it, we made it public. The reason we made it public is that the resources are owned by all Albertans. That report went to the owners of the resources, and they had the opportunity to review it. Everyone – the company, the government, the opposition – had time to look at it. Again, we're not tearing up any agreements. That is a false statement.

**Mr. Hinman:** Mr. Speaker, they've said many times that they're going to rip up the agreement, and they said: we'd rather them take the carrot instead of the stick. I mean, how much more blatant can it be?

This government has a spending problem, not a revenue problem. The question I'd like to ask the Premier: does he really think that the government can do better with \$1.4 billion than the economy and the economic spinoff that we'd receive by leaving it there?

**Mr. Stelmach:** Mr. Speaker, talking about being honourable and a person of integrity, I would ask that member to withdraw those statements with respect to tearing up agreements. The government is not tearing up any agreements. I make that very clear in the House, and he made those comments again and again. There's nothing ever, anyplace, where it says that the government is tearing up any agreements.

**The Speaker:** The hon. Member for Edmonton-Gold Bar, followed by the hon. Member for Drumheller-Stettler.

### Royalty Revenues

*(continued)*

**Mr. MacDonald:** Thank you, Mr. Speaker. The incompetence of this Progressive Conservative government in general and the Minister of Energy in particular is evident. This Progressive Conservative government, an incompetent government, allowed a government agency to use undercover spies to snoop and eavesdrop on unsuspecting, innocent, rural landowners. This incompetent Progressive Conservative government allowed billions of dollars in royalty revenue to go uncollected for years, when they knew Albertans were being shortchanged. This incompetent Progressive Conservative government drafted Bill 46, which is an assault on Alberta's democratic rights. My first question is to the Premier. Why did this incompetent Progressive Conservative government hire and protect incompetent ministers but fire and reject . . .

1:50

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

**Mr. Stelmach:** Mr. Speaker, not having heard all of the question, if that's the way the behaviour of this House is going to take place in terms of that kind of language, I would assume that – you know, we have people in the galleries that watch. This is the highest court of the land. I hardly ever see anybody delivering evidence to the highest court of the land in that kind of manner.

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

**Mr. MacDonald:** Thank you. If the Premier won't answer, perhaps the Minister of Energy will try. My next question. According to the Auditor General's annual report from 2006-07, which I'm sure he has read by now, there's a quote here that "for a significant portion of 2006, the Production Audit Group consisted of only one auditor." Given that in that year we collected over \$9 billion in resource revenue, how can this minister assure this House and the resource owners in Alberta that we collected every penny that was due us when we only had one production auditor?

**Mr. Knight:** Well, Mr. Speaker, indeed, the Auditor General's report was very interesting reading, and I do have to say that I've supported the report and continue to support the report. In fact, with respect to the audits we take it very seriously, and his comments around the capability of audit we are dealing with. We have stated publicly that we will continue to work with the Auditor General in the aspect of dealing with volumetric audits. As you would know, the volumetric system that we employ in the province of Alberta is a highly technical computerized system. It doesn't take thousands of minions running around to sample everybody's production. We receive the information in bulk. We receive the information in an IT system. It's all computerized, and it's checked on very regularly.

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

**Mr. MacDonald:** Thank you, Mr. Speaker. For the Minister of Energy to call good, hard-working people in the EUB and good, hard-working people in the Department of Energy minions is wrong.

Now, my next question is to the Premier. The departmental review staff at the Department of Energy – and I don't consider them to be minions – assure us that they held the view that Alberta has not been collecting its appropriate share of royalties since the year 2000. How can the Premier not admit that we have not collected our fair share in royalties and that this incompetent government has squandered billions of dollars in lost royalties?

**Mr. Stelmach:** Mr. Speaker, the same question over and over again. Again, the billions of dollars of investment that came to Alberta at a time when oil was around \$18, \$19 a barrel grew this economy. It paid for a lot of the programs that we enjoy in health and education, in social services, and in taking care of children in our province. Billions of dollars went into infrastructure, and it kept our taxes at the lowest rate compared to other provinces. Also, the kind of certainty and predictability and investment that's necessary to grow this province will continue under this new royalty framework.

**The Speaker:** The hon. Member for Drumheller-Stettler.

### Alberta Farm Recovery Plan

**Mr. Hayden:** Thank you, Mr. Speaker. The rising Canadian dollar continues to put increased economic strain on Alberta's producers, who already have to deal with rising input costs. My question is to the Minister of Agriculture and Food. What is the Alberta government doing to support its producers during these difficult times?

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

**Mr. Groeneveld:** Thank you, Mr. Speaker. We understand that the producers in Alberta are going through some very difficult times with the rising Canadian dollar and the skyrocketing price of fuel, feed, and fertilizer. That's why on October 16 this year we announced the new Alberta farm recovery plan, \$165 million in short-term assistance that will directly benefit producers being hit by these rising costs. But this isn't the answer. Rather, the plan is a temporary bridge towards the development of long-term sustainable solutions. Our expectation is that over our support industry will be able to develop their own long-term transformation plans.

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

**Mr. Hayden:** Thank you, Mr. Speaker. My only supplemental is to the same minister. How will this plan work, and when can producers expect these supports?

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

**Mr. Groeneveld:** Thank you, Mr. Speaker. Good questions from an MLA well connected to agriculture, and I appreciate them.

Producers who are already enrolled in last year's CAIS program will have their entitlements calculated automatically. Those who did not participate in CAIS last year must submit the 2006 application prior to December 1. Producers can expect payments, Mr. Speaker, to begin this month. Priority processing will be given to those key industries that have been devastated by these economic trends. Any producers who would like to know more about the plan can phone the CAIS call centre or their local CAIS field analyst.

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

### Provincial Fiscal Policies

**Mr. R. Miller:** Thank you very much, Mr. Speaker. As we've heard today, both the royalty review and the Auditor General have indicated that at least \$6 billion has not been collected by this government, the biggest financial scandal in Canadian history. Not only has this government allowed money to slip through its fingers, but the only plan they have for the future is to hope for surprise surpluses. How can this government continue to fail Albertans by not implementing a proper savings plan for substantive investments in the heritage savings trust fund? I'll ask the question to either the Deputy Premier or the President of the Treasury Board.

**Mr. Snelgrove:** Mr. Speaker, I can tell you where there would have been billions of dollars gone if Albertans ever – perish the thought – elect a group whose sole purpose here is to drain as much money out of business and people as they can and spend it on the list of things they've got. If you want to talk about missing billions, that would be the gang that can't shoot straight right there.

The Premier ordered us, Mr. Speaker, from our unallocated surpluses: one-third into savings, two-thirds into deferred capital and maintenance. We continue to build the infrastructure for all the Albertans coming here to share the wealth yet look to the future in a responsible manner with our medical research, our heritage savings trust fund.

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

**Mr. R. Miller:** Thank you, Mr. Speaker. According to the government's very own projections, the revenue that this province is going to receive from oil and gas will significantly – significantly – decrease in a very short time. Those are your own numbers. Even with the new royalty rates implemented, this province is still going to be facing some very serious problems. We're living in a time when we need to be saving every penny, not losing \$6 billion. How does Mr. Please Don't Call This a Compromise and his gang of merry men plan on dealing with this projected decline in oil and gas revenue? We're facing a serious problem here.

**Mr. Snelgrove:** Mr. Speaker, the very strategic reinvestment money created from our oil industry in Alberta has developed not only probably one of the best health care systems but allowed us to reinvest in an advanced education system that is second to none. We have research people coming here. We have identified how important it is to have a diversified economy. The increase in corporate income tax, giving the low rates, the increase in personal income tax when they've paid the lowest percentage of personal income tax: all of these are for a well thought out, well-planned, long-term financial stability for this province.

**Mr. R. Miller:** Mr. Speaker, Albertans want to know if they're going to cut programs, if they're going to raise taxes, or if they're going to do both. That's really what we're trying to get at with these questions. Over 30 per cent of Alberta's revenue is coming from a source that is not going to last forever: oil and gas. Stakeholders across the board, including some in the galleries today, are projecting deficit budgets or increased taxes if the correct trend of spending and lack of saving continue. This is a serious, serious problem. Now I'm hearing that the ministers are asking for anywhere from 7 to 30 per cent increases in their own budget deliberations.

**An Hon. Member:** That's the Liberals.

**Mr. R. Miller:** That's you guys.

So the question is: how do you respond, Mr. President of the Treasury Board, to the possibility of a deficit budget in the next few years?

2:00

**Mr. Snelgrove:** Mr. Speaker, what an appropriate time, then, to develop a new royalty framework that addresses the long-term goals of Albertans, that lets us share in the wealth from our oil sands, which are truly Alberta's next wealth generator. We are aware that the conventional supplies of oil and gas are diminishing. In that light, the Premier has set forward a new royalty structure that will enhance and increase Albertans' capabilities to tackle anything that may come at them with the exception of, possibly, a Liberal government.

**The Speaker:** The hon. Member for Calgary-Bow, followed by the hon. Member for Calgary-Currie.

### New Royalty Framework (continued)

**Ms DeLong:** Thank you very much, Mr. Speaker. Alberta's new royalty framework proposes many changes to the way we calculate and charge royalties. Some might say that sweeping changes have been proposed, more so than at any time in Alberta's history with the oil and gas industry. My question is to the Minister of Energy. What are the steps to be followed to implement Alberta's new royalty framework?

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

**Mr. Knight:** Well, thank you, Mr. Speaker. First, I must indicate that this is very important policy, perhaps the most important policy that's been developed in the province of Alberta for some time. This policy is supporting a royalty framework for the future, and it requires some legislation and regulatory amendments plus a large amount of work on IT programming and perhaps even hardware upgrades to continue to implement the program. The implementation requires work with producers, requires work with regulators, and requires work with the government to continue our Premier's commitment to build a stronger Alberta.

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

**Ms DeLong:** Thank you very much. The second and final question, then, to the same minister: does he have a time frame for all of this?

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

**Mr. Knight:** Well, thank you, Mr. Speaker. As we have indicated in our response to the report, the time frame that we have is approximately 14 months. We are determined that our new royalty structure would be implemented and in place in January 2009.

**The Speaker:** The hon. Member for Calgary-Currie, followed by the hon. Member for Edmonton-Beverly-Clareview.

**Mr. Taylor:** Thank you, Mr. Speaker. Boy, wouldn't it be nice if people got 14 months' or two years' notice of a rent increase?

#### Affordable Housing

**Mr. Taylor:** Mr. Speaker, had the Conservatives actually collected the missing billions and had they managed the money wisely, we wouldn't be in the midst of an affordable housing crisis, but they didn't, and we are. In Fort McMurray rents are through the roof and climbing. To afford to pay the rent on an average two-bedroom unit in Fort McMurray now takes a salary of \$78,000 a year. To the President of the Treasury Board and Minister of Service Alberta: will he institute a temporary rent cap now or, failing that, explain to us when he thinks the market is actually going to solve this?

**Mr. Snelgrove:** He's probably right on one point, Mr. Speaker, that if they had been in power and taken all the money they wanted out of the economy, we probably wouldn't have a rent crisis; we would probably have a Saskatchewan crisis, where we need people moving back.

Mr. Speaker, rent is a service and in many ways is a contract between someone wanting a place to live and someone offering that. Never before in recorded history has it worked when governments got involved in rent controls, price controls, when it actually worked to the benefit of the people it was trying to help, especially in a city like Fort McMurray, where it is so difficult to get a chance to do repairs on a building to modernize it because they simply can't move out. It's been 24/7, and that is a discussion that's a contractual agreement between an employee and someone providing the rent.

**Mr. Taylor:** Mr. Speaker, what a shemozzle they've made of this. In Lethbridge the crisis is growing worse by the week. I've heard on good authority that there could be as many as three affordable housing construction initiatives that should have been under way by now that aren't, that kind of fell into a black hole when the province

handed the file to the cities and sent everybody back to Go, or maybe it was stop because nobody seems to be going forward; you're just kind of chasing your tails on this one. To the Associate Minister of Affordable Housing and Urban Development: does she have the proper roles and responsibilities in place for this, and if so, can she explain why not very much building is getting done yet?

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

**Mrs. Fritz:** Thank you, Mr. Speaker. Actually, there's been significant building throughout the province. This member knows that recently it was announced, in March of this year, through the Affordable Housing Task Force report: \$285 million toward affordable housing, toward homelessness. This year alone 196 million of those dollars were for affordable housing. That is the beginning of a plan to develop 11,000 units over the next five years. So we are working. We're working hard, Mr. Speaker, and we will ensure that people are housed through affordable housing.

**Mr. Taylor:** Mr. Speaker, this is not rocket science. Humans have been building places to live since they crawled out of the cave. We know how to do this. We also know – this hon. member knows – that in the last three months 75 new secondary suites across the province have been approved for development, 75 only.

You know, the Conservatives' recent announcement of a secretariat on housing and homelessness was nothing more than another plan to develop another plan. I can tell you that if it takes the associate minister till April to define the shape and role of the secretariat, then people sleeping in shelters tonight will be in those shelters this time next year and this time the year after that. Will the associate minister explain to the House what she is doing right now to help people who don't have adequate housing?

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

**Mrs. Fritz:** Thank you, Mr. Speaker. This is a very important announcement, a secretariat to actually deal with the issue of homelessness, and that announcement came about because of what the communities in the province are doing at the community level. There's a whole paradigm shift in this province in regard to homelessness. You know that through the Pathways to Housing program, through Housing First, we house people before we have supports and services for that individual. The secretariat will work with the communities. It is the communities that have asked for this initiative, and they'll work very closely. It will be collaborative, it will be research driven, and it will be successful because it's a solution. But it takes time to develop solutions, and April is not that far away.

**The Speaker:** The hon. Member for Edmonton-Beverly-Clareview, followed by the hon. Member for Drayton Valley-Calmar.

#### Royalty Revenues (continued)

**Mr. Martin:** Thank you, Mr. Speaker. Albertans have been misled for years about the government's royalty policies. According to the Auditor General Energy department staff have been considering royalty changes since the year 2000, and at least three years ago they concluded that Alberta's share had fallen to unacceptable levels. Unacceptable levels. No matter how this government spins it, that means billions of dollars are lost to the people of Alberta. My question is to the Minister of Energy. Was this Energy minister

briefed by the former minister that this was the case, and if not, why not?

**Mr. Knight:** No.

**Mr. Martin:** Let me understand what that minister is saying. He said that when he took over this Energy portfolio, something as serious as a billion dollars being misplaced was not important enough for that minister to give? He wasn't briefed about this? Is that what he's saying?

**Mr. Knight:** Mr. Speaker, what I'm saying is that there is no billions of dollars missing from anyplace. There was no requirement for me to get a briefing from any former minister with respect to the royalty structure. I understand the royalty structure, probably much better than the honourable gentleman across the way understands the royalty structure.

What I have indicated and what I believe is true is that the royalty structure in the province of Alberta is a policy set by the government. The policy is not set by reports that are developed both internally and externally and given to any minister at any point in time.

**Mr. Martin:** I couldn't hear the huffing and the puffing because of the noise.

When the Auditor General comes out and says that Alberta's share has fallen to unacceptable levels and that government doesn't see that as important to change right away, where is the responsibility here, Mr. Minister? That is not your money. That is the people of Alberta's money that was wasted there, Mr. Speaker.

**Mr. Knight:** Mr. Speaker, I have indicated previously and will repeat that I am actually in agreement with the Auditor General's report. The outcomes of that report we're dealing with, and we're dealing with the Auditor General on a continuing basis.

However, there are no missing billions. Those dollars remained in the province of Alberta, were invested, were a magnet for additional dollars. There are literally hundreds of billions of dollars that have been invested in this province over the period of time that these members speak about. It was very good policy.

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

## 2:10 **Staffing of Human Services Agencies**

**Rev. Abbott:** Well, thank you, Mr. Speaker. Alberta's human services agencies have told government that if they could attract and keep more qualified staff, they would be in a better position to offer the high-quality services that Albertans expect and need. My first question is to the Minister of Seniors and Community Supports. What has your ministry done to help agencies recruit and retain qualified personnel for important areas such as PDD staffing?

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

**Mr. Melchin:** Thank you, Mr. Speaker. It's really an honour to work with the tremendous staff of the contracted agencies as they provide services for persons with developmental disabilities. They do tremendous work for those individuals. I am pleased to announce also today that we are increasing funding for those agencies by \$15 million. We're adding those funds in response to knowing that the labour market is hot, that the wages in the other jurisdictions,

whether it be the public or private sector, are increasing. As such, we want to see that those agencies are able to retain those staff to do this very important work.

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

**Rev. Abbott:** Thank you, Mr. Speaker. My first supplemental to the same minister: can Albertans expect to see more permanent residential spaces open up for persons with developmental disabilities due to today's funding announcement?

**Mr. Melchin:** Mr. Speaker, this funding is to be directed solely towards wages of contracted agencies. It's not to be intended for additional aspects of the program delivery. This is specifically for those contracted agencies to provide additional dollars, through their salaries, for those individuals that work for them.

That said, this is a lot more than just about money. We supply over half a billion dollars for about 9,100 individuals, a very substantive amount, one of the largest amounts of money of anywhere in this country. It is not just about dollars. It's about how we get the effective services to those individuals. We are working very closely with those agencies to ensure that we look at our service delivery as well. How do we get those funds to the people when they need it in the fashion they need it?

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

**Rev. Abbott:** Well, thank you, Mr. Speaker. My second supplemental is to the Minister of Children's Services. Given that Alberta's human services agencies do reach right across the chronological gamut, can the minister advise this House what this new funding announcement will do for the children and families of this province?

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

**Ms Tarchuk:** Well, thank you, Mr. Speaker. We are contributing \$10 million to add to today's announcement. I can tell you that this will be very good news for the contracted agencies who deliver very necessary and important services for Children's Services. Over the last couple of months I've had an opportunity to visit many of them and to tour their programs, and I can tell you that I have been in absolute awe of their commitment and dedication to the children of this province. I know that this will go a long way in helping them with their staffing issues, but more important I think this is a great recognition of our commitment to them and our value of that working industry.

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

## **Calgary Infrastructure Funding**

**Mr. Cheffins:** Thank you, Mr. Speaker. Calgary desperately needs a complete ring road, and the most pressing section of that road is the southwest leg. Calgarians have known this for years, yet we continue to be mired in uncertainty, delay, and concerns over the cost of a deal for the right-of-way. More revenue would move this project forward, but this government has failed to collect billions of dollars in resource royalties as the Auditor General has shown. To the Minister of Infrastructure and Transportation: how can the minister justify to Calgarians the lack of any land deal with the Tsuu T'ina and no construction under way?

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

**Mr. Ouellette:** Thank you, Mr. Speaker. It's very easy to justify.

We started one ring road just this summer, we're finishing one ring road there, and we're very serious with our negotiations with the Tsuu T'ina. We honour the right to be able to negotiate that deal with them. We have full intentions that we are going to go through with the deal, and we have full intentions that someday we're going to come to the proper agreement.

**Mr. Cheffins:** Mr. Speaker, the cost increases on the south Calgary hospital project have quite rightly made headlines all over this province. Because of the delays in providing funding for the project, the cost of the building has spiralled. Of course, if the government had been collecting another \$1 billion to \$2 billion in royalties as they should have been, this hospital could already have been built. To the Minister of Health and Wellness: how can the minister justify the completely unnecessary cost inflation from \$550 million to \$1.2 billion and delays on the south Calgary hospital?

