



Province of Alberta

The 27th Legislature  
Fourth Session

# Alberta Hansard

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Issue 10

The Honourable Kenneth R. Kowalski, Speaker

# Legislative Assembly of Alberta The 27th Legislature

Fourth Session

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Yvonne Fritz	Minister of Children and Youth Services, Political Minister for Calgary
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Cal Dallas	Finance and Enterprise
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Jeff Johnson	Treasury Board (Oil Sands Sustainable Development Secretariat)
Diana McQueen	Energy
Janice Sarich	Education
Teresa Woo-Paw	Employment and Immigration

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Deputy Chair: Mr. Elniski

DeLong  
Forsyth  
Groeneveld  
Johnston  
MacDonald  
Quest  
Taft

### Standing Committee on Community Services

Chair: Mr. Doerksen  
Deputy Chair: Mr. Hehr

Allred  
Anderson  
Benito  
Bhullar  
Chase  
Johnston  
Notley  
Rodney  
Sarich  
Taylor

### Standing Committee on the Economy

Chair: Mr. Bhardwaj  
Deputy Chair: Mr. Chase

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

### Standing Committee on Health

Chair: Mr. McFarland  
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Groeneveld  
Horne  
Lindsay  
Notley  
Quest  
Sherman  
Swann  
Vandermeer

### Standing Committee on Legislative Offices

Chair: Mr. Mitzel  
Deputy Chair: Mr. Lund

Bhullar  
Blakeman  
Campbell  
Hinman  
Lindsay  
MacDonald  
Marz  
Notley  
Quest  
Rogers

### Special Standing Committee on Members' Services

Chair: Mr. Kowalski  
Deputy Chair: Mr. Campbell

Amery  
Anderson  
Bhullar  
Elniski  
Hehr  
Leskiw  
Mason  
Pastoor  
Rogers  
VanderBurg

### Standing Committee on Private Bills

Chair: Dr. Brown  
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Benito	Lindsay
Boutilier	McQueen
Calahasen	Morton
Dallas	Redford
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Hinman	Taft
Horner	Xiao
Jacobs	

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

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Amery	Lindsay
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Leskiw	

### Standing Committee on Public Accounts

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Anderson	Groeneveld
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Dallas	Vandermeer
Elniski	Xiao
Fawcett	

### Standing Committee on Public Safety and Services

Chair: Mr. Drysdale  
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Brown  
Calahasen  
Cao  
Forsyth  
Johnson  
MacDonald  
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Sandhu  
Xiao

### Standing Committee on Resources and Environment

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Deputy Chair: Ms Blakeman

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Berger  
Boutilier  
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Jacobs  
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McQueen  
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### Select Special Ombudsman Search Committee

Chair: Mr. Mitzel  
Deputy Chair: Mr. Lund

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Lindsay  
Marz  
Notley  
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## Legislative Assembly of Alberta

1:30 p.m.

Wednesday, March 9, 2011

[The Speaker in the chair]

### Prayers

**The Speaker:** Good afternoon.

Let us pray. Renew us with your strength. Focus us in our deliberations. Challenge us in our service to the people of this great province. Amen.

Please be seated.

### Introduction of Guests

**The Speaker:** The hon. Member for St. Albert.

**Mr. Allred:** Thank you very much, Mr. Speaker. It's my privilege and pleasure today to rise and introduce to you and to all of the Assembly 45 of the brightest grade 6 students in the province from Sir Alexander Mackenzie school in St. Albert. These students are accompanied by their teachers, Mr. Roger Bouthillier and Mrs. Janet Hurley, and a student teacher, Miss Chantal Fournier. I would ask them all to rise and receive the traditional warm welcome of the Assembly.

**The Speaker:** The hon. Minister of Advanced Education and Technology.

**Mr. Weadick:** Thank you, Mr. Speaker. It's an honour today to introduce to you and through you to members of this Assembly the Alberta Students' Executive Council, or ASEC. This organization has advocated on behalf of postsecondary students in our province for over 29 years. They represent over 120,000 postsecondary students in Alberta from colleges, technical institutes, and universities. ASEC is an active stakeholder in postsecondary education. They work hard to ensure that front-line student issues are clearly communicated to government, and that's what they're here doing this week. This week there are 10 members here, and I'd like them to stand as I introduce them: Carol Neuman, Steven Kwasny, Timothy Jobs, Meghan Melnyk, Kerri Hartman, Jeff Desjarlais, Brady Schnell, Ben Wilson, Martha Affleck, and Jamie Fraleigh. Let's give them a warm welcome.

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

**Mrs. Jablonski:** Thank you, Mr. Speaker. Today it's my honour and my great pleasure to introduce to you and through you to members of this Assembly the members of the Central Alberta Women's Outreach Society. They've joined us here today to tour our beautiful Legislature and to celebrate with us, in a member's statement to follow, their outstanding achievement of opening Julietta's Place.

Mr. Speaker, the Member for Red Deer-South and I would like to thank this dedicated, hard-working group, who work tirelessly to create a safe and supportive place for women and children in transition. They are helping people in Red Deer who are seeking refuge from domestic violence to achieve a better life. I would like to introduce Barb Barber, executive director. Barb, if you would stand. Charlie Turnbull, who is a staff member; Kelsey Steeg; Christina Gagné; Alesia Kossmann; and Danielle Klooster, who is a board member. They are seated in the public gallery, and I'd like

to ask you to give them the traditional warm welcome of this Assembly.

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

**Mr. Sandhu:** Thank you, Mr. Speaker. It is my pleasure to rise today and introduce to you and through you to the members of this Assembly eight seniors and organizers from the Northgate Lions seniors' centre. They are Miss Amber Ritco, Mrs. Norah Dias, Shirley Jones, Barbara Appleton, Jim Appleton, Doris Derko, Lori Weishaar, and Agnes Gartner. Over the lunch hour I was lucky to get a photo taken with them.

I have visited the centre many times, Mr. Speaker