**Mr. Hancock:** Well, Mr. Speaker, there haven't been any delays on the south Calgary hospital. This hon. member is too recent to know what's going on, I guess. The planning for the Calgary south health campus was announced a number of years ago. The planning process has been in place. The process has continued apace. It was budgeted for, and it's continuing to be budgeted for. There have been increases in terms of what's been planned for that area, and there have been increases in construction costs, but there haven't been delays in the process. It's proceeding rapidly.

**Mr. Cheffins:** Calgarians have known about this. Calgarians have been waiting since you blew up a hospital in Calgary. So my constituents know better.

Mr. Speaker, Calgary's postsecondary institutions have also felt the burden of underfunding. Mount Royal College needs a library. SAIT desperately needs to expand its trades and technology complex. A lack of funding for their urban campus has held that project back. No money, ever more delays. To the Minister of Advanced Education and Technology: again, given this government's utter failure to collect our fair share of resource revenue, how can the minister justify not building these projects?

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

**Mr. Horner:** Well, thank you, Mr. Speaker. Again, perhaps the hon. member across the way will learn over time that he should really check with the proponents of some of these projects before he starts talking about them in this House. The urban campus is a perfect example of this. We are working on the urban campus with a number of the proponents. However, what was going to be program delivery has not been decided yet. The other partners that may become involved, like ACAT, have not been decided yet. These are things that the partners have had difficulty bringing together. It's not that we've had a lack of funding. In fact, we've granted some funding to the planning for the urban campus just recently.

I'd also like to suggest to you, Mr. Speaker, that had we . . .

**The Speaker:** I have to call on the hon. Member for Wetaskiwin-Camrose.

### Oil Sands Development

**Mr. Johnson:** Thank you, Mr. Speaker. I understand that Prime Minister Stephen Harper is back home in our beautiful province today visiting Fort McMurray and our valuable oil sands industry there. [interjection] My questions are to the Minister of Interna-

tional, Intergovernmental and Aboriginal Relations. What are the measurable economic impacts that Alberta's oil sands are having on Alberta and the rest of Canada?

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

**Mr. Boutilier:** Yes. Thank you, Mr. Speaker. We'll give serious contemplation to naming a particular lake after, perhaps, Harry some day; lake Harry does have a particular sound to it that I think we'll have to contemplate.

At this particular point in time I'd like to say that the real benefit is simply this: over \$150 billion; we are the envy of every province and territory in Canada in terms of what we are doing; over a thousand new construction jobs.

I'm very pleased to say that our Prime Minister is visiting the oil sands capital of the world because it is about the future of our young people and the wealth that comes from the oil sands.

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

**Mr. Johnson:** Thank you, Mr. Speaker. My second and final question is to the same minister. How is Alberta's prosperity helping to fuel Canada's economic growth?

**Mr. Boutilier:** Well, Mr. Speaker, our Premier just recently was on Bay Street in Toronto, and when he was speaking at the Empire Club, he talked about the powerful economic punch that our province has in terms of what we are contributing. We contribute almost \$9 billion to the federation of Canada, but what is more important are the jobs we create in other parts of Canada and within Alberta. That's good news for Alberta; it's good news for Canada. As the Premier said, and rightfully so, from the respect he's garnered from other Premiers at the Council of the Federation in Moncton, New Brunswick – other Premiers defended Alberta by saying: let's not kill the goose that is laying the golden eggs. Unlike what the Liberals and the New Democrats want to do.

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

2:20

### Health Care Funding

**Ms Blakeman:** Thank you, Mr. Speaker. Calgarians continue to suffer the consequences of this government's failure to meet their needs, which is particularly galling given this government's refusal to collect an additional \$1 billion to \$2 billion each year since 2000. Seven urgent surgeries were postponed last week in Calgary because there were no intensive care beds available. My question is to the minister of health. What is the minister doing to address the short-term lack of capacity across the province, especially in Calgary, where surgeries are being cancelled because beds and staff are not available? The south Calgary hospital is not going to help today.

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

**Mr. Hancock:** Thank you, Mr. Speaker. There are a number of assumptions in that question which ought to be addressed; first of all, the suggestion of lost billions that keeps coming up over and over from these people. They fail to understand that an increase in the cost to business over that period of time when the prices of oil and gas were low might have had an entirely different effect. So they shouldn't be just assuming that there are billions of dollars.

To the more important question, the question about dealing with the needs of Albertans when it comes to surgeries and the beds being

available. There is an issue in this province. There's an issue of a shortage of people, and we've been working very hard in Health with Employment, Immigration and Industry and with Advanced Education to make sure that we have the nursing personnel both being trained here in this province and coming from abroad to work in those places. There's not a shortage of infrastructure right now; it's a shortage of people.

**Ms Blakeman:** Thank you. That's not short term you're talking about.

To the same minister. A shortage of long-term care beds contributes to backups in hospitals, including longer wait times in the emergency room. With only 2 per cent of the lost billions at least 11 new continuing care facilities could have been built in Edmonton, Smoky Lake, Crownsnest Pass, Taber, Pincher Creek, Coaldale, Lacombe, Wetaskiwin, Bow Island, Bassano, and Hythe. What excuse does the minister have for the province's shortage of long-term care beds?

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

**Mr. Hancock:** Thank you, Mr. Speaker. The real issue today, as I said in the answer to the last question, is about people. The success of this province is such that the economy has been so strong that it has been difficult to get enough people to fill the jobs to keep those beds open. There are long-term care capacity needs, but the primary concern is not the beds. It's the health care aides, the personal care aides, to be able to provide the services needed in those areas.

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

**Ms Blakeman:** Thank you. Again to the Minister of Health and Wellness. Mr. Speaker, the \$6 billion this government failed to collect over the past seven years, minimum, could have paid the salary of over 5,000 doctors a year or 17,000 nurses a year or built new cancer centres in Calgary, Grande Prairie, Lethbridge, and Red Deer. Why didn't the minister lobby his colleagues to collect a fair share of royalties so it could fund these essential health services?

**Mr. Hancock:** Mr. Speaker, the question of what's a fair share of royalties is a question of a point in time. When the royalty design that is currently in place was brought in, the price of oil was around \$11 and the cost of extraction in the oil sands was around \$17 a barrel. Times change, and our Premier moved immediately upon being elected Premier to call for a royalty review because in the last three to four years the price of oil has now reached the level that it is at. To suggest that there's a large amount of money out there that could have built a lot of things or paid for a lot of things is absolutely invalid.

**The Speaker:** Well, hon. members, considering we've had a little sojourn for about four and a half months, that wasn't really that bad. We had 84 questions and answers today, and tomorrow we'll just ask you to sort of tighten things up just a bit more so we can try and get in a few more questions and answers. But it's important to have this opportunity to allow exuberance to come in after a little sojourn.

We're going back now to tablings. The hon. Member for Edmonton-Rutherford was next on my list.

head: **Tabling Returns and Reports**

(continued)

**Mr. R. Miller:** Thank you very much, Mr. Speaker. On Friday

evening last I had the opportunity to attend the seventh annual registered apprenticeship program 2007 scholarship celebrations at the Chateau Lacombe. I just want to say what a wonderful event it was. I had an opportunity to sit with Christopher Rooyackers and his parents. He's a chef apprentice, graduated from McNally high school. They were quite enlightening in terms of sharing information. I'm also proud to say that a resident of Edmonton-Rutherford, Brennan Haycock, who graduated from Louis St. Laurent, is now an apprentice electrician. I'm happy to table five copies of the program from that evening for other members to review.

**The Speaker:** Are there others under tablings? If not, then the chair has three.

Hon. members, pursuant to section 39(3) of the Legislative Assembly Act the chair would like to table with the Assembly five copies of Members' Services Committee Order MSC 1/07, Constituency Services Amendment Order (No. 19), which came into force on October 24, 2007. The subject matter has to do with a recommendation from the Auditor General to take a look at the gifts and promotional items portfolio of all members' constituency office allocations. This is being tabled, and members might spend a few minutes looking at it.

Pursuant to section 28(1) of the Ombudsman Act I'm pleased to table with the Assembly the 39th annual report of the office of the Ombudsman for the period April 1, 2005, to March 31, 2006. For the first time in our history, as per Standing Orders changes made last spring, Standing Order 55.01, this report is referred to the Standing Committee on Legislative Offices. A copy of this report was distributed to members on October 24.

Pursuant to section 46(1) of the Conflicts of Interest Act, chapter C-23 of the *Revised Statutes of Alberta 2000* I'm also pleased to table with the Assembly the annual report of the Ethics Commissioner. This report covers the period April 1, 2006, to March 31, 2007. Again as per Standing Order 55.01 this report is referred to the Standing Committee on Legislative Offices. A copy of this report was distributed to members on July 25, 2007.

head: **Tablings to the Clerk**

**The Clerk:** I wish to advise the House that the following documents were deposited with the office of the Clerk. On behalf of the hon. Mr. Renner, Minister of Environment, responses to questions raised by Mr. Bonko, the hon. Member for Edmonton-Decore, on June 7, 2007, in the Department of Environment 2007-08 main estimates debate; response to Written Question 15, asked for by Mr. MacDonald on June 11, 2007; return to order of the Assembly MR 8, asked for by Mr. Chase on behalf of Dr. Swann on June 11, 2007; pursuant to the Environmental Protection and Enhancement Act, the Ministry of Environment environmental protection security fund annual report, April 1, 2006, to March 31, 2007.

On behalf of the hon. Mr. Horner, Minister of Advanced Education and Technology, pursuant to the Alberta Heritage Foundation for Medical Research Act the Alberta Heritage Foundation for Medical Research 2007 annual report.

**The Speaker:** Hon. members, before moving on, might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**

(continued)

**The Speaker:** The hon. Associate Minister for Capital Planning.

**Mr. Zwozdesky:** Thank you very much, colleagues and Mr. Speaker. It's my pleasure to introduce to you and through you a very diligent constituent of mine, Mr. Vince Laberge, who has a keen interest in provincial proceedings. I know he cares deeply about the affordable housing initiative, as do I. He's very well known to me and to other members of the House here for providing very sound and solid advice to us on many occasions, today being one of them. I see he has risen. Welcome now, if you will, Mr. Vince Laberge.

Thank you.

**The Speaker:** Hon. members, earlier today during the Routine under Notices of Motions the hon. Member for Edmonton-Centre rose to give notice about a point of privilege she wanted to raise. There was no need under that part of the Routine, and no motion is required in terms of a member rising on a point of privilege. The member advised my office on Friday that she was going to be doing this, and that's perfectly acceptable. The document has been circulated. That can just be put in the storage container beside your desk. Unless there is a prima facie case of privilege arrived at by determination, there is no motion that can proceed.

At the moment the hon. Member for Edmonton-Centre is being recognized if she rises on a point of privilege.

#### Privilege Misleading the House

**Ms Blakeman:** Thank you very much, Mr. Speaker. This point of privilege arises out of a series of events that took place in this Assembly and subsequent to that on April 30, 2007. The direct exchange is found in *Hansard* on page 694. At that time the Member for Edmonton-Gold Bar asked a question of the Minister of Energy regarding a tabling that had happened earlier specific to the content of the 2005-2006 internal royalty review. Significant portions had not been tabled or had been censored from what was tabled.

In his response the Member for Grande Prairie-Smoky, who is also, of course, the Minister of Energy, indicated, "Mr. Speaker, there is nothing in any of those documents that would indicate to anybody that we have not collected a fair share of royalties for Albertans." In fact, there were a number of references in the documents that were tabled, censored as they were, that did indicate that.

Mr. Speaker, the member made misleading statements. In doing so, he defied the dignity of the Assembly and interfered with the Member for Edmonton-Gold Bar's ability to discharge his duties as the Official Opposition shadow minister of Energy. I would also add that because of the minister's statements that day, the Member for Edmonton-Riverview was also impeded in the fulfillment of his duties as opposition leader in holding the government accountable.

2:30

Mr. Speaker, there are several tests that I need to meet today. First of all, notification, which you noted and as outlined in Standing Order 15(2). Written notice was provided to you. We also provided a copy to the affected member, the Minister of Energy and Member for Grande Prairie-Smoky, and, as a courtesy, to the Government House Leader. All of this was on Friday, November 2, 2007. I attempted to give oral notice today during Routine, which was not necessary.

A second test that must be met in these cases is that the point is raised at the earliest possible opportunity. The statements were made on April 30, and we believed them to be misleading at the time, but with the release of the Auditor General's report on

Tuesday, October 2, this confirmed the fact that the Assembly had been misled in the member's statements of April 30.

There are two examples I will give you, Mr. Speaker, that address situations where misleading statements from a member were verified as incorrect and became known at a later date. All of these were as a result of the report of an Auditor General or another public inquiry.

In Manitoba on April 6, 1999, the then Premier was accused of deliberately misleading the Assembly regarding the Interlake vote splitting scandal, and the subsequent Monnin inquiry illuminated that the information was indeed misleading. These issues were a result of the Manitoba provincial election in 1995, and the Manitoba Speaker agreed that the point of privilege had been lodged at the earliest opportunity, that being as soon as it was verified through the report some four years later.

Likewise, allegations that the Manitoba Assembly had been deliberately misled because of statements relative to the Crocus superfund scandal did not surface until several years afterwards. Then a quote from the hon. Jon Gerrard. He says:

I raise this issue now because until we had the Cabinet document of November 27, 2000, we did not know in this Legislature that we . . . and the people of Manitoba generally have been so badly misled by the Minister of Finance.

Again, in this situation the Speaker found that the elapsed time was not a bar to the matter.

Clearly, the Minister of Energy made statements that misled this Assembly. The content of his department's own review offers evidence that the opposite was the case.

Now, specifically the intentions of the minister. As we have noted, his only intention could have been to mislead this Assembly because his own review showed that for many years the royalty structure was not, as he said, building a stronger Alberta.

What privilege has been breached? Looking at *Marleau and Montpetit* on page 51, I quote: "The House has the authority to invoke privilege where its ability has been obstructed in the execution of its functions or where Members have been obstructed in the performance of their duties." The essential role of the Official Opposition is holding the government accountable for its actions. In that role question period is one of our most important tools for calling the government to account, and as *Beauchesne's Parliamentary Rules and Forms*, sixth edition, states at 410(5), our ability to call the government to account for the loss of billions of dollars was hindered to a degree that was shameful.

Now, Mr. Speaker, it would be naïve to suggest that every question in this Assembly will receive an answer, but I do note in *Beauchesne's* 97, quoting Speaker Sauvé, that

while it is correct to say that the government is not required by our rules to answer written or oral questions, it would be bold to suggest that no circumstances could ever exist for a prima facie question of privilege to be made where there was a deliberate attempt to deny answers to an Hon. Member, if it could be shown that such action amounted to improper interference with the Hon. Member's parliamentary work.

Indeed, I believe that happened in the case specifically for the members for Edmonton-Gold Bar and Edmonton-Riverview. The statements of the Member for Grande Prairie-Smoky have prevented these key functions. It greatly affected the ability of the Member for Edmonton-Gold Bar to perform his role as Energy critic. Had the information collected by the Department of Energy been accurately reported before this Assembly, then the Member for Edmonton-Gold Bar would have conducted further inquiries and handled his duties differently. At the time of the utterance made on April 30, there were still 23 sitting days remaining in the session. Those are days the Member for Edmonton-Gold Bar could have used differently had he not been misled.

The disrespect for the Assembly also greatly affected the conduct of the Member for Edmonton-Riverview in his role as Leader of the Official Opposition. For two months our own members but also those of other opposition parties were prevented from the effective conduct of their duties in this House and outside of it.

This is not a case where the information was not available, where facts were uncertain, or where the member was not informed of proceedings. All the information was in this minister's possession. His own department had passed on their conclusion, and the report of the Auditor General states this point with absolute clarity. In the annual report of the Auditor General of Alberta, volume 1, pages 91 and 92, the Auditor General states that the Department of Energy knew at least three years ago that Alberta's share had fallen below the target range. Without a doubt, in the period preceding the incident in question the member had been advised that this royalty structure was neither building a stronger Alberta, nor had the government collected a fair share of royalties for Albertans, as he stated in his responses on the 30th of April.

We hold these misleading statements to be a grave breach of privilege. The authorities I use, Mr. Speaker, include *Marleau and Montpetit*, providing explicit guidance on the concepts of contempt and privilege, pages 51 to 53 and 66 to 67. Also, those basic privileges are expanded in Joseph Maingot's *Parliamentary Privilege in Canada*, second edition, page 193. I have also given a number of examples of *Beauchesne's* parliamentary rules at 410 and 97.

In order to represent the people of this province, it is clear that the integrity of this House and its individual members be treated with respect. How can we command any measure of public respect when members act in such a fashion?

I have already spoken of the importance of the role of the Official Opposition in ensuring accountability of the government, which we were precluded from doing because the statements we were given were false or misleading.

Mr. Speaker, this is not a situation that involves a misstatement or a misunderstanding of the use of language. It is not an issue that could have given rise to a subjective difference of opinion. What we are dealing with here is a deliberate attempt to frustrate the operation of this Assembly. This situation constitutes more than a mere allegation of misleading this House. The time has come for the government to accept absolute responsibility for the comments of this member before this Assembly.

I am guided by previous rulings from this Speaker, specifically May 4 of 2000 in *Hansard*, appearing on page 1339: "Members have to be responsible for what they say in this House, absolutely responsible, and there's no shirking of that responsibility." When referring to a purported matter of privilege on March 12, 2002, *Hansard*, page 267, the Speaker outlined this valuable guidance. In this case the allegation made by the member at that time for Edmonton-Highlands focused on a certain subjective interpretation. "Such an allegation is at best a disagreement between members and hardly meets the test of a point of order." But, Mr. Speaker, in this situation we clearly have a minister who provided information that either he knew to be false or, alternatively, should have known through the exercise of due diligence that the information was misleading.

Information cannot be subjectively misleading. The minister was confronted with the full and unedited text of the report and chose to contradict it. This behaviour is without doubt deliberately misleading. How can contradictory information which is known to the member be subjectively interpreted? If an individual offers information before a court of law that they know is false, that person is guilty of contempt, Mr. Speaker. What you have before you is

just such a situation. I ask the Speaker to rule that a prima facie case of breach of privilege has been established.

Thank you.

**The Speaker:** Hon. Member for Edmonton-Calder, I'm not sure where you'd be coming from on this point, but there is a case of privilege raised by the hon. Member for Edmonton-Centre, and it would be most appropriate now to allow the hon. member who's been named in this point to respond as he chooses to respond at this point in time.

The hon. Minister of Energy.

2:40

**Mr. Knight:** Well, thank you, Mr. Speaker. I'm actually pleased to have an opportunity here to initially respond to the point of privilege made by the hon. member. Simply put, I have nothing but the utmost respect for this Assembly, and I would not do anything to intentionally mislead you, Mr. Speaker, any of my colleagues, or any members of this Assembly or, for that matter, Albertans.

It's important to note that the Premier announced last December that the Department of Finance would be undertaking a public royalty review. In fact, Mr. Speaker, this announcement was made formally through the mandate letter issued to the Minister of Finance on the very same day that I was appointed Minister of Energy. During the entire time that I've had the privilege of being Alberta's Minister of Energy, this public consultation and review has been ongoing with the exception of the past two weeks, when the Premier announced our government's new royalty framework.

It was never my intent to prejudice the work of either the Royalty Review Panel or the Auditor General or to comment on work that had been done in the past. As part of the review process, Mr. Speaker, I took steps to ensure that the panel and the public had the information and support they needed from this ministry, including the release of analytical reports prepared for the Department of Energy by outside consultants.

Keeping in mind copyright laws and FOIP legislation, I tabled what I could in this Assembly, and I asked that the full reports, where they could be viewed by the public, be placed in the department's library. This was done, Mr. Speaker, in the name of ensuring that the panel and all Albertans had access to information that could help them reach their own conclusions about our royalty regime.

It is in this context, Mr. Speaker, that I rose on April 30, 2007, to respond to a series of questions posed to me by the hon. Member for Edmonton-Gold Bar. The question related to a specific set of documents I tabled in the House on April 16, 2007. The hon. member was asking about a chart which was part of, to use his words, "an extensive review of our royalty structure between 2005 and 2006" and why it wasn't tabled in the House.

In looking at only one part of an answer I gave to those questions from the member last spring, the hon. member is taking my point out of context. As *Hansard* clearly shows, Mr. Speaker, I said that you can look at any snapshot in time or look at one aspect of the system and draw a variety of conclusions about the performance of our royalty regime. However, if you choose to do that, I would suggest that your conclusions won't be very well informed because they are not considering the entire situation. The hon. member is doing the same thing with my statement: looking at one portion of it, drawing conclusions, and making allegations.

I stand by my comments from last spring, which were clearly in reference to the Wood Mackenzie documents and, specifically, information regarding internal international comparisons, which I have made public, by the way. Taken on its own, that information, international comparisons, does not consider countless other factors

such as cost environments, productivity levels, anticipated commodity pricing, or any other factors that must be considered before deciding whether a royalty regime is appropriate and effective.

As I said on that day, the information in the Wood Mackenzie documents is not sufficient to reach a well-informed decision on whether Albertans are receiving a fair share from the development of our energy resources. The table in question indicates what others are receiving and does not at any point make reference or determine what is fair. If it was not clear in my answers that day that I was specifically referring to the Wood Mackenzie documents – and I believe that the hon. member was questioning me about that – then I apologize to my hon. colleagues.

Clearly, the opposition feel that the present royalty system would not be the one that they would design. That is their right as Albertans and their role as opposition members in this Assembly.

I believe in the new royalty framework of the Premier, and, Mr. Speaker, that is my right also. Difference does not constitute a willful or deliberate attempt to mislead members of the Assembly or Albertans.

Thank you for the opportunity to address this matter in the Assembly, Mr. Speaker, and I look forward to your ruling.

**The Speaker:** The chair has heard from two hon. members with respect to this matter. As this is all now in *Hansard*, the only opportunity the chair and the table officers will have to review both arguments will be to review the *Hansard*, which we can't possibly do for several hours yet. So I will defer any decision with respect to this. I mean, there's lots of information contained in both statements.

Also, both hon. members have only had an opportunity in the last few minutes to hear the arguments from one another, so I offer them an opportunity to read attentively what's included in *Hansard*, the arguments from both sides. Should there be a need for either member to add something further to this matter, we'll invite you with the conclusion of the Routine tomorrow afternoon to do so as we move forward with respect to this matter. In other words, the chair will not have a decision rendered by tomorrow but will give both members, the hon. Member for Edmonton-Centre and the hon. Member for Grande Prairie-Smoky an opportunity tomorrow to look at that matter. I appreciate the responsible approach taken by both hon. members with respect to this.

head:

### Emergency Debate

**The Speaker:** Now we have the hon. Member for Edmonton-Highlands-Norwood, who has a Standing Order 30 application.

### Royalty Revenues

**Mr. Mason:** Thank you very much, Mr. Speaker. Pursuant to Standing Order 30 I would move that

we adjourn the ordinary business of the Assembly to discuss a matter of urgent public importance; namely, the failure of the government to promptly introduce and pass royalty legislation to prevent the loss of billions of dollars to the public treasury as oil prices rise dramatically.

Mr. Speaker, under this I would like to indicate that in section 30(7) motions under this standing order are subject to the following conditions. First of all, that "the matter proposed for discussion must relate to a genuine emergency, calling for immediate and urgent consideration." I would argue that the government's failure to bring forward legislation at the beginning of this session means that Albertans stand to lose billions of dollars in revenue as the delay prevents the implementation of new royalty legislation that would

raise rates. The government has stated that it does not intend to have its new royalty rates take effect until 2009, and it does not intend to bring forward legislation on the matter in this session; therefore, there is no other opportunity to debate this issue.

Mr. Speaker, with the price of a barrel of oil just about now reaching \$100, the unwillingness of the government to move quickly and promptly on the issue will cost the public treasury millions of dollars by the minute between now and 2009, and the implications of such a sizable loss of revenue make this an urgent matter.

Other requirements that "not more than one . . . motion may be proceeded with on the same day" seem to be satisfied.

Section (c) that "not more than one matter may be discussed on the same motion" I think is met.

That "the motion must not revive discussion on a matter that has been discussed in the same session pursuant to this Standing Order" has been met.

The motion is not based on a question of privilege, and discussion under the motion does not raise a question that can only be debated on a motion on notice.

Mr. Speaker, I just want to indicate that the failure of the government in the past but also going forward to deal adequately with the question of royalties has cost the treasury of this province billions upon billions of dollars. The decision of the government not to proceed with legislation immediately in this session means that additional massive quantities of cash which ought to be coming to the people of this province will instead flow to large multinational oil and gas companies.

2:50

Mr. Speaker, this is an urgent matter because we all know that there are priorities among the people of this province that are crying out for solutions, and the government's negligence, dare I say, on this whole question has cost Albertans dearly. I believe that this is a most urgent matter which requires the full attention of the Assembly, and we should be debating this question of royalties today in this House so that all Albertans can see where all of the parties stand on the matter and that we can ensure, hopefully, that the value of our resources, which is the heritage of our children and our grandchildren, is adequately captured by a government policy that puts the people of this province first, not the multinational oil companies.

Thank you, Mr. Speaker.

**The Speaker:** Do others want to offer some guidance to the chair? The hon. Government House Leader.

**Mr. Hancock:** Thank you, Mr. Speaker. I would oppose the adjourning of the ordinary business of the House to speak to this matter for a number of reasons. One should only do that in the most urgent of cases, and while the question of royalties is very important – the whole question of the royalty regime and the way forward with respect to royalties is absolutely one of the most important questions for Albertans today – it doesn't necessarily meet the test of urgency as has been framed by the hon. member today.

He wants to have the House adjourn to discuss the failure of the government to promptly introduce and pass royalty legislation. Well, this is day 1 of the session. No additional legislation has been introduced this fall as yet because it is day 1 of the session. But I will say that I did indicate as House leader that it was not our intention to bring legislation forward this fall because it takes time to properly draft legislation to make sure that it has the appropriate effect, and it takes time to put in place the necessary technology to give effect to the legislation. It's been made very clear by this government what the new royalty regime will be and when it will

take effect, and the legislation that's needed to do that will be drafted carefully and appropriately and brought into the House when it's ready to do so.

Now, the question of the passing of the legislation, of course, is not the government's purview; it's this House's purview, so to debate the failure of the government to pass royalty legislation really denigrates the role of the House.

Preventing the loss of a billion dollars to the public treasury is another piece of it, and quite frankly if that's what the hon. member wants to debate, then there will be supplementary supply this fall, and there will be an opportunity during that supplementary supply to talk about whatever the hon. member might want to bring forward.

So there are a number of reasons why. While the question of royalties and the royalty process is a very important question for Albertans, the Standing Order 30 that's brought forward by the member today doesn't pass the tests of urgency and appropriateness.

**The Speaker:** Others?

Okay. Well, the chair is prepared to rule on this matter. First, the chair confirms that the notice of the application was provided to the Speaker's office this morning at 9:55 by the Member for Edmonton-Beverly-Clareview of the leader's intention to seek permission, so the requirement in terms of notification certainly has been met.

Secondly, before the question as to whether this motion should proceed to be put to the Assembly, the chair must rule whether the motion meets the requirements of Standing Order 30(7), which requires that the matter proposed for discussion relates to "a genuine emergency, calling for immediate and urgent consideration."

The relevant parliamentary authorities on the topic are *Beauchesne's*, paragraphs 387, 390, and *House of Commons Procedure and Practice*, pages 587 to 589. The chair has reviewed these references closely in considering this request for leave, and there are two key points that the chair would like to emphasize to all members. First, to meet the requirements of urgency, there must not be another opportunity for members of the Assembly to discuss the matter, and secondly, the matter must relate to a genuine emergency.

The wording of the member's proposed motion is as follows.

Pursuant to Standing Order 30 be it resolved that the ordinary business of the Legislative Assembly be adjourned to discuss a matter of urgent public importance; namely, the failure of the government to promptly introduce and pass royalty legislation to prevent the loss of billions of dollars to the public treasury as oil prices rise dramatically.

One of the key words in all of this is "royalties," at least in the eyes of the chair, who has been in Alberta for the last five or six months and has heard this word once, twice, three times.

The chair has listened attentively to arguments from both sides of the Assembly in this matter. The chair would however like to make some preliminary comments about Standing Order 30 applications generally. First, the chair has difficulty with the language used in the proposed application. It is provocative, pejorative, and in parts simply incorrect. The incorrect portion is where it says that the government can "introduce and pass royalty legislation." The government can certainly introduce the legislation, but it is only this Assembly that can pass it. The chair would think that this is a rather fundamental aspect of the law-making process of which members are involved.

The chair raised similar issues in an application by the leader of the third party on May 10, 2005, at pages 1400 to 1401 for that day. The chair's concern is that even though the debate under Standing Order 30 does not entail a decision of the Assembly, it would be perceived that if the application was to succeed, people can infer that

the chair and members agree with the provocative wording, which is not the case.

To return to the wording of Standing Order 30, suborder (1) refers to a member requesting leave to adjourn the ordinary business of the Assembly to discuss a matter of, again, "urgent public importance." The chair interprets the motion to be for the adjournment of the business of the Assembly. It should not entail the sort of wording found in the member's motion. The chair interprets the request to be for a discussion in the Assembly concerning royalties on petroleum-based resources. That's the interpretation that the chair gives to the submission.

The chair would also draw to all members' attention that this interpretation may have further implications, and you may find those further implications under Standing Order 30(7)(d).

In terms of meeting the urgency requirement, the chair has closely reviewed today's Order Paper to determine whether there is another opportunity afforded to members to discuss this very serious matter. It does not appear to the chair based on the November 5, 2007, Order Paper that there will be an opportunity other than the question period to debate the issue of royalties and all that has happened since the Assembly last met.

Finally, although the chair has concerns with the wording of the hon. member's motion, the chair would be hard-pressed to find that the matter of royalty rates in the province of Alberta is not a matter that qualifies as a genuine emergency for the purposes of having a debate in this Assembly on this matter this afternoon. The chair would not in any way want to be taken as saying that this does not constitute a genuine emergency when so much of the province's economic life revolves around nonrenewable energy resources. Accordingly, the chair finds that the request for leave is in order and now puts the following question: shall the debate on the urgent matter proceed?

I suspect that all members would like to know the process and the procedure. I'll go through the process and the procedure just so that everybody is aware of this; this is so infrequent that we've arrived at this kind of a conclusion. If 15 or more members rise, the debate proceeds and the Speaker calls upon the hon. Member for Edmonton-Highlands-Norwood. The debate time would then be 10 minutes and conclude when all members who wish to take part have spoken or at 6 this afternoon, whichever occurs first. So if 15 or more members rise, the debate proceeds.

If at least five members but less than 15 rise, the question on whether the member has leave to move adjournment of the ordinary business is put immediately and if necessary determined by a division; in other words, although the chair has said that this can proceed, if there are between five and 15 members, you will then vote yes or no, and you can overrule the chair. This is not a vote of confidence in the chair.

The third option is the following: if fewer than five members rise, the motion does not proceed.

So the question is now asked: shall the debate on the urgent matter proceed?

[Fewer than 15 but more than five members rose. The division bell was rung at 3 p.m.]

[Ten minutes having elapsed, the Assembly divided]

**The Speaker:** Hon. members, first of all, we have not called Orders of the Day yet, so if there are outside liquids in the Assembly, this is still inappropriate.

Secondly, this being a rather unique situation, for those members who may not have been in the Chamber, who may have been out

taking a very important call, dealing with a constituent and the like, there has been opportunity already. If 15 or more members would have risen, we would have proceeded to this debate per se. We are now into a division, and it will be a majority vote that will determine the decision. It will not be 15 or more members alone that will cause this action to move in a certain direction.

We currently have the question: shall the debate on the urgent matter proceed?

3:10

For the motion:

Abbott	Goudreau	Mitzel
Agnihotri	Griffiths	Ouellette
Amery	Hancock	Pannu
Blakeman	Hayden	Pastoor
Boutilier	Hinman	Pham
Brown	Horner	Renner
Cao	Jablonski	Rodney
Cenaiko	Johnson	Rogers
Chase	Johnston	Shariff
Cheffins	Lindsay	Stevens
DeLong	Lund	Strang
Dunford	Martin	Taft
Eggen	Marz	Tarchuk
Elsalhy	Mason	Taylor
Evans	Melchin	Tougas
Forsyth	Miller, B.	Webber
Fritz		

Against the motion:

Ducharme	Liepert	Morton
Graydon	Lukaszuk	Oberle
Groeneveld	Magnus	Prins
Knight	McFarland	

Totals: For – 49 Against – 11

[Motion to adjourn the ordinary business of the Assembly carried]

**The Speaker:** The chair will now call on the hon. Member for Edmonton-Highlands-Norwood to proceed and will draw to all members' attention Standing Orders 30(5), (6), and (7). Essentially, the speaking time is now 10 minutes per member. When all members who wish to take part have spoken, the debate will end or at the normal hour of adjournment, which would be 6 o'clock this afternoon. This debate does not entail any decision of the Assembly, and no vote is taken. All members may provide their thoughts for 10 minutes.

**Mr. Mason:** Thank you very much, Mr. Speaker. Well, it's an unexpected pleasure and a great honour to rise to speak to the Standing Order 30 request for a debate on royalties. This is an issue that has been of great interest to Albertans from one corner of our province to the other for the past several months, and in fact it's an issue that goes way back in time in this province.

I want to go back to the days when Peter Lougheed, formerly the Premier of this province and a Conservative leader, raised royalties not once but twice, in 1972 and 1974, and the howls of outrage from the oil industry when he did that, Mr. Speaker. The oil companies stayed, and in fact Alberta has prospered. That brings me to the present decision of the government to raise royalties by an amount which is less than was recommended by the royalty task force of the province, which talked about raising royalties. That was for us a minimum amount, a good starting place. That task force report would have increased the revenue of the province by approximately

\$2 billion per year. The government's proposal falls short of that mark and raises royalties by \$1.4 billion according to the government's own numbers.

Mr. Speaker, clearly, the standard which I think the people of Alberta set, which is that the royalty task force recommendations are a bare minimum, has not been met by the government. We have the Premier taking out at great public expense advertising in newspapers, on radio, and so on claiming that he has met a commitment to the people of Alberta. He has not. He has not met the commitment the people of Alberta expect.

Let's be clear. The value of the oil in this province is rising very, very dramatically. Just the other day the price of oil hit nearly \$96 per barrel. The royalty regime we're now dealing with was set in the days of \$15 a barrel. Mr. Speaker, in the last election the Alberta NDP was the only party to call for an increase in royalties. The reaction that we got from the leader of the Conservative Party at that time, Mr. Klein, was that it was a new NDP NEP, that it would bring about a disaster when royalties were raised. The Liberals were completely silent on this question during the last election, when we were the only party that stood up in favour of higher royalties.

Mr. Speaker, we now are faced with the prospect of \$100 a barrel oil or higher. The royalty task force members have said that what they represented in their report was actually a compromise. In fact, they retained the penny-on-the-dollar royalty for the oil sands plants that were not fully paid out, and that, I think, is unacceptable. The Premier has talked about raising it to a nickel. No other industry receives that degree of subsidization from the public purse for its capital costs. In fact, the economic rent that we receive under the new proposal of the government will fall very far short of the potential of this province.

The government claims that it is going to increase royalties by 20 per cent. The Liberal opposition claims that they are going to raise royalties by 20 per cent. Well, Mr. Speaker, I just want to indicate that that falls well short of the economic rent on these resources. In fact, when oil increases from \$80 to \$100 and from \$100 to \$120 a barrel, there is no additional value that is brought by the operations of the company. These companies are profitable at \$50 a barrel, so when it goes much higher than that, why then does the government regime allow the majority of that increased value to flow to the companies? Where does it go? There's so much talk on the other side about the oil industry and the benefits that it brings to this province's economy, and that's true, but what they overlook is that the bulk of the profits that these oil companies are making is actually going to shareholders.

If you look at EnCana, last year it posted the highest profit of any company in Canadian history, \$6.3 billion profit. Mr. Speaker, EnCana could have paid the whole \$2 billion that the royalty task force proposed for an increase and still been able to give its shareholders \$4.3 billion in value.

Mr. Speaker, I think that it's clear that this government has settled for peanuts. We will remain among the lowest royalties in the entire world. Why, when Norway, when Alaska have built up huge funds, are we going to continue to collect a fraction of the value that we as Albertans deserve on our own resources? I thought that the task force report made a very good point. It said that there's a fundamental difference between taxes and royalties. Taxes are something you take from people who've worked hard to earn it, so every penny you take has to be justified. On the other hand, royalties are something you charge for something that you own, so every penny you don't take has to be justified.

3:20

Well, Mr. Speaker, this government has not justified the actions that it has taken. It has not justified the fact that it is taking so little

of the value. Why is it that under the new proposal Alberta will remain near the very bottom of royalty rates charged in the world?

Mr. Speaker, look what we have. We have in northern Alberta an oil deposit that is one of the largest if not the largest untapped reserves of oil in the entire world. Quite frankly, oil companies are finding less oil. We are nearly reaching the point of peak oil, where available supplies will not be growing but will be declining at the same time that oil prices and the demand that drives those prices is increasing constantly. So what we're looking at in the long term are continued, sustained, and significant increases in the price of oil on the world market, yet we are settling for less than half of that increase in value. If oil goes up a dollar, under the government's proposal less than half of that will come back to us, the owners of the resources.

I say that it's pretty clear that this government has caved in to big oil. It has surrendered the position of this province. It has sold the people of Alberta out. It has not got the best deal that we could have had, and quite frankly I think that the Premier should not be spending taxpayers' money trying to convince the people that he did get a good deal. It's pretty obvious when you compare Alberta's new royalty regime that's proposed to the royalty regimes of other countries in the world that we didn't get a good deal. I don't think that the Premier has delivered on his commitment in any way.

Mr. Speaker, the Alberta NDP has been very vocal on this issue from the last election forward to today. We've campaigned very hard and we've been very clear that the royalty task force recommendations were a bare minimum. The government has caved in to oil company pressure, and I've been, quite frankly, very surprised that the Alberta Liberal opposition has been largely silent on this issue.

**Mr. Elsalhy:** Focus on the government.

**Mr. Mason:** Well, he'd like me to focus on the government, but I think there are three parties in this Assembly, Mr. Speaker.

**An Hon. Member:** Four.

**Mr. Mason:** Four. I apologize.

It's important that we all know where we stand. Quite frankly, Mr. Speaker, the Liberals have been AWOL on this issue. The heavy lifting, as usual, on these kinds of issues has been done by the four-member caucus of the Alberta NDP. Until we get a fair deal on royalties in this province, we're going to stand up against a Premier who falsely claims that he has delivered on a promise. He has not; he has sold us out. He has left lots and lots of money on the table, billions that will not be available for our children and our grandchildren. It's a shame, and it's completely unacceptable.

Thank you very much.

**The Speaker:** Thank you very much, hon. member.

#### **Speaker's Ruling Decorum**

**The Speaker:** Hon. members, because of what the Assembly has done this afternoon, there wasn't an opportunity for the chair to say, "Orders of the Day," which would have allowed outside liquids and laptop computers to be used in the Assembly. So let's assume that this is okay because you're going to have a gruelling afternoon, and sustenance is always important for nourishment, not only nourishment to the mind but nourishment to the body. And you will not be interrupting anybody with the utilization of laptop computers.

#### **Debate Continued**

**The Speaker:** Here's what I have so far in terms of members who have provided notice of their intent to participate: the Minister of Energy, followed by the hon. Member for Edmonton-Gold Bar, followed by the Minister of International, Intergovernmental and Aboriginal Relations, the Member for Drayton Valley-Calmar, the Member for Cardston-Taber-Warner, the Member for Calgary-Nose Hill, the Member for Edmonton-Riverview. That's probably a pretty good list for the moment. There are other members who have advised.

We'll go with the Minister of Energy.

**Mr. Knight:** Thank you very much, Mr. Speaker. It's a pleasure for me to stand and join the debate this afternoon with respect to the issue. I would not necessarily agree that, in my humble opinion, it would meet all of the requirements. Nevertheless, we find ourselves here, and I'm happy to engage in this discussion. I agree, in fact, with the Member for Edmonton-Highlands-Norwood that the issue of royalty review and reform is a matter of the highest importance, and I'm sure that all of our colleagues in the Assembly would agree with that.

While the discussion and implementation of the new royalty framework is a matter of utmost significance for this House and for all Albertans, Mr. Speaker, it's not a matter that can or should be treated with undue haste by this Assembly. The Premier has made a commitment that the new royalty framework will be implemented by this government, and it will be. However, making wholesale changes to Alberta's royalty systems for conventional oil and gas and for oil sands is not something that can be done overnight. It requires a series of legislative and regulatory amendments and a host of changes to the Department of Energy's software systems.

At a minimum, Mr. Speaker, changes will be required to the following acts and regulations: the Mines and Minerals Act, the mines and minerals administration regulation, the petroleum royalty regulation, the oil sands royalty regulation 1997, the oil sands tenure regulation, the natural gas royalty regulation, the freehold mineral rights tax regulation, and four regulations regarding royalty reduction for low productivity for high-cost wells.

[The Deputy Speaker in the chair]

As all hon. members know, amendments to any complex piece of legislation cannot be written overnight. They must be carefully drafted by Legislative Counsel in consultation with department officials, who in turn would hold discussions with those who may be affected by these changes. Once the amendments have been scrutinized and fine-tuned in the policy-making process, they can be introduced into this Assembly for debate. Mr. Speaker, I submit that it would be irresponsible of us to do otherwise with a matter of such fundamental importance.

In addition to the requirements of due legislative process, Mr. Speaker, there are technical considerations which preclude this issue from being considered an emergency. Quite frankly, it's physically impossible to implement any substantive change to the province's royalty system overnight. Alberta Energy currently utilizes five software systems to calculate and collect royalties from industry. Implementing the changes outlined in Alberta's new royalty framework will require new programs as well as substantial rewriting to existing software programs. Of course, companies in the oil and gas industry face many of the same technical barriers to immediate implementation. More importantly, they must make decisions about future capital deployment, and it would be mani-

festly unfair of us to impose such sweeping changes so abruptly even if it were possible.

It is in appreciation of all the factors that I have outlined, Mr. Speaker, that the Premier determined that Alberta's new royalty framework would take effect in January 2009. While the hon. member and other members of this Assembly are free to disagree with the decision and will have an opportunity to do so in this Assembly at an appropriate time, I submit to you that the matter is not a fit subject for an emergency. Implementing Alberta's new royalty framework through immediate legislation would be both irresponsible with respect to the legislative process and physically not possible with respect to the systems involved.

3:30

Finally, Mr. Speaker, I would like to comment on the hon. member's contention that billions of dollars are at stake if these changes are not implemented immediately. As all hon. members are aware, a substantial portion of our provincial revenues derive from the energy sector, and this is an inherently volatile industry. Over a full year a 1-cent change to the U.S./Canada exchange rate costs the provincial treasury \$123 million. A 10-cent change in the Alberta reference price for natural gas costs can mean a swing of nearly \$100 million in revenue. When these changes occur, we do not react precipitously; instead, we budget prudently and make changes to our fiscal and royalty systems only after careful consideration.

Mr. Speaker, we have, I believe, set in motion a framework for the future that will put in place a royalty regime that will serve Albertans very, very well for a decade or more to come. To look back and suggest that at some point, some snapshot in history, government policies, for whatever reason, may not have put all of the dollars into a government coffer that could have been put there by some other policy of government I think is just not a responsible way to look at the royalty system.

I believe that in order to fully understand the share that Albertans have received from this resource, we need to take into consideration the fact that this industry has generated literally thousands and thousands of jobs for Albertans, very high-paying jobs. It has allowed us to expand our postsecondary education institutions. It's allowed us to expand our health care and medical facilities. It has allowed the province of Alberta to grow some 60,000 to 80,000 souls a year in the last number of years. It has made Alberta a very vibrant industrial community for all Albertans.

I believe that the debate that will go on with respect to the royalty issue is certainly an important one for Albertans. We believe that the system has provided a very good result for Albertans, and, Mr. Speaker, I look forward to it continuing to provide that result for some time to come.

Thank you.

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

**Mr. MacDonald:** Thank you very much, Mr. Speaker. It's a pleasure to have the opportunity to participate in the debate this afternoon on Standing Order 30. I would like to recognize the chair for indicating that this matter could proceed. I think it's very important. This debate is certainly very important at this time, and I would like to recognize the hon. Member for Edmonton-Beverly-Clareview for bringing forward this Standing Order 30.

Certainly, I'm hearing lots of discussion on this already, but when the Alberta government compromised last week on the Our Fair Share report that was presented – and this is an independent panel, Mr. Hunter and his colleagues. When they indicate that we're not getting our fair share, the Alberta government, by choosing not to

increase royalties by the amount recommended by the Royalty Review Panel – that compromise is an emergency, a public emergency. We have a half a billion dollars here that we're not collecting on an annual basis, and this is added on, Mr. Speaker, to the billions and billions of dollars that went uncollected – and I'm very disappointed – knowingly uncollected by this government going back to the year 2000.

Now, when the Royalty Review Panel released their report in mid-September, they stated, Mr. Speaker: "Albertans do not receive their fair share from energy development and they have not, in fact, been receiving their fair share for quite some time." The panel, as everyone knows – and hopefully all hon. members have read the report in detail – recommended a royalty increase of \$1.8 billion between now and 2010. This was rejected for whatever reason by our government, and this rejection will cost us in this province at least a half a billion dollars in uncollected royalties annually. That is far too much money to leave uncollected; I'm sorry. When we increase royalties, we must also have the political will to collect them on behalf of the citizens. Alberta's citizens, I have to remind this Legislature, own the resources, and we have to look after their public interest. Unfortunately, this government has not been doing this.

Certainly, there is one act here, the Mines and Minerals Act, that needs to be amended, but the rest of the amendments that need to be made so that we can collect our fair share are all in the regulations. I for one would certainly love to see those regulations tabled here in the Assembly and vigorously debated, but I don't have confidence nor do the citizens of Alberta have confidence in this government that that will be done. There's no reason in the world why the Mines and Minerals Act could not be amended to facilitate these changes.

I certainly recognize the reason and the caution for a one-year transition on this. We have to get the bitumen valuation methodology done. That key recommendation from the Our Fair Share report by Mr. Hunter certainly indicated that we need to work at that. We need to work at it by June 2008 to have it implemented because we didn't have a fair market to determine the price of bitumen. The Auditor General in his report also indicated that by the year 2010 we could be losing upwards of a billion dollars a year if we don't have a proper bitumen valuation methodology. So that's why we should get at this, but at the same time I would advocate that there be a transition period through to June of next year so that we can get this bitumen methodology written in stone.

Now, the New Democrats – and we're very grateful to the third party for bringing this forward, but there are some things that I need to get on the record here, Mr. Speaker. Certainly, I made a presentation on behalf of our caucus to the public hearings that were conducted by Mr. Hunter and his panel, but as far as I know, the New Democrats did not. I don't know why they didn't, but for them to continuously harp on about no one else seeming to care is totally wrong. If the New Democrats were really interested, why did they not make a presentation to Mr. Hunter's . . .

**An Hon. Member:** Why do you think that?

**Mr. MacDonald:** Why do I think that? Because the New Democrats, hon. member, are very confused. You've got one group of them who wants to shut down the entire oil sands for environmental consequences, and you've got another group within the party that wants to increase royalties by up to 90 per cent. So I think there were a lot of internal divisions within the New Democrat Party, and that's probably why they couldn't have taken the time to make a presentation to Mr. Hunter's review panel. [interjection] Yes, hon. member, it does do good. It's obvious the hon. Member for

Edmonton-Beverly-Claireview doesn't understand the details of the report because, certainly, we made recommendations that are addressed in there, hon. member. So it can be done. The New Democrats have answers to give, and maybe they can in due course provide them, why they didn't make a presentation to such an important review panel.

3:40

Now, Mr. Speaker, the Auditor General – and we talked about him a little earlier – in his latest report also supported an increase in royalty rates: “The Department estimates that it could collect an additional \$1 billion or more per year without stifling industry profitability.” Certainly, I would urge all hon. members to consider the wisdom of the Auditor General and the Auditor General's office on this. We're all engaged in this royalty debate. Again, let's look at the recommendations of the independent panel appointed by this government and the wise direction of the Auditor General.

Mr. Speaker, there are those who say that this is not the right moment to increase royalties. I have never met an energy executive who thought it was the right time to increase royalties. We recognize that there are always issues the energy industry has to deal with. Today they're environmental issues and uncertainty caused by war. These are critical international issues. But there's also the uncertainty here caused by the Crown agreement that may have to be negotiated.

The New Democrats always bring this up, and certainly this party accepts donations from energy companies, but when we take a donation from a company like Suncor, for instance – this is to the hon. Member for Edmonton-Calder – that doesn't silence us in the House. It's us that are asking the tough questions and have been asking the tough questions for the last three years about the Suncor-Syncrude order in council, not the New Democrats. We ask the tough questions.

The Premier at the time we asked the question didn't have a clue what we were talking about, but I was glad to see this whole issue of how Syncrude and Suncor are treated come out in Mr. Hunter's report. It's not fair to other oil sands producers that some people are treated more favourably than others.

**An Hon. Member:** You guys want to shut them all.

**Mr. MacDonald:** No. We want fair treatment for all oil sands operators. The government said that they were out of the business of picking winners and losers, but certainly when the order in council was slipped through cabinet over 10 years ago, the winners were Suncor and Syncrude.

Again, Mr. Speaker, there are those who say that costs for the oil and gas companies have gone up significantly in Alberta and we cannot increase royalties. But it's interesting that in the June 2007 EUB statistical review that was done, they didn't seem to think that costs were getting out of hand. The oil and gas executives have indicated to us that costs are out of hand, but that isn't what was in the EUB annual statistical review in June of this year.

Mr. Pedro van Meurs, an international expert on royalties who has advised this province on offshore rig rates and royalty structures . . . [Mr. MacDonald's speaking time expired] I'm sorry; I can't continue, but thank you.

**Mr. Boutilier:** Well, indeed, Mr. Speaker, what a privilege it is to rise on this important initiative. I want to say to the New Democrats, who brought this motion forward, that it's quite nice to see. Obviously, the Liberals didn't do that. The Liberals are saying that the New Democrats are confused, and here the Liberals are with their policy on the fly as they go forward in terms of their approach

to royalty review. It is really reassuring to know that there is a government that gets it right – and it's the Progressive Conservative government – in terms of striking the right balance.

Mr. Speaker, a fair share was the theme of the royalty review report. It also is the theme of the new royalty framework that our Premier announced. Our Premier and the Minister of Energy made a commitment, and they are delivering on that commitment to all Albertans in terms of delivering our fair share.

As we just look around, it's clear that the old royalty system helped create one of the world's most successful economies ever. I draw to your attention what citizens have said to me.

Back in 1996 when the royalty fiscal regime was implemented, it was implemented to be able to combat what had just taken place in the province of Alberta. We had an OSLO plant, referred to as the other six leaseholders, that in fact was cancelled. We had Alsands, that was going to build, and that was cancelled. In fact, we had a bridge to nowhere. It was a bridge that spanned the Athabasca River, called the Lougheed bridge, that was built, it turns out, for the future. Ultimately, that bridge to nowhere is now a bridge to over \$130 billion because of the decisive action and because of the actual royalty framework we have in place. It is a royalty framework that will continue to improve, ensuring that Albertans continue to get their fair share.

Mr. Speaker, our Premier is striking the right balance. Just recently, to demonstrate how things change, the CIBC, the Canadian Imperial Bank of Commerce, and the Toronto-Dominion Bank have predicted that in the next 10 years the world price of oil will be set by the oil sands province here in our country of Canada, that Alberta will be setting and determining what the world price of oil is, something that was unheard of in years gone by. But it really demonstrates the volatility of what's happening on world markets, the fact that our province will be setting the world price of oil because of the oil sands.

What an incredible treasure we in fact have. I want to say, Mr. Speaker, that as we look around in terms of this royalty review, first of all, in 1996 the fiscal regime predicted \$25 billion over 25 years. The policy of the Conservative government in this province has worked so well that it didn't generate \$25 billion of investment; it has attracted investment from all over the world that now nears \$130 billion, and it was predicted.

**An Hon. Member:** How much?

**Mr. Boutilier:** How much, do you ask? A hundred and thirty billion dollars. And that \$130 billion goes over to a bridge to somewhere, which is the investment because this government had a vision for the future in terms of where we are and where we're going.

What's really important here, Mr. Speaker, was that the price of oil was then under \$20 a barrel. Now as we look at WTI, west Texas intermediate, at something well over \$90 a barrel, it just demonstrates, unlike what the Liberals think or the New Democrats think, that things are just not stuck in time, that it's a continuous improvement approach that this government takes. That's what in fact attracts investment to this province: because of the resource we've been blessed with. As the Premier has said: the government doesn't own this resource, and industry does not own this resource; this resource is owned by all Albertans. The Premier made a commitment, and he is delivering on that commitment in terms of getting Albertans' fair share.

But times will continue to change, and the fact is that the Middle East, who now set the price of oil at the world international scale, will actually be changed because it will be the province of Alberta that will be setting the world price of oil because of the importance of the oil sands in the future. That really marks in terms of the next

20 years how important it's going to be for our children and our grandchildren relative to the impact that the oil sands are having.

The framework that's been introduced by our Premier and by our Minister of Energy is one that bodes well for the future of certainty, of confidence, and getting it right. Rather than being confused, like the Liberals accuse the NDPs of being – you know, “They're confused”; I'm not going to weigh into that battle – I can say, rather than others, who suggest that the Liberals operate on a policy on the fly perspective, that this government gets it right. We manage in a measured approach. We examine. We analyze.

To give you an example of that, we needed a new royalty framework that gives Albertans a fairer share in terms of today's energy sector. The Royalty Review Panel conducted a detailed study and an analysis, an extensive public and industry consultation. The Auditor General conducted his own review of how governments' royalty systems are designed and operated, and we welcomed that. We heard from industry and from more than 9,000 Albertans, the owners of this resource, who posted, faxed, phoned, and e-mailed their MLAs. Also, the committee in itself: they presented, too. Now, on top of that, the government also conducted its own technical analysis.

3:50

The new royalty framework reflects all of this, and that's why we are getting it right. We are not policy on the fly, like what we're hearing opposite the way. We are being measured in our approach, and we are getting it right because that is our responsibility as a government to the people of Alberta, the true owners of this resource. This gives Albertans a greater share when energy prices are high and helps sustain the industry when prices are low. While producing more volume, we'll pay higher royalties. This means that lower producing conventional wells pay less while higher producing conventional wells and oil sands pay more when the price is high. Overall, royalty rates will in fact increase. We expect these changes to deliver an extra over \$1.4 billion, depending on production, by the year just under 2010 and also depending on what the world price of oil will be at that time.

You can see that there are many spokes in the wheel. So often when we hear some of the discussion earlier today, it really just shows you that the opposition are using one piece of a puzzle that's very complex. I have confidence in our Premier, in his commitment on what he has delivered on and also the Minister of Energy on what he is acting on.

That really means this to Albertans: they are going to be receiving a 20 per cent increase over current projections for the upcoming years. One-third of those higher revenues will go to savings. Also, the rest will go to infrastructure in the many communities that have that resource where the work is taking place because we want to direct that infrastructure to the areas where the resource, in fact, is coming from. It's interesting to note that our Premier when he first became Premier came to the oil sands capital of the world in Fort McMurray and delivered on the oil sands secretariat, which falls under the Ministry of Service Alberta, where, in fact, they delivered over half a billion dollars on top of the \$900 million that is being used for infrastructure for twinning, on top of the \$102 million that went towards the city of Fort McMurray for the new water treatment plant, not to mention the extra \$1,040 that goes to teachers and nurses and support staff in terms of the infrastructure, and that is human infrastructure, which is so important for our future.

Mr. Speaker, I have a six-month old son – I don't think anyone else has a son younger than that in this House – so I want to say that I have a vested interest relative to the future of Alberta. I want to say that I feel assured that our Premier's commitment and what he is delivering on, both him and this government and the Minister of

Energy, is doing it right and is doing it for the future and the long-term sustainable future because that bridge to somewhere now, up over \$130 billion, is going to be the way of the future in terms of what the world price of oil is going to be.

Mr. Speaker, we are delivering on a commitment that our government has made. This new Premier under a new administration is clearly acting on that. I want to say also that when I talk to citizens of my community, they trust Ed Stelmach, and they trust this government on getting it right, and they are doing it.

**The Deputy Speaker:** Hon. member, we don't mention proper names in the House.

**Mr. Boutilier:** I'm sorry I mentioned his name, but I would like to say that the Premier is clearly delivering in terms of getting it right for his grandson and granddaughter and my son and Albertans' grandsons and granddaughters and children of the future because we can work in this. We are the only province in Canada where we don't have to leave our province to get a job. Just think of it: we are the envy of every single province and territory in this country. In fact, that is very obvious that we got it right, and we're continuing to get it right into the future.

**The Deputy Speaker:** The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thank you very much, Mr. Speaker. I think there are a couple of issues that I'd like to cover in my 10 minutes in responding to the motion set out in the Standing Order 30, and that specifically was outlining the failure of the government to promptly introduce and pass royalty legislation to prevent the loss of billions of dollars to the public treasury as oil prices rise dramatically. I think the issues that we need to take into consideration are those of stewardship, management, fiduciary duty, consequences, and issues of trust.

As far as stewardship, a number of people have spoken about the fact that this government collects royalties and is the steward of our natural resources on behalf of Albertans. I think we really need to underline that because where I come from, that means that there is even more onus on us as legislators and on government members to be careful. There's more onus to be careful because it's somebody else's resources. It's somebody else's money.

It's even more important that you're careful with somebody else's. When you are a steward for somebody else's belongings, you have to be even more careful than if it's your own. If you choose to make bad decisions with your own money or your own resources, fine; so be it. But when you're placed in a position of trust to look after someone else's, you'd better make sure that you're doing absolutely the best that you can possibly do for them.

I would argue that what we've seen come forward out of the Our Fair Share report and, indeed, backed up by what I'm reading in the Auditor General's report is that this government has not done that. They have not been good stewards. They have not been even more careful with somebody else's money – that is, Albertans' money and Albertans' resources – than they would have been about their own paycheck or their own bank account. I think that's going to relate to the loss of trust section that I'd like to talk to at the end of my remarks.

Now, you know, there was a very interesting day for me in this Assembly, Mr. Speaker, when in response to a question the member – now I'm not going to remember the constituency up north – responded with, I think, what he thought at the time was a great insult by saying “Only the Liberals would plan and would look ahead” with great derision. He snorted that out, and we took that as

a tremendous compliment because, in fact, we have done a great deal to plan.

Our funding our future policy has now been out for a couple of years. It outlines that we believed in the pay-yourself-first formula, in which oil and gas revenues would have had 30 per cent taken off the top and funneled into a series of endowment funds, including the heritage fund but also one for postsecondary education, for capital infrastructure, and for the arts, social sciences, and humanities. That money would be put away and would be grown through careful investment and management so that as oil and gas revenues declined, the money from those endowment funds and investments would be able to replace that money going into our budget.

Right now, Mr. Speaker, the money that is currently being collected by this government in the form of income tax and business tax and various levies does not meet the amount of money that they're spending. They are subsidizing every year with oil and gas revenue right out of the ground. This is not some savings account that they're drawing on. They are taking oil and gas revenues right out of the ground and putting it right into this year's budget. So management of our resources, I argue, has been very poorly done by this government. They're not managing well, and I think that any money manager would tell you that's really, really bad practice to be doing that because if, for example, we had a terrible downturn, there was some catastrophic event, we'd be in serious trouble and would be looking at cutting massively into programs that, frankly, are just struggling to recover from the number of cuts that the government levied against them in the '90s.

Poor stewardship, a lack of planning, which the previous Premier took as a boasting point: I think, frankly, that will, sadly, end up being his legacy. That's what people are going to remember him for: really, he had no plan. That wasn't something to be proud of because, again, as stewards for Albertans we're expected to be able to do that.

I think we have a fiduciary duty as legislators and certainly as government members to be managing people's money wisely and to be getting the maximum amount of money for them and to be making financial decisions that are going to benefit Albertans. I would argue that that has not been happening. There has been a carelessness. There has been a lack of planning. Even the way the government is currently reacting to the two reports that are out. Do we get a government that's going, "Yes, all right. We didn't do very well, and we will do better"? No. What I'm hearing today – and it has been very interesting being back in this Assembly – is the Public Affairs Bureau spin campaign just a-whirring in the background, just a-whirring away in the background, giving all members of the government caucus those special words and phrases to say.

Are they acknowledging that things didn't go well and could go better? No. What I'm hearing is, "Oh, we the public didn't understand," and "We the opposition members really don't know," and "We're confused." Nobody is admitting that there was a problem here. Now what I'm hearing is the spin: "Well, others didn't get it," and "We didn't really mean it that way," and "We can't read the reports properly," and all the rest of that.

4:00

I notice that when the Minister of Energy was speaking and defending why he couldn't have passed royalty legislation to prevent the loss of billions, he listed off the things that would have to be changed. You know what? I listened, Mr. Speaker, and what I heard was one piece of legislation and a dozen regulations. Well, I am deeply sorry if the Minister of Energy, who sits in cabinet, does not understand the government process. Regulations in this province end up getting passed behind closed doors by the Lieutenant Government in Council, also known as cabinet. It doesn't require

legislation to change those half dozen regs that he rolled off in his response to this, and there's only one piece of legislation.

You know what, Mr. Speaker? We've seen examples of cooperation in this House, and I would dare say that if this government brought forward good legislation on the royalties and the oil and gas structure, it could be through this Assembly in four days. That's one week. No problem: first reading, second reading, Committee of the Whole, and third reading. We'd be done in a week if it was good legislation. But I don't see any attempt by this government to even deal with that. What I get instead is what I've come to expect from this government, actually, which is: don't take responsibility, don't be accountable, don't be transparent, try and make it somebody else's fault, and then tell everyone else they were confused and didn't understand it.

But you know what? Members of the public got a great opportunity this time around because they got two other reports, independent reports: the Auditor General's and Our Fair Share reports. They got an opportunity to read those reports on their own and make up their own mind. You know what? They are making up their own mind.

Let me talk about consequences. What we're seeing now is that even with the reports we have in front of us, there are significant consequences for the environment. That has not been discussed, I would argue, in any way, shape, or form as part of this whole discussion, and it needs to be. I can tell you that in my constituency of Edmonton-Centre that is a major concern: how this whole structure – the oil and gas resources, the revenue programs – is going to affect our environment, the effect on the environment being a major concern, and rolled into all of the decision-making on that, environmental assessment programs done as a part of that.

We have consequences for this province in that money was not collected that should have been collected, Mr. Speaker. I can really see that in the capacity of our NGOs, our nongovernment organizations – that's our charities, our volunteer-based organizations, our societies – in their ability to provide the programs and services that government has abdicated from. We also have a problem with funding for our health and education.

So the bottom line here is that our public now understands that this government can't be trusted. They won't accept responsibility for what they've done. They won't be accountable. They won't be transparent. And to just stand up and say, "Oh, this is not true," or "The public somehow misunderstands," is, I think, a gross miscalculation of what Albertans are capable of. I hope clearly that Albertans will show the government how much they understand these reports at the next election, which can't come too soon as far as I'm concerned. We've had a failing.

I appreciate the opportunity to speak, Mr. Speaker.

**The Deputy Speaker:** The hon. Member for Drayton Valley-Calmar, followed by the hon. Member for Cardston-Taber-Warner.

**Rev. Abbott:** Well, thank you, Mr. Speaker. It does give me great pleasure as well to rise today to speak to the Standing Order 30 that has been accepted by the majority of this House. I think it's pretty apparent right now to all Albertans that there was a very important thing that took place in this province from about mid-September to mid-October. The Premier allowed the Royalty Review Panel suggestions to be out there for the public to have a look at and to comment back on, and I'm happy to say that the people of Drayton Valley-Calmar did take the time to read the Royalty Review Panel's suggestions, to send me a large number of e-mails, and to give me a lot of calls. I had several days of meetings as well as a town hall meeting that was set up by one of the oil companies in our town. A large, large number of responses with regard to the royalty review, I'd say probably over a hundred, which is very, very rare. In my

almost seven years as an MLA I've never seen a response like that on any issue.

The calls, the letters, the e-mails, the public forums, et cetera, all seemed to carry a fairly common theme. Of course, a lot of them had very good, interesting, individual issues, but the overriding theme – about 80 to 90 per cent of the people of my area of Drayton Valley-Calmar understood that a royalty review was necessary, that it was timely, but they did not want us to take the full 20 per cent, the panel's recommendation.

More importantly, what they did say was: whatever happens, we want you to do two things. Number one, make a decision. There was a lot of pain and angst out there while the industry was waiting for the government to make a decision with regard to the royalty review, so they wanted us to make a decision as to what we were going to do. Secondly, that once that decision was made, understanding that there would most likely be an increase in royalties, they would be given time to implement that decision. Speaking as someone from Drayton Valley, from oil town – in fact, as you drive into Drayton Valley, it says: oil capital of the world. I know that maybe that's a little bit presumptuous, but Drayton Valley is all about oil, as is the rest of my constituency.

Mr. Speaker, I have to happily say that the Premier did make a decision. In fact, on October 25 our Premier delivered on his promise to take decisive action and ensure that Albertans get their fair share of revenues from the development of energy resources that belong to them. Implementing our new royalty regime is part of our Premier's plan to secure Alberta's future by building our communities, by greening our growth, and by creating opportunity.

This plan proposes royalty rate increases that are reasonable and that will guarantee a solid future for our energy sector, which is so important to the people of Drayton Valley-Calmar. Under Alberta's new royalty framework energy royalties are expected to increase by approximately \$1.4 billion by 2010. This is an increase of 20 per cent over revenues forecast for that year under the current regime.

Reviewing and updating our province's royalty regime has been the topic of months of discussion, with literally thousands of Albertans expressing their opinions on the best course of action. This review has involved detailed review and analysis as well as extensive public and industry consultation. In fact, I think it's well known, but I'll just recap that Alberta's Royalty Review Panel hosted five public meetings across the province and accepted more than 220 submissions from Alberta residents, municipal leaders, and stakeholders in the oil and gas industry. The panel then made a number of recommendations for our government's consideration. Since then nearly 9,000 Albertans posted, faxed, phoned, and e-mailed their views on the panel's report. Once again, our government also considered the Auditor General's report, which has been mentioned in the debate earlier today, Mr. Speaker, further public and industry feedback as well as further technical analysis. Then all of these pieces were taken into consideration and incorporated into Alberta's new royalty framework.

Mr. Speaker, I believe that this framework is the right plan to secure Alberta's future. It will provide Albertans with a fair share from the development of our province's energy resources while maintaining a healthy future for the oil and gas industry. It's a good deal for Albertans, and it's a fair deal for the industry that has made substantial investments in developing our energy resources, creating tens of thousands of jobs for Albertans, especially the people of Drayton Valley-Calmar and, of course, producing tens of billions of dollars in provincial revenues in the process, dollars that have helped us to build schools and hospitals and roads and new bridges and pave highways and do so much more, running social programs and the like.

That's important because an effective royalty regime is really only

one of the ways that Albertans benefit from the energy development in our province. Economic activity, jobs, and tax revenue generated from the energy sector are also important and are part of the broader considerations the government has taken into account. The new royalty framework also offers a stable and predictable plan to increase the royalty share for the province while allowing industry the necessary time to adjust to these changes.

#### 4:10

Highlights of the plan, which is expected to take effect on January 1, 2009, include a royalty rate structure for conventional oil and gas that operates on a sliding scale determined by commodity price and well productivity to reflect oil and gas economics. In other words, as commodity prices rise, so will the royalty rates on all the wells. Those wells producing higher amounts of oil or natural gas will pay even higher royalties and vice versa, which is good. That's important. The lower producers will pay less, and that's important for the older fields like the Pembina Cardium field, where I come from. The region where I live, Mr. Speaker, has been producing for over 50 years. Some of those wells are getting very, very costly to produce. We need that sliding scale up and down so that we can keep the people working and use the infrastructure that's currently in place – the pipelines, the personnel, everything that's there – so that we can get the full value out of those fields, which is best for the environment.

This new, simplified formula will also eliminate the need for the current royalty tiers and exemption programs. There are so many programs; it's so complicated. It's time to simplify. Our government will also introduce a sliding scale for oil sands royalties, ranging from 1 to 9 per cent pre-payout depending on the world price of oil. The net royalty will start at 25 per cent and increase for every dollar that oil prices rise above \$55 per barrel to 40 per cent when oil is priced at \$120 or higher. And that's not out of the question now, Mr. Speaker. As you heard earlier from the leader of the NDP, we're already approaching \$100 a barrel.

Now, as the panel recommended, no grandfathering will be implemented for existing oil sands projects. Thus, our government is engaging in discussions with Syncrude and Suncor, who have Crown agreements that expire in 2016, to join the new royalty framework. In the event an agreement cannot be reached in 90 days, the government will take other measures to ensure a level playing field for all industry stakeholders. Mr. Speaker, this change recognizes the concerns expressed about the current oil sands royalty structure and will ensure that Albertans receive their fair share from oil sands development by providing a greater share of revenues as the prices rise.

Recognizing that Albertans want to see more of our raw energy resources upgraded here in our province, the province will also exercise its existing royalty-in-kind option. Now, this means that the province will be able to receive raw bitumen in lieu of cash royalties and then sell that bitumen so that it can be upgraded by Albertans in Alberta. In other words, we're going to create our own manufacturing sector right here in Alberta, Mr. Speaker.

Our government is also committed to ensuring that we have the best system in place to review how royalty revenue is collected and reported to Albertans, the owners of our resources. Former Auditor General Peter Valentine will lead a project to determine how these systems can be improved, and we'll provide his recommendations by March of 2008.

In closing, the big question is: what are we going to do with all this extra cash? Well, I'm happy to say that one-third of any additional revenues generated by Alberta's new royalty framework will be put into savings – into savings – and invested for future generations of Albertans, while two-thirds will be committed to

capital spending projects that meet the needs of our growing economy. We can keep up to the growth, Mr. Speaker. Maintenance of those new capital assets, much-needed maintenance that is, will come from these increased revenues.

In addition to the normal fluctuations that affect the energy industry, we recognize that the new royalty regime may have some impact on activity in the short term. My hope as the MLA for Drayton Valley-Calmar is that we will keep the current companies busy throughout this transition process. However, this is a plan that encourages prosperity for the long term. I believe that we will see prosperity in the short term as well as in the long term. This plan will preserve our current economic successes and ensure that future generations receive a fair share of a well-managed and vigorous energy sector.

Mr. Speaker, I'd like to thank you very much and thank this Assembly for this opportunity to debate this important and urgent matter. Thank you.

**The Deputy Speaker:** The hon. Member for Cardston-Taber-Warner.

**Mr. Hinman:** Thank you, Mr. Speaker. First, I'd like to thank the Speaker for acknowledging this important issue and letting it go to a vote and to recognize the Member for Edmonton-Beverly-Clareview for bringing it forward – this is very important to Albertans – and to thank all the members who voted for it so that we could have this debate.

I would like to start off and I guess discuss the principle of what it is we're trying to do here in the province, and that is, as the Premier says, that we want to grow the size of the pie. Then we need to look at the principle and what allows us to grow the size of the pie. Throughout history we can see that whenever the government decides to step in and take more and spend more, the pie usually shrinks. Conversely, when the government has lowered taxes and lowered rules and regulations that are burdensome and don't serve any purpose, the actual take increases. If we were to look at the last three or four years and see the phenomenal increase in the income to the government, we'll very much see that this government and the people of Alberta have benefited to a tremendous amount from the boom in the oil and gas industry.

It's been disappointing, though, that this government has not recognized the oil and gas industry and acknowledged that to the public. It seems like in the last few years all they've talked about is that they have paid off the debt, that they are getting this infrastructure in there, and they fail to recognize that 40 per cent of our revenue to this province comes from the oil and gas sector. What they should be saying when they open up an overpass or a ring road or a new school or a hospital is to recognize and tell Albertans that we couldn't do this without the backbone of our industry right now, the oil and gas industry.

The increase in income tax of \$3 billion in the last few years has been incredible. Corporate tax is up. The most amazing of all, though, is what the mineral lease rents have gone for. I want to address this just for a minute in that what investment people look at isn't the economic rent or the cost of doing it. When we want to put an investment in and if other places in the world want to invest in Alberta, what they do is: what does it look like the rate of return is going to be, and what is the risk related to that investment? From there, they make a decision on whether or not to put it in.

One of the disappointing things that this report, Our Fair Share, didn't bring forward was to look at the actual rate of return here in the province versus other jurisdictions. It's interesting how many leaders from other provinces and states have come here and said: "Oh, whoa. We're not going to be raising our taxes. We're open for

business. Come here." Saskatchewan is also saying that they're going to continue the royalty holiday for high-production wells, and that's because they understand the rate of return on an investment, and they realize why we want that activity going on. It's disappointing that the government hasn't allowed Albertans to realize what an economic benefit the oil and gas industry has been instead of promoting themselves in gaming and lottery like that's what's driving our economy.

It's been reckless, though. What's happened to the industry over the last few months or, I guess, the last month is that there was a void, and they were not able to decide what to do for their fall drilling practices. The reports have come out that things are down significantly in what's going to happen this winter. We're going to see the economic downturn, and the revenue that's going to come in is going to I believe offset what little revenue they're going to try and grab in 2009. We'll again be chasing the car from the street behind and not catch the ride. This is just detrimental, the whole idea and the way they're attacking this.

We've also got the condition right now where our dollar has truly accelerated in the world market, but the price of oil hasn't. People were saying, "Oh, we're at all-time highs with oil and gas" when we're just reaching it now. Actually, we've lost it in the last two weeks. With the dollar hitting \$1.07, we are not at all-time highs, yet the costs continue to go up, which is another area that was disappointing in the review, that they seemed to think that costs weren't part of the formula.

I'd like to talk for a minute about the different investment companies that I believe are the true experts when it comes to what should be the economic rent or what should be the rate of return and how we should be looking at adjusting it. There's been talk – and we certainly agree with that and put it out – that we think we need to look at where the break-even point is, as industry does. Everybody in this Assembly, I'm quite sure, is aware of the fact that we're already in a downturn in the gas industry because of the price of gas. We're already having rig utilization down 30 per cent, and they're forecasting it down almost 60 per cent by next year because long term they look at it being probably 12, maybe 18 months before there's a recovery in the price of gas.

[The Speaker in the chair]

One might note also in these reports – and the Department of Energy also puts it out – that they recommend that we go after these high-flowing gas and oil wells. Probably the most detrimental part of this whole review is to go after those ones because those are the ones that are already paying it. It's interesting to realize that, I believe, 5 per cent of the gas wells pay 63 per cent of our gas royalties and that 5 per cent of the oil wells pay 61 per cent of our oil royalties. This government and the review panel seemed to say: let's go after those big winners because they're making too much money on those big winners. In fact, if we even lose one out of those five wells, we'll be losing 12 or 13 per cent of our royalty because they're no longer economical. Those are high-risk, complicated drills that are not just easily discovered and drilled. It's a very high risk, and to go after those – once again, I'll say that it's the wrong area to go after.

4:20

The Alliance truly believes that if we want to put in the royalty review or to update it, what we should be looking at is the actual cost per barrel and the cost per gigajoule – right now we believe it's around \$7.50 for gas and \$75 for oil – and then possibly put in a 5 per cent windfall tax when it's above those areas. Again, we'd have to have that indexed to the cost as it goes forward and not just pick

a number and then say that that's good where it is because it isn't \$17 a barrel to get bitumen anymore. It's more like \$35 or \$40, and we need to recognize that those costs have gone up significantly.

I guess I'd like to comment a little bit on the methodology and the philosophy of what we need to be doing and the fact that so many people have taken the emotional side, that it's our fair share. From my experience in life and even when I was young, I used to tell my father, "This isn't fair." He'd say, "Well, life was never meant to be fair." What's important is equal opportunity, and in Alberta I believe that we're very blessed, that it's one of the few places left in the world where there is equal opportunity for an entrepreneur to go out and raise money and then try and drill and reap the reward of that high-risk, highly technical opportunity, and we want that to continue. But by raising the royalty in the manner that this government is proposing, I'm afraid for those small oil and gas producers. I'm afraid for all those little workers. When we attack the big individuals and the big corporations, it's always the little ones that get hurt. The big ones are going to survive; there's no question about it.

We've been an environment that's been able to attract hundreds of billions of dollars for investment, and yes, that investment is there, but we need to continue raising that money. If we send the message to the rest of the world that this isn't an economically stable place, that the government will change it on a whim or emotion that they should get more money, we're in detriment.

I'd just like to finish off, I guess, with the example of lottery and gaming, seeing how this government has promoted it so much over the years. If lottery and gaming was to say to people that come into those places and buy a ticket, "We will allow you to take a 10 per cent winning of whatever your costs have been because we want to have 90 per cent back," nobody would go and buy a lottery ticket or go into a casino if they had to prove and say, "Well, this is how much I've spent in my lifetime," and then they're going to get a simple 10 per cent return on that. The only thing that's maybe not quite as risky as lottery and gaming is the oil and gas industry. It's very technical, it's very important, and we want to have an atmosphere where small business and those entrepreneurs can go out and really succeed here in the province.

So I hope that as this debate goes on, we'll have a thought on this, that our PCs are turning into LCs, and that seems like Liberal clones to see who can tax and spend the most.

**The Speaker:** Hon. members, there's great interest in members wanting to participate today, and there are a whole series of lists floating around, so these will be the following six speakers: the Minister of Employment, Immigration and Industry, followed by the hon. Member for Edmonton-Riverview, followed by the hon. Minister of Advanced Education and Technology, followed by the hon. Member for Edmonton-Beverly-Clareview, then the Minister of Environment, then the Member for Calgary-Varsity.

**Ms Evans:** Thank you very much, Mr. Speaker. It is a privilege to be in this House and to rise on this motion at this time. At the outset I'd like to simply say this. I think that the Minister of Energy in his comments right at the start directed the crux of this debate, and that is that in order to properly adjust to and make the necessary changes in government to accommodate the changes in royalty rates, one had to not just give a snap decision and implement right away but accommodate changing the systems to undertake a very important reconfiguration so that the adjustments could be made properly to our database.

The second very crucial issue is that the energy sector in Alberta accounts for at least 50 per cent of our GDP and 13 per cent of Canada's GDP, so it's a very important opportunity, when you make

a change, to acknowledge the importance of the industry, to pay due care and attention to the manner in which you're doing it and also to the people that you are affecting. I think that what has been lost in the callings – in fact, the first questions today, both from the leader of Her Majesty's opposition and the third party, consider that the most important question to our Premier was, in fact, the tenure of his Energy minister in the face of an issue that the Premier has actually delivered on, and that was his promise to Albertans to take decisive action and ensure a fair share for Albertans. At the same time, he wanted to ensure that we continue to have a strong economy.

Our new royalty regime will secure Alberta's future by helping to build our communities, protecting our environment, and creating new opportunities for Alberta and its industries. The old fiscal regime for oil and gas and oil sands delivered on its intended objectives – and I think we should be clear on that – in the process creating one of the most successful economies in the world.

In the mid-1990s the National Oil Sands Task Force recommended a generic royalty regime. It was predicted then that those changes would facilitate enough investment to reach between 800,000 and 1.2 million barrels of oil per day by 2020. Mr. Speaker, no one would guess that we would surpass that vision long before 2020 and see over a hundred billion invested in the production of bitumen, with a forecast production of in excess of 3 million barrels per day by 2020. This has been a tremendous success story for Alberta.

Now the global energy environment has changed again, and the policy of lower royalties as an incentive to resource recovery is no longer the basis for energy development in the province. We see the robust global energy climate, with oil prices reaching over \$90 per barrel and demand for energy resources continuing to grow in the developing countries. Our Premier is fond of citing the example of 300,000 new vehicles per month in China. Multiplying that over a year, we can well see why their requirement for energy is up to 47 per cent of imported crude to facilitate the expanding economy in this country.

The importance of long-term, secure global energy supplies has made Alberta a key investment destination, second only to Saudi Arabia, with a reserve of 172 billion barrels, which makes us the best and most safe and secure supply of energy on the globe. Doesn't it seem important, then, to consider that we do this right and take a look at a new plan? It proposes royalty rate increases that are competitive and responsive to prices while guaranteeing sustainability, stability, and predictability. The royalty changes represent an increase of 20 per cent compared to forecast royalty revenues for the current regime for 2010. They do not, however, exceed the levels prior to 1996, when reduced rates were introduced to sustain energy viability during a period of low energy prices.

The discussion about fair share and the amount of government take was only part of what was taken into account when our government went into action with a decision which is currently being discussed. Departments of government worked hard to assess the implications for our global competitive position. We know that oil sands development is capital intensive, increasingly expensive, and contains considerable technical and business risk. In making our decision, we were very mindful of the implication to industry and our shared interest in continuing to have Alberta as a world-scale energy hub.

4:30

We didn't stop listening with the release of the panel's report. In fact, we listened to Albertans and to people world-wide, liaising with the energy industry, people who have investments in this province. We completed a thorough technical analysis of the panel's report. All substantive stakeholder input, particularly Albertans' input, was

taken into consideration when government developed a plan to secure the future of our province, provide Albertans with their fair share of the resource, while working to maintain the competitiveness of our oil and gas industry.

The royalty framework is the right plan to secure Alberta's future. By making these changes to the system, the government is signalling that it clearly wants to provide leadership to the energy sector development objectives, fulfilling our role as stewards of the resource and respecting that the energy sector has created tens of thousands of jobs for Albertans and generated tens of billions of dollars in provincial revenues in the process.

The new framework offers the oil and gas industry stability and predictability, assures investors that Alberta maintains and remains a stable place to do business, a crucial item in the new regime. It is sensitive to market value, reflects the growing importance of unconventional oil and gas resources, and encourages value-added and environmentally sustainable production in Alberta. Industry will have a year, until January 1, 2009, to prepare for and adjust to the changes. I don't think that that's a significant amount of time given the importance of this industry to this province.

This new plan includes a royalty rate structure for conventional oil and gas that operates on a sliding scale determined by commodity price and well productivity to reflect oil and gas economics. Under this structure Albertans will get a greater share of higher prices, and industry will be sustained at lower prices. This new, simplified formula will also eliminate the need for the current royalty tiers and several royalty exemption programs.

Government will also introduce a sliding scale for oil sands royalties, ranging from 1 to 9 per cent payout, depending on the world price of oil. This change recognizes the concerns expressed about the current oil sands royalty structure and will ensure that Albertans receive their fair share from oil sands development by providing a greater share of revenues as prices rise. Our government is committed to ensuring that we have the best system in place to monitor royalty collection and to report to Albertans. To this end former Auditor General Peter Valentine will lead a project to determine how our current systems can be improved and will provide his recommendations to government by next March.

Mr. Speaker, I think it's very important and crucial that we pause and talk a moment about the fair share being not only about the royalty plan in place but the key element of the Premier's strong commitment to value maximization of our oil sands resource. Recognizing that Albertans want to see more of our raw energy resources upgraded here in our province, the province will exercise its existing royalty-in-kind option. This means that the province will be able to receive raw bitumen in lieu of cash royalties. The bitumen might be sold to local upgraders or refineries in Alberta to be processed into higher value products. This is exactly the kind of thoughtful policy that this government has been intent on pursuing.

Many of you know that in 2004 government and industry established a task force over a hundred members strong, the Hydrocarbon Upgrading Task Force, to develop and assess the business case for value-added bitumen processing within Alberta. This important initiative is a key piece to a larger vision that our government is working on with the energy industry. That vision is to maximize the value of our hydrocarbon resources – conventional oil, coal, natural gas, and oil sands – within Alberta. It is this unique combination of private-sector involvement and participation along with a clear articulation of government's strategic objectives that will move us forward if we're to be successful.

Thank you.

**The Speaker:** Thank you, hon. minister.

The hon. Leader of the Official Opposition.

**Dr. Taft:** Well, thank you very much. It's a valuable challenge, I think, to be able to discuss this issue, which we all know has been so important for the whole province, for MLAs. I'm sure we've had a lot of correspondence from every angle on it, so my commending to all members for supporting the emergency debate.

Ten minutes is not enough to get beyond barely scratching the surface, frankly, of the issues involved, but I'll do my best.

There are various ways to understand royalties. I often hear people say: well, a royalty is just a tax. It's not. They're different things. A royalty comes from selling something. In this case these royalties are collected when the oil and gas that the people of this province own is sold.

There are various ways of understanding the role of the government in this process. The government also does not own the oil and gas. In effect, the government is a trustee for the people of Alberta, who own the oil and gas. I think it's in some ways easier to understand this through an analogy like, for example, a landlord owning a building. If a landlord owns a building and hires an agent to manage that building and then collects rent, you're collecting a kind of a royalty there. In that case the government would be the property management agent. The question we have here, the question that the people of Alberta are so troubled about, is that of the property management agent: have they done the job they ought to have? Have they been honest with the owners, the landlord? Have they shared information? Have they maintained the property? Have they treated the tenants fairly? There's a tremendous amount of evidence that, in fact, the property management agent – in the case of the royalties it's the government – has failed its job.

Two compelling documents making this case are the Royalty Review Panel's report, Our Fair Share, and the Auditor General's report, although I should point out that these are by no means the only documents pointing out this problem. But I do want to put on record, Mr. Speaker, a few things from the Auditor General's report because I don't believe everybody in this Assembly has read that report thoroughly enough.

I would draw people's attention to page 91 of volume 1 of the most recent Auditor General's report, which says:

Beginning at least three years ago, the Department [of Energy] demonstrated that Alberta's share had fallen below its target range. The Department estimates that it could collect an additional \$1 billion or more per year without stifling industry profitability. However, neither this information nor the reasons why changes have not taken place have been made public.

In other words, the agency managing the resource on behalf of the people of Alberta has not been forthcoming with the people of Alberta.

The Auditor General's report goes on page after page like this, and it does so in quite a lot of detail. Just jumping ahead again to page 105, in fact, quoting from the Auditor General's report, he refers to "dozens of presentations" made by the Department of Energy to various individuals in groups raising concerns about the royalty regime. So it's not like this was isolated. I think, frankly, that this government owes it to the people of Alberta to make those dozens of presentations public so that we can see how the public feels.

The Auditor General goes on to raise various concerns starting in December 2000. He refers to the "'Petroleum Royalty Review 2000' presentations [which] concluded that caps on the oil royalty rates should be removed."

He refers to – and I find this very troubling, Mr. Speaker; indeed, I wonder if there isn't a privilege here – the annual report of the Ministry of Energy '03-04, page 13, which is submitted to this Assembly, as a serious, indeed, I think a legal government document, and it quotes that report. In fact, I'll just read directly from the Auditor General's report.

The Ministry of Energy's 2003-2004 Annual Report . . . says that a royalty review was completed, focusing on the royalty structure and competitiveness. The brief description concludes that Alberta's royalty regimes "successfully encourage continued development while collecting a fair share of resource development profits."

That's what the annual report of a government department said, a report submitted to this Legislature.

4:40

The Auditor General goes on to say, "While the department did technical work during that year, no detailed cross-commodity internal report supports this assertion in the Annual Report." Nothing the department did supports the assertion made in the annual report. I think, Mr. Speaker, that there could well be a point of privilege on that as well. It raises the issue of trust, doesn't it? If we actually have as MLAs annual reports being submitted to us that we cannot believe, then how can we hold government to account? How can ministers do their jobs?

This report, meaning the Auditor General's report, goes on again and refers to the 2004 royalty review, the cross-commodity royalty review and assessment from December 20, 2004, the 2005 royalty review, and on and on it goes.

It also refers on page 107 of the Auditor General's report to "an 'Executive Committee Decision Request' dated October 4, 2005. In this 'Request', the Department described a Sustainability Levy with higher royalty rates." It goes on to indicate that "the 'Request' itself indicates that the 'minister decided not to go forward'." What in the world would possess a minister of a democratically elected government to not go forward on the advice of his own department to collect further billions of dollars that rightfully belong to the taxpayers?

I could go on and on, Mr. Speaker, but the crucial – crucial – evidence here is that for seven years this government has willingly forgone billions of dollars, has willingly and deliberately overruled its own officials. We need to get to the bottom of this. We need to understand why.

The work of the Royalty Review Panel I think is commendable. I will openly admit that we were skeptical when that panel was appointed. We challenged them. We raised concerns about the interests and background of the panel members. They exceeded our expectations. We took the process seriously enough as the Alberta Liberal caucus to actually make a submission to that panel, something that the third party did not do, and I'm not sure that the government did either. But we took the process seriously enough to make a submission. We also, after the panel submitted its report on September 18, took enough time to arrange a conversation with panel members because we thought it required that. Our position is that the destination set by the Royalty Review Panel was a good destination, that royalties need to rise, and they need to rise overall to the levels established and recommended by that Royalty Review Panel.

The details of how we get to that destination need to be sorted out, and as time progressed, even the panelists themselves began to agree that there was room for debate there. Perhaps we do need to go a little softer on the gas sector until their downturn is sorted out. Perhaps we need to treat different wells in different manners. Certainly, we need to be alert to environmental concerns, and this was one of the first things that struck me. There was not an environmental component to the terms of reference given to this panel. We have the idea that Alberta should perhaps become the upgrading capital of North America. We need to ask ourselves: do we want that burden placed on our rivers and our lakes and our air and our land?

Mr. Speaker, I'm running out of time. As I said at the beginning,

10 minutes is not enough. But I do believe that all of us, regardless of what side of this Assembly we stand on, need to take our role as trustees very, very seriously.

Thank you.

**The Speaker:** The hon. Minister of Advanced Education and Technology, followed by the hon. Member for Edmonton-Beverly-Clareview.

**Mr. Horner:** Well, thank you very much, Mr. Speaker. It's a pleasure to rise today and speak to what is probably a fundamentally critical issue for all Albertans for the next generation, for the next several generations to come. There's no doubt in my mind that 10, 20 years from now the royalty framework may change again, just as it did in the past decades. It has changed several times over the past several decades. There will always be a need to go back and review and take a look at whether our policy is doing what we intended it to do.

As the hon. Minister of Employment, Immigration and Industry pointed out, 30 years ago, when my father stood in this House, they developed a royalty framework that was to encourage investment and exploration and create jobs. Certainly, Mr. Speaker, you have seen a number of different iterations of that royalty framework in your time in this House, and I'm sure the generations to come and perhaps future generations that might even be related to me might be standing in this House talking about what his dad did or didn't do in the year 2007.

The important thing that we have to understand is that no policy should remain stagnant if it is not meeting the objectives or if it has met those objectives. I would suggest to you, Mr. Speaker, that in 2000, 2001, 2002, 2003 – the hon. Leader of the Official Opposition suggests that there was discussion that maybe the royalty framework should have changed then, but I don't think that we had \$90 oil in 2001, 2002, and 2003. In fact, I think the oil was probably hovering, I seem to recall, somewhere in the \$10 to \$20 range at the time.

Certainly, when you take a look at the exploration for deep gas and the exploration for shallow gas, there are a number of issues that had to be addressed in the '04, '05, '06 time period, which is why my understanding, Mr. Speaker, is that it took almost two years to really come up with the right incentive to ensure that we had drilling rigs exploring for those deeper, unconventional types of resources.

There's a need to ensure that our policy is adjusted over periods of time. There's a need that we want to ensure that there's investment by our partners in this. We as Albertans are the owners of the resource, but we need partners. We need partners to help us to achieve the results from those resources. To talk about different numbers, 1.4 or 1.8: Mr. Speaker, those are numbers that are based on assumptions on what the market may or may not do. They're numbers that are assumptions that are based on what the production may or may not be.

"Is it the right framework?" is the question we need to ask ourselves in this House. Is it the right framework that is going to deliver on the next-generation economy that we want for the next generation of Albertans to enjoy the same prosperity that we have here today, to enjoy the same kind of prosperity as when Premier Lougheed introduced his royalty framework? During the '70s we had tremendous prosperity in this province as well. Is it going to be the right type of framework that we're going to have 20 years from now or 10 years from now to establish what our Premier is talking about as being that next-generation economy that's knowledge based and that will be the thing that will carry us forward for the next 20 or 30 years? The truth is, Mr. Speaker, that we'll be an energy province for hundreds of years to come, and these types of questions will be asked in this House 10, 20 years from now.

The question that's before us as to whether or not we should introduce legislation today or this session: I think, really, the Minister of Energy answered that quite clearly, and others in this House have said it as well. The panel even recognized that it will take time for these types of changes to be put into the system, into the infrastructure of the computer systems, the monitoring systems, the audit systems, exactly what the Auditor General was talking about.

The hon. members opposite talk about rising prices and that we should take as much of those rising prices as we possibly can. They seem to neglect the fact that there's a difference in the costs as well. As prices have risen, so, too, have the costs of exploration, even on what one might consider to be the easiest ones to get to.

The hon. Leader of the Opposition used the example of the fact that perhaps we were property managers of some sort. If his party was the property manager, based on that type of analogy, they would have raised the rent so high that none of the tenants could afford it, and they would have left. That, Mr. Speaker, would be the problem in raising the royalties so high that no one would invest; they would leave. He mentions that there was a document produced by the department that talks about: well, you could raise them if you thought that was the right policy to proceed with. That's like listening to the maintenance janitor say: well, I think the tenants could handle a little higher rent, so you might as well raise it.

I think, Mr. Speaker, that what's happened here is the government of Alberta, on behalf of all Albertans, has taken a very serious, long, hard look at what the policy was – what its objectives were intended to be, what the policy should be, given our Premier's vision of that next-generation economy and greening our growth and creating opportunities for young people today as well as young people 10, 20 years from now – and looked at the type of framework that we need. We've come up with a framework that works.

4:50

It was this Premier who made this a question of public debate. You will recall earlier this year, during the leadership for the Progressive Conservative Party, all of the leaders and, in fact, the opposition talked about having a royalty review. It was this Premier that said: we're going to make a royalty review, and we're going to make it public the day we get it. I don't recall, and I don't believe that there's any other jurisdiction that has had such an open and public debate about our share or Albertans' share or that jurisdiction's share. In fact, I think this is the only jurisdiction that has had this type of debate for this period of time about what a government was going to do as it relates to royalties or even taxes. It's not normally the case, and I think the Premier should be given the kudos and the recognition he deserves for the fact that he has brought all Albertans as shareholders in this province together to talk about what they believe is their fair share.

I can tell you, Mr. Speaker, in my riding I heard a lot of: "Yes, we should raise the royalties, but be careful. Be careful that you don't stifle growth to the point that we start to lose the jobs." That's what, really, this is all about. We had to come up with a balanced approach. The hon. members opposite talked about 20 per cent being soft on gas. I believe the hon. Leader of the Opposition talked about recognizing environmental issues, and that's exactly what we did. I would think that he'd be extremely happy about that.

I'm a little concerned when the hon. Leader of the Official Opposition starts talking about sending jobs to other provinces and having upgrading done in other jurisdictions. I don't quite follow the economic development potential of telling investors, "Don't invest in upgrading in Alberta. Take it somewhere else. We don't want it," especially when we can do it in an environmentally

friendly way. We've talked about how we can do that. We're doing research in that area, considerable research, I might add.

The NDP, on the other hand, would simply suck all of the dollars out of the exact people who we will need to have invest to get the resources out of the ground. Ergo, you wouldn't have any resources coming out of the ground. If we don't maintain Alberta as an attractive place to invest, they won't, and you won't receive any royalties at all. Careful consideration of all of these types of policy questions needs to be done, and we've done that, Mr. Speaker.

It's interesting that the Leader of the Official Opposition also talked about some of the comments that, perhaps, were made when the Premier announced the royalty review. Well, in fact, Mr. Speaker, the Liberals first trashed the process of the royalty review. Then they trashed the panel members. Then they trashed the report before it even came out. Then when the Premier made good on his commitment to release the panel's advice right away, within hours of receiving it, within hours of seeing it, the Liberals said: "My God. You have to implement it right away. It's a great decision." Now they're backing away from even that. They claim we lost a considerable amount of money over some sort of period of time, yet they fail to recognize that prices and markets have changed. Had they made a royalty change in 2000, it would have made a change in the royalties that you were going to receive in 2006. There has to be some recognition of the fact that being an armchair quarterback and looking back with hindsight certainly makes a good sound bite but probably not very factual.

The NDP have been claiming that we haven't been taxing or grabbing enough for 30 years. I find it interesting that what the opposition is talking about is: well, you could have had this much; therefore, you must have lost it somehow, somewhere. That's like saying: well, the NDP would have taxed considerably heavy on the – am I running out of time, Mr. Speaker? Well, the interesting fact here is that if you take the difference between what Conservative policies on tax and royalties have been – oh, well. Gee, I needed more time.

**The Speaker:** The hon. Member for Edmonton-Beverly-Clareview, followed by the hon. Minister of Environment.

**Mr. Martin:** Well, thank you, Mr. Speaker. I was waiting with bated breath to hear the end of that speech, but I guess we'll have to wait for another day.

Mr. Speaker, just to make a couple of points. First of all, it's been alluded to; even the government members have said it, but I don't think they really believe it. The fact is that the resources in the ground were not put there by the Conservative government, contrary to what they talk about in their economic strategy. They did not put the oil sands there. These resources are the people of Alberta's. Plain and simple. It's Alberta's resources, not the oil companies', not the Conservative government's.

The point was made, and I'd like to enlarge on it. The Leader of the Opposition alluded to it: as business people we the people of Alberta should be trying to get the best return we can. Obviously, we recognize that companies that are drilling or working in the oil sands have to make a reasonable profit – and I stress "reasonable" – but being the owners of the resource, it is not our job to make them wealthy beyond any belief. Just look at what the companies have taken home recently, the major oil companies. It's unbelievable the types of profits that they're making. You know, while some money is rolling forward to us, especially with oil and gas, the conventional oil and gas is running out. We've lost that, Mr. Speaker. That's the bottom line that we must remember as the owners of the resource.

Now, you can't undo the past, Mr. Speaker, but to come back to the Auditor General – this is not the opposition; this is not anybody

else; this is the Auditor General of the province of Alberta, that's paid to look into these matters. He said very clearly that the Energy department staff have been considering royalty changes since the year 2000, and at least three years ago they concluded that Alberta's share had fallen to unacceptable levels. Well, if three years ago they had fallen to unacceptable levels, with the price of oil going up, we can only imagine how much more unacceptable it is today. We've sat on this for seven years, or at least three, to be fair. The Auditor General is saying – again, not the opposition – that this is money that should have been flowing into the Alberta treasury – it's the people of Alberta's money – but it didn't. We missed it, and that's a serious matter. That's the possibility of billions of dollars that should be in the Alberta treasury.

Mr. Speaker, then we've had the royalty review go around, hand-picked by the government, and they came back and said something very similar. They said that we should move on this fairly quickly because we're losing a lot of money. Again, this was not, you know, the opposition that appointed these people. These were business-people that sat down and looked at what they thought was a fair result. Now, I believe – and they said it – that that was a compromise position that they gave at the time. They talked about \$2 billion more as being a compromise, and they were comparing to other jurisdictions. When we look around anywhere else in the world, this is a sweet deal for the oil companies, no doubt about that, and they said that this is a compromise. Well, the Premier has sort of had a compromise of a compromise although he says that that's not the case. Well, very clearly it is.

But, you know, what's worrisome – and I come to the crux, Mr. Speaker, of what we're talking about in the emergency debate. They say: oh, this is so complicated; we're going to have to wait. In the meantime, if the Auditor General is right, we're not going to be doing anything here until starting in 2009, over a year from now, and then the full impact of even what the Premier is pushing forward as being his compromise of the compromise wouldn't even start until 2010 January 1. If the level of return three years ago was unacceptable according to the Auditor General and we know that the price has gone up now and that, as I said before, that would make it even more unacceptable, think about what's going to happen in the next year or two years.

5:00

Everybody is predicting that the price of oil is going to go up. Nobody can predict with certainty, but you now hear people saying \$100 a barrel and some people speculating that with the world situation it could be \$120 a barrel. Now, as the owners of the resource shouldn't we be getting some of that in the next year and a half? It wouldn't have taken that much. They had a whole six months to go through the royalty review. We've had a couple of months. They could have at least brought something forward to this Legislature that recognized this particular fact, and they haven't done so.

The reality is, too, when we look at the timing – Lord knows, I don't know when there's going to be the next provincial election. Who would even speculate about the next provincial election? But I would wager that there's going to be one before January 1 of 2009, when this starts to come forward. I would wager that, Mr. Speaker. I hope I'm wrong, but that's in the next year. That's a year from now, 2009. I would wager that there would be an election by then at least. Now, the Premier sort of alluded to: they would monitor this situation. They would monitor it. I'd just say, even with the little bit that we're getting now, that if this government is returned, there could be a lot of different changes by the time we begin to deal with this. That's why we should be dealing with this now, and that's the purpose of the emergency debate.

You know, Mr. Speaker, there's one thing that we should do. I know both parties won't like this, but we should not have the influence of big money in politics. The federal government has done it, and the Manitoba government has done it: taken out the idea that unions and corporations could donate to political parties. Actually, that creates some of the problems that we're in.

I know that the government and the Liberals probably think: oh, they just do it because they love us. They do it for a reason. They do it for influence. They do it for influence, Mr. Speaker. If this government was truly concerned about the democratic deficit, we would be looking at that, as other provinces are doing. It works well for them. I notice that the Liberals collected \$250,000 from the corporate sector; the Tories, \$600,000. I know that all this money just flowed into the coffers because they're good people and they just want to help out the democratic process. Well, even this government must recognize that this is important. It's not only the money; it's the influence that's there. I would argue vehemently with anybody that that's the reason we've had the royalty rates that we've had, because of that influence. I think that we should take a look at this democratic deficit. As I say, both parties, the Liberals and the Conservatives, are running over themselves trying to collect money from major corporations, especially oil companies, who are the biggest ones here. I just say that that's plain, plain wrong.

You know, the idea that all these people are going to pick up and go, these corporations – the minister of intergovernmental affairs said that Alberta is going to be the peak in the world, that we now will have that influence in the world because of our oil sands. Do you really mean to say, then, that if they're not paying their fair share, they're all going to leave? Of course they're not. We can have the debate about: what's a fair share? We think the minimum was what the panel came forward with, but we think we could even get more, and it still would be fair compared to other jurisdictions.

I know the government members are disappointed, but I think my time is up. Thank you, Mr. Speaker.

**The Speaker:** Hon. members, the following six will be worked in, hopefully, before the adjournment time: the Minister of Environment, followed by the Member for Calgary-Varsity, then Lethbridge-West, then Calgary-Currie, then Calgary-Nose Hill, then Edmonton-Calder. The maximum speaking time: 10 minutes. Anything less than that allows more members to get in, and there's a list that long.

**Mr. Renner:** Thank you, Mr. Speaker. I'll do my best to stay under the 10-minute limit. However, this is a subject matter that is complex. Others have made reference to the fact that 10 minutes is hardly sufficient time to deal with this issue and its complexity.

Mr. Speaker, that really is, in a nutshell, the difficulty that I have with this discussion today and have with the intent of the Standing Order 30 that came forward from the NDP opposition. It takes what is an extremely complex issue, and it tries to almost trivialize it by putting a very complex issue into a very simple statement. Basically, what it says is that the government should introduce and pass legislation immediately. Well, many other speakers have spoken before me. The Minister of Energy, I think, probably gave the best explanation about why that's inappropriate, that there are a good deal of considerations that need to be taken into account with respect to legislation. If it were only so easy to simply introduce legislation and pass it immediately and the world would be perfect tomorrow, I think a whole lot of things would happen differently around this place.

But you and I know, Mr. Speaker, that it's never quite that simple, that there are often huge considerations that need to be made. It's not good enough just to pass legislation; it has to be workable legislation. It has to be legislation that is implementable. On both

counts there is a great deal of work that needs to be done. First of all, there needs to be a great deal of time and effort go into the development of that legislation. Then there will have to be, again, almost a total rewrite of the necessary software applications that will allow for the implementation. I'm not going to get into a whole lot of further discussion, for that simple reason, of why this motion that's before us is inappropriate.

What I want to spend some time talking about is the premise, the assumptions that are made, that have been made throughout some of the debate today by members of the opposition, not just the NDP opposition but the Liberal opposition as well, that somehow there is money that was left on the table, that somehow the government should be held negligent because money should have been collected by increasing royalty rates earlier than what was done. I think it really comes down to an issue, Mr. Speaker, of determining and distinguishing between "could" and "should." They're words that are very, very similar, but they have distinctive, different meanings.

So when someone points out that the government could have raised significantly more revenue if it had changed the rates earlier, that's true. That's absolutely true. The government could do all kinds of things. Every day I get people coming to me telling me that the government could or in some cases perhaps should be doing something that is going to result in either changing environmental outcomes, in the case of my ministry, the Ministry of Environment, or changing – it doesn't matter. We go down the row of ministers at this table. Everybody – our staff, the public – comes to us on an almost daily basis with suggestions, sometimes very well thought out position papers, that suggest that we could or should be doing something different.

5:10

What the opposition doesn't seem to comprehend is that simply because something could or perhaps even should be done, it is the responsibility of the government to dictate the policy, to determine the policy, to have that in-depth discussion because whenever some suggestion is made to change policy, it will result in one particular outcome, but it could also result in a number of other unanticipated consequences.

When someone comes to me and suggests to me that I could be tremendously reducing the amount of greenhouse gases, for example, Mr. Speaker, that are emitted in this province by simply restricting or limiting or ending any further expansion of oil and gas in the oil sands in particular, that's true, and I'm sure that there are many that have well-documented dissertations suggesting that that could or should be the case. But, clearly, there would be consequences of that, and the consequences, I would suggest to you, would be rather dramatic. Instead, it's the responsibility of the government to consider what the consequences are, to consider both sides of any issue before carrying forward.

When someone suggests that the Energy minister could have or should have realized that there was all kinds of money being left on the table, that somehow he is negligent or that the government is negligent, quite frankly I think that that is simply illogical. The responsibility of government is more than considering one particular side of any one issue. The responsibility of government is to consider what the implications are of adopting any new policy.

That being said, our new leader, our new Premier, after hearing from Albertans over an extended period of time that the government should review our policy with respect to royalties, made that one of his first acts after becoming Premier. He appointed an independent commission to do just that, to review the policies, and they did an excellent job. But, Mr. Speaker, they're not the government. They're not the ones that are responsible for considering all of the ramifications, all of the implications of adopting a new policy.

That's the responsibility of the government and the government caucus and the members of this House, that have been elected to make those kinds of decisions, and ultimately the responsibility of the members of this House when the government comes forward with the appropriate legislation for implementation.

That's the accountability, Mr. Speaker, and that's, quite frankly, the reason why this discussion that we're having this afternoon, while interesting, somewhat engaging, is really missing the point. The point of the matter is: what can we or should we be doing with respect to implementation of royalty reviews? The Premier set about a process, which is now about halfway through, maybe three-quarters of the way through. The policy has been set by government. Now it's up to the Legislature, and it will be up to the Legislature in a time period that's appropriate, that allows for the development of the legislation, the implementation of the legislation, and all of the various necessary safeguards to ensure that we have the capacity within our jurisdiction to be sure that the implementation of that policy is accurate and correct.

Mr. Speaker, wanting to abide by your earlier suggestion that less might be better, I think I'll conclude my comments there and encourage any other members who wish to speak to do so.

**The Speaker:** Hon. minister, that was less by three seconds.

The hon. Member for Calgary-Varsity, followed by the hon. Member for Lethbridge-West.

**Mr. Chase:** Thank you very much, Mr. Speaker. I appreciate the opportunity to participate in this royalty debate regardless of the fact that it appears orchestrated.

The minister of advanced education without the benefit of a water inventory has indicated that there is sufficient water for all the in-Alberta upgrading and extraction. We Alberta Liberals don't share his view.

The Minister of Environment indicated that there is a difference between could and should. There's not only a difference between could and should; there's also a difference between did and didn't. The ministry did receive advice to increase royalties from their own department experts but didn't. That was negligent.

As early as 1994 the price of oil and gas had risen to the point that a surplus approaching \$1 billion was recorded. Despite this early indication that the value of our nonrenewable resources was increasing, former Minister of Finance Jim Dinning ripped a page out of Finance minister Sir Roger Douglas's plan that had such a detrimental effect on both the economy and the people of New Zealand. Mr. Dinning introduced totally unnecessary, draconian cuts to public education, advanced education, seniors, social services programs, health care, roads, and infrastructure. It is important to note that the \$23 billion debt that the government was so guiltily anxious to pay down, no matter what the cost to people and programs, had grown due to Conservative government mismanagement, the same type of mismanagement which remains rampant today.

To his credit former Premier Lougheed, a rare, enlightened Conservative leader, realized both the need for increasing royalties and setting them aside in the form of the heritage trust fund to create a future savings fund that would serve as a buffer, a replacement revenue source to draw from when conventional oil and gas revenue had peaked, as is the case today. Premier Lougheed recognized the necessity of investing in the extraction of another source of nonrenewable, predictable, stable energy, specifically the oil sands. Peter Lougheed also had the foresight to recognize that there had to be a balance struck between the economic value of the resource and the effect of its rapid extraction. Mr. Lougheed must have watched in disbelief and silent horror as his successors raided and undermined the heritage trust fund to the point that due to the combined

ravages of inflation and the lack of contributions, despite years of billion dollar surpluses, the fund is worth less now than when he left it.

These billion dollar surpluses, fuelled by the rising value of our nonrenewable resources, made these rapid cuts of the 1990s completely unnecessary. Half of Calgary's hospitals didn't need to be closed or blown up. Doctors, nurses, lab technicians didn't need to be driven to the States. University seats didn't need to be closed. The pain that was supposed to be short-term continues to have fallout ramifications felt daily across this province. Schools could have been built in the 40 Calgary communities that are currently without. The defrayed maintenance budget of the Calgary school boards would not be sitting at over half a billion dollars.

What compounds the draconian cuts of the 1990s is the failure of this government since 2000 to collect, according to both the Royalty Review Panel and our Auditor General, royalties worth between \$6 billion and \$12 billion. Not only was the government-inflicted pain in the 1990s unnecessary, but had the government, the majority of whose members opposite have been in this House since or before 2001, collected the money due and properly managed the boom, we wouldn't be facing the problems of homelessness, hunger, poverty, and illiteracy most commonly associated with a depression.

After 36 years it's time for a change of government. It's time to restore the faith of Albertans in the democratic process. It's time to strike a balance between the economy and the environment. It's time for a man with a plan. It's time for a Premier from Edmonton-Riverview. It's time for Taft.

5:20

**The Speaker:** Well, over five minutes and 14 seconds left on the table, which is appreciated. There were no points of order, which is even more appreciated.

The hon. Member for Lethbridge-West, followed by the hon. Member for Calgary-Currie.

**Mr. Dunford:** Well, I want to begin by thanking the previous speaker. I was starting to forget that I was in a House of parliament, where there is confrontation usually at all times. The speakers on both sides of the House up until the Member for Calgary-Varsity I thought were staying on topic, trying to deal with the particular issue, I guess, in their own particular way.

I'd like to use my time to try to get us back to that particular methodology. One of the reasons that I want to do that is that up until today I found that there was difficulty in discussing the royalty situation because emotion came into it so rapidly. I was reminded of some of the discussions, some of the focus groups, some of the town halls that I arranged and went to during many of the health care debates. What this House needs more than anything, of course, is not just heat, but we need light as well, and I think we've heard from many of the speakers today from both sides of the House trying to provide that.

What I am worried about more than anything, though, is that we don't analyze this thing to death. It's been my experience quite often that analysis leads to paralysis. I think we have a situation here where the Premier has pointed out the direction that he wishes this government to take. I think that there has been a general agreement amongst the silent majority out there that he has found the balance. I'm not sure of that because they are the silent majority, and then by definition they're not phoning me. But the ones that are calling me have a particular interest, and it's clear that they're the usual suspects that we hear from. Neither of them like it, you know: either for or against. Maybe what we have here is one of those affectionately called Canadian compromises, that we've actually done the right thing because nobody would particularly like it.

One of the things that's made me focus today has been the tremendous advantage of hindsight. I don't think there is any question for the people that were here in 1995 that if we could have seen what was going to happen in 2007, we might have done things a little bit differently. I'm proud that in 1995 I was at the table when the discussions around oil sands took place. I was proud to be a part of that discussion, and I was able then to listen to the various ideas, thoughts, reasoning that went around it.

The overall objective at that time, of course, was on one side monetary because we were still wrestling with a deficit and had that huge debt that we knew we were going to have to deal with. We felt that it was going to have to be some kind of an arrangement to attract investment in the oil sands. The way you attract investment is: you are competitive. Being competitive, of course, doesn't mean that you're stuck in the middle somewhere. If there is a list of countries that provide royalty arrangements, you're not in the middle. You want to be at the low end. You want to be competitive to get the investment. Even in today's time, now, with the benefit of hindsight we can see that it worked. In fact, I can talk about a situation where, not in '95 but after 9/11 in 2001, there was a situation in the financial markets, in all of the upheaval and concern that that particular event brought on us, and again a huge downturn in the particular markets. It directly affected the ability of this government to perhaps meet what was then an ambitious budget target.

There were discussions, and we asked various pools of talent that we have inside our government to bring scenarios to us. Of course, as experts will do, you bring a scenario that is likely what is going to happen over the next five to seven years. You get a worst-case scenario, and you get, then, of course, a best-case scenario. I remember, particularly, how optimistic I thought the best-case scenario was. I can remember sitting in my chair and thinking: "You know, that's too optimistic. I mean, there's no way that we can count on that kind of a thing." The optimism was \$45 oil. Our previous Premier, in talking about how there wasn't a plan for the major growth – I can say that there were none of us here that would have been able to plan for that kind of growth. In fact, Mr. Speaker, I would suggest that if those experts that came to us in 2001 had come in with a best-case scenario of \$90 oil, I don't think they would have made it out of the room with their jobs. I mean, that just would have been so unrealistic.

For the major part of the time that we're discussing here today, the record should show – and I think that it does – that what was done in 1995 was not only appropriate. It was extremely beneficial to the people of Alberta, and the numbers, of course, define that. If you look at a chart showing the parabolic increase in the price of oil, now, of course, it doesn't look so hot. So what we've had is that there's been a change of leadership. The new leader takes a look at it and says: hey, I want a review. The review was done, and it was released, and now it's time, you know, for people to react.

To go back into the Auditor General's report where he talks about how officials were saying this – officials should say this. I had almost 10 years of experience as a cabinet minister in this government, and I always wanted scenarios. If I didn't have some part of the department pushing one way and another part of the department pushing another way, how was I ever going to tell what it was that I should be bringing forward to my caucus colleagues? Debate inside a department is just as expected as it is in this particular House. It's not unusual for me to imagine that there would be officials in Energy saying: look, you can get more. In fact, I'd suggest that if there weren't some officials in Energy saying, "You should get more," then we ought to have been looking at what kind of corporate culture we had within that department.

There should be a healthy debate also inside departments about

what it is that they think that the policy-makers should do. I use policy-maker deliberately because there is the difference. The difference is that administrators administer, of course, and then they bring forward their thoughts, their ideas to the policy-makers. That, ladies and gentlemen, is people that are inside this room. The policy-makers are on the government side, and then the people that want to challenge the policies, of course, are the opposition. They're doing that today and doing it admirably, and I congratulate them for that. But that shouldn't deflect us from seeing, not keeping our eye on the ball on this thing. The world has changed. We have \$90 oil. We have a situation where time needs to change. We need it done by January of 2009.

5:30

**The Speaker:** The hon. Member for Calgary-Currie, followed by the hon. Member for Calgary-Nose Hill.

**Mr. Taylor:** Well, thank you, Mr. Speaker. I want to thank the hon. Member for Lethbridge-West, as someone who sits on the opposite side of the House and challenges the policy that the policy-makers produce, for that insight into the inner workings of cabinet and its relationship to senior public servants and administrators and the insight into the corporate culture of the Department of Energy and other government departments. It will come in handy someday soon, I think.

The hon. Member for Lethbridge-West makes, I think, some very good points with which I would not argue. I understand that the world and Alberta's place in it in 1995 was and looked very different from what it does today. Having been in the media and covering those sorts of issues and events throughout that period, I think I understand how the hon. member and his colleagues back in the day came to the conclusions that they came to. I understand, as we fast-forward to 2007, how different the world is, how different Alberta's place in the world is, how different it looks, and I understand that that prompted the new leader of the governing party to commission a royalty review and make the results of that review public on the day that he got the report. I commend the Premier for doing that.

What I don't understand, Mr. Speaker, is the intervening 12 years and especially the last seven of those 12 years. Given what the Member for Lethbridge-West had to say about the need for a yin and yang, differing points of view within a government department and how that's healthy and how that shapes better policy, it doesn't change the fact that the Auditor General identified that for the past six or seven years on an annual basis the department's advice to the minister and to this government has been to raise royalty rates because those administrators, although they are not the people who should be making the policy, are the people who advise and give good advice to the people who make the policy. Those administrators saw a shifting landscape, a changing landscape, a changing reality.

I believe that somebody in the House earlier today talked about a paradigm shift. I'm not sure that that's the appropriate way to describe it, but a paradigm shift usually means a pretty significant, near seismic shift in the way things are. Certainly, from 1995 to \$90 a barrel oil today: I think you could say that that's neo-seismic, at least. I guess the question that continues to plague me is how it was that we spent the last – I won't go back till 1995 – seven years, how the government spent the last seven years, in the face of the advice that it was getting from its bureaucrats, from its administrators, not seeing the change in the landscape, not seeing the approaching lights of the oncoming train, not seeing and seizing the opportunity.

Now, before you get all up in arms about this opposition guy saying "seizing the opportunity," I'm not doing a Hugo Chavez on us here. I'll leave that to the third party. I'm not suggesting that we

should go out and nationalize the industry or jack up royalty rates by 90 per cent because, you know, we can probably squeeze that much blood out of them or anything like that. I do think and certainly my constituents tell me that a balanced, well-thought-out approach to this that balances the need of the people of Alberta to get their fair share and the need of the industry, which generates so much economic activity in our province and which is responsible for so much of the wealth that we enjoy today, the need of the industry that develops the resources that we own to be able to continue producing a prosperous economy for the people of Alberta.

None of that, though, changes the fact that we the people own the oil that the Almighty in his/her infinite wisdom decided to put under our feet rather than under the feet of somebody else. We have a responsibility in this House. Whether we're members of the governing party, members of the Official Opposition, members of the third party, members of the fourth party, or sitting in this House as an independent, we have a responsibility to those people to strike a good, fair, and balanced deal that results in the people of Alberta getting our fair share.

There is one point that I wanted to pick up on, maybe a couple if I have time, Mr. Speaker, and that's the notion of what we do going forward as the royalty regime changes, what we do not only with the extra revenue that comes in and how we manage and steward that properly but how we steward and manage the environment properly as well. There seems to be – now, this is on the part of the third party – this notion that the government would ship all the raw bitumen that it possibly could to the United States of America and that we evil Liberals, quote, unquote, would ship it all to some other part of Canada. I'm only expressing my personal opinion here, but, you know, if I can't do it at home, I'd rather enrich my Canadian brothers and sisters than enrich a foreign power. That's why I would rather see upgrader activity happen in British Columbia or Saskatchewan or Manitoba or whatever.

Mr. Speaker, that only makes good sense. We cannot, in our view in the Alberta Liberal caucus, develop all the upgraders that we could possibly use to process our bitumen in the province of Alberta and not do serious, irreparable damage to our environment. We need to share the pain, we need to share the gain with the other western provinces in Canada, and I think that's a vital, vital thing going forward.

I'll leave it at that, Mr. Speaker, and give others a chance to participate. Thank you.

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

**Dr. Brown:** Well, thank you, Mr. Speaker. It's a pleasure to have the opportunity to join the Standing Order 30 debate of the hon. Member for Edmonton-Highlands-Norwood. I want to speak specifically to the motion. The motion speaks of "the failure of the government to promptly introduce and pass royalty legislation to prevent the loss of billions of dollars to the public treasury."

The first point I want to make, Mr. Speaker, is that there has been no failure of the government to act promptly because it is, in fact, a matter of great public importance. It certainly must be something that must be dealt with with promptness, but that promptness must be measured also by the fact that it is of great importance. Not only is it a very complex issue in terms of the royalty regime itself, but it's also very complex in terms of the economic consequences which flow from any alteration of that royalty regime.

In my respectful submission, acting promptly was exactly what was done by this Premier. The Premier promptly fulfilled his commitment to the people of Alberta to review the province's royalty system. He appointed an independent panel of experts. He

gave them a mandate to thoroughly review the system. The panel of experts, I might add, which was seen as too biased in favour of the oil and gas industry by certain members of the opposition parties, was given a very broad mandate by the Premier to review the whole of Alberta's royalty regime for the oil and gas industry. They were given a mandate to review many aspects, including how we in Alberta compare to other jurisdictions; whether or not sufficient sensitivity is present in the royalty system to market conditions; whether the regime in the oil sands, which provides for revenue less costs, is an optimal regime; whether the various programs that we have for oil and gas are appropriate in the circumstances and whether they should be changed; and how the existing resource development should be treated. Also, the mandate included the examination of the economic and fiscal impacts that any changes might have.

5:40

The Premier gave the panel a very broad mandate. He gave them a limited time in which to respond. They came back within six months. The turnaround time, I would suggest, in view of the mandate was very short, so one could not say that there was a failure to act promptly in that case. Not a lot of time to hold public hearings, and there were 220 submissions made, as my hon. colleague has mentioned. That report was issued, then, consisting of 103 or 104 pages. The panel did make recommendations in the form of a report, which was called *Our Fair Share*, and again that is someone's opinion of what is fair. It's not based on science or certitude, but it's based on what is, in effect, a political judgment.

Again, speaking to the alleged failure of the government to act promptly. What did the Premier do when he got the report? He released it the same day. There has been criticism in the past that reports were not made public promptly, but it certainly couldn't be said of this report, where it was immediately released to the public for public comment and criticism.

After the report was released, within a very short time further consultations were undertaken both within the Department of Energy, by the Deputy Premier, and by other interested parties. A wide range of input was received with respect to reactions to the royalty regime and what some of the economic consequences might have been. Certainly, we've seen a great deal of that not only in the media, but the criticism has been made from both sides within this House during question period today. It would be my contention that the government certainly acted promptly in taking all of that input and bringing forward the plan, which is now being made into a new royalty framework, which the Premier has presented to the province in conjunction with the Minister of Energy.

Now, as to the legislation which the motion speaks to, other speakers have already made the point that this legislation and regulations flowing therefrom are not a simple matter. The regulations and legislation that needs to be drafted, as I understand it, are 11 in total. But one must also consider that not only do the law and the regulations need to be changed, but there has to be the imposition of a new economic regime, and a financial regime entails a lot of changes. New accounting software has to be developed both within the Department of Energy and by private industry. People have to be trained. There has to be a transition. These things do not happen overnight, so I would suggest that the accommodation in terms of introducing the legislation in the spring session is certainly not a failure to act promptly.

A second point that I would like to make, Mr. Speaker, with respect to the motion is the idea that there have been some lost royalties. The speculation of the lost billions of dollars: well, in whose opinion is there a loss of billions of dollars? The fact is that the assertion that is made that there is a loss of billions of dollars is

based on a number of assumptions. The most important assumption that has been made is that all of this activity would have remained unchanged had certain higher royalties been imposed. Yet if one looks at the panel's report, it quite frankly says, "The proposed increase in royalties and taxes will slow the rate of investment in the oil sands." I mean, even the panel suggests that these are not going to have consequences. So if there had been an imposition of a higher regime, it would have had consequences, and all of that activity would not have remained the same.

There have been suggestions that we'd have gotten more money in the government's pockets, but consider the fact that, number one, we had record land sales in the mines and minerals leases. We had a level of investment in the province of Alberta which was unprecedented, especially in the oil sands but also in exploration and drilling and conventional oil and gas. We had the highest employment rate, the highest creation of new jobs of anywhere in the country, growing salaries, billions of dollars in investments in the province, thriving businesses, which generated profits for Albertans and shareholders.

The second point I want to make with respect to these so-called lost billions is that those billions did not simply evaporate. To put it simply, it wasn't taken in by the government, but it didn't evaporate. It was left in the pockets of the corporations, both public and private corporations. The vast majority of those monies were then reinvested in the province of Alberta. People were buying goods and services and recycling those dollars. Our economy has grown, and as a result of the increased economic activity we have more workers, who are paying more taxes. We have more corporations and small businesses paying more taxes on their earnings. So there's a multiplier effect in the oil patch, not just in the oil patch but also in the economy as a whole: house builders, structural engineers, many, many small service companies. And who can honestly say how much less all of those taxes and economic activity would have cost the province than the money that would have been taken in by the treasury if those royalties had been changed? I don't think anybody could predict that.

Certainly, some hon. members have suggested that the failure to act promptly arose before the present Premier and the present Minister of Energy. One could say with some justification: well, that was then and this is now. More importantly, I think one must say that there were many complex pieces of information before the previous Minister of Energy. There were political judgments that had to be made, and those judgments had to be weighed against the economic consequences of increasing those royalties, which were not necessarily all negative.

**The Speaker:** The hon. Member for Edmonton-Calder, followed by the hon. Member for Edmonton-Castle Downs, and all members might want to go take a look at Standing Order 8(3) to determine Thursday.

**Mr. Eggen:** Thanks, Mr. Speaker. I appreciate having an opportunity to speak on this important issue, and I thank you as well for creating the opportunity through the ruling that we had here today.

I just wanted to return to the essence of our Standing Order 30 because, of course, what we're looking for here is a sense of urgency and a sense of prevention. What we're looking for here, as our caucus has been debating and deliberating over this issue for many months and years, is to collect a reasonable royalty rate in a timely manner. Considering that the hydrocarbon energy that we are collecting royalties from is a nonrenewable resource, then we believe that at any given point in time there is a sense of urgency to ensure that we're collecting a reasonable rate of return that is not going to interfere with the smooth operation of our most important

energy industry but also that it reflects the true value of this important nonrenewable resource.

Before I make any comments at all, I think that it's important for all of us to consider this review process to be something that goes on at least on an annual basis. The royalty rate, for example, is brought out with the budget every year in England, in the U.K., and in other countries there is a continuous reassessment of the royalty rates based on market conditions and circumstances as they change over time. So the comments from other hon. members across here are very much appreciated, and I think that by putting together a very concise system, we can in fact address all of those concerns in a reasonable way.

5:50

Besides reviewing royalties on a more regular basis, at least on an annual basis, I would suggest that we look at the terms of the Hunter report and ensure that we put in a progressive sliding scale for royalty rates based on the vagaries of the market conditions and the price of the product that's being produced. By having a progressive system that slides up and down on the royalty rates according to the price that that commodity is trading for, then you're virtually ensuring that you're not going to see the devastation or the distortion of the industry as well at any given time because you are capturing the change in the price with a progressive system to calculate the royalty rates.

I think those two things on a very urgent and immediate basis would serve this House and the people of the province of Alberta very well because, of course, every day that we fail to capture a reasonable royalty return on our hydrocarbon energy resources, we are losing that money. I hear not without some force and some logic people arguing on the other sides here that we didn't lose that money because the regime was different at the time. Well, I think it's important for us, Mr. Speaker, to recognize what is going on around us. This is not planet Alberta. It is, in fact, an integrated part of the rest of the country and North America and the world as well. What we've seen, very compelling arguments and data that's been collected, is that other jurisdictions around the world are in fact increasing their royalty rates in keeping with (a) the value and scarcity of the hydrocarbon wealth that they have at their disposal in their countries and (b) the lack of hydrocarbon, oil and gas, that's available to the world to actually develop.

Let's not forget that here in Alberta this is part of a rarified jurisdiction where the oil and gas companies still have reasonably equal and open access to the commodity in the first place. There are other countries around the world that are nationalizing, and there are problems in different parts of the world where oil and gas is being produced, unstable conditions and whatnot. So we provide here in the province of Alberta a very stable and very appealing place to do business for oil and gas because, of course, we are part of the North American continent, so it is reasonably stable and safe. We are close to the largest market in the world for oil and gas, and we are part of that market, in fact, you know, and finally, we have a very stable product, especially in the tar sands.

Of course, when you drill for oil and gas, although technology has improved tremendously and the geophysics of it has improved tremendously, still you're not quite sure how long that oil or gas well is going to produce, and then one day it runs out. With the tar sands you can make a pretty good estimate of how much more you have and how much more energy and investment you need to get that product out. You can see it there or you can pretty much poke around and find out how much is there.

That provides a stability which I would suggest, and lots of other people are suggesting too, has a premium to it, Mr. Speaker. It has a premium that allows us the certainty, the safety, the strategic place

of our oil and gas here on the North American continent. All of those things have value, and the value must be captured in our royalty regime.

I've been watching this unfold with great interest because, of course, since I was elected and before elected, we had a very active policy to increase the royalty regime here in the province, and I find it with no small dose of irony to see how things have changed very quickly over the last three years. You know, the price has gone up tremendously too, so that's a mitigating factor to some degree. But the point is that we've been pushing very hard over these past three or four or five years to have the royalty review changed, and I think now we're on the cusp of being able to do it.

What I fear, Mr. Speaker, is that we're going to say: okay; well, here is this compromise, and everybody is happy and away we go. Because already from the beginning, when the Hunter report was being presented, that was framed as a very reasonable compromise, to allow our oil and gas industry to continue on making a healthy profit and to adjust to greater royalty rates over time, but during the course of five weeks suddenly the Hunter report went over to an extreme, which I found very disturbing because this was really more the product of spin and communication work rather than reality. So when we saw the government unveil their version of royalty reform, suddenly what was a very reasonable, I think, report that we could live with, certainly, was thrown off into some version of extremism. That was just a misrepresentation of facts and reality, and any time we see that, we're compelled to put our feet down and at least try to resolve that.

This emergency debate that we have here today I think is truly a step in the right direction, and I hope that the public as they continue to become educated on this issue – remember, we're not just passing rules and then hoping that the public will go along with it. I prefer to see it as a continuum of education. People are just starting to understand what the royalty regime does and how this compromised royalty regime won't gain us any more money. In fact, with some changes in the system and changes in the market here in the next few years I would venture to say that we would be capturing less royalties than we are today. Certainly, I'm not suggesting that we capture more royalties at the expense of industry, especially the natural gas industry, because I know that the prices are very unstable there now. But, again, a progressive royalty system based on windfall profits, or the absence of, would solve that problem without a big deal.

It's incumbent upon us to take this royalty debate now, here today, and over the next three weeks as a starting point to come up with a real solution that everybody can live with but also that we can live with ourselves to ensure that we're not spending hydrocarbon wealth for the present at the expense of the future, not just the economic future but for our generational future of Albertans, who will hopefully benefit from the hydrocarbon wealth that we've been blessed with here in the province of Alberta.

Mr. Speaker, I'm speaking just very quickly on a couple of other points that I wanted to bring forward. We believe as New Democrats that this is a wonderful opportunity to have continuous reform and turnover with the royalties. We believe that the urgency will not subside today when we walk away at 6 o'clock but that the urgency will just begin. I've heard some rather spurious arguments about these royalties, and one of the more disturbing ones is that they say: well, the government collects lots of money, and what do they do with it anyway . . . [Mr. Eggen's speaking time expired]

**The Speaker:** I'll now call on the hon. Member for Edmonton-Castle Downs as the 17th participant this afternoon.

**Mr. Lukaszuk:** Well, thank you, Mr. Speaker, and I'm cognizant

that there are only some three minutes left on the clock. But a few comments are I think warranted. I've been listening rather attentively to this debate. If one was to arrive in Alberta and have no idea of what the political landscape of this province is, one would probably very easily conclude that the third party, the ND Party, is the Official Opposition in this province and not the Liberals. Kudos to them for bringing this debate to the House.

It was a rather enlightening debate without a doubt. I have known for a while what the ND position on the royalty review was, but up until today I didn't know what the Liberal position was, and frankly with two minutes left on the clock I still don't know what their position on the royalty review is. However, it would be very irresponsible to force this Legislature and this Premier and our Minister of Energy to now, in a very rushed manner, amend an act and some 10 regulations just simply to implement a policy that will have an impact on generations to come in the province.

Now, I often hear opposition parties arguing that legislation is

passed too quickly, not enough consultation, not enough discussion with the opposition, and now we are encouraged to pass what is arguably the most important piece of legislation that this Legislature will ever face without any consultation. Just put it on the table. As the Member for Edmonton-Centre said: we will give you co-operation to just ram it through the House and implement it without any possible consideration of adverse effects that may occur.

Mr. Speaker, I think the Premier has done an honourable thing. He has made a promise to Albertans to review the royalty structure. He has made a very difficult decision, balancing Alberta's economic growth with what is owed to Albertans as shareholders and owners.

**The Speaker:** I hesitate to interrupt the hon. member, but the time has now come where we must now rise. We will reconvene tomorrow afternoon at 1 o'clock.

[At 6 p.m. the Assembly adjourned to Tuesday at 1 p.m.]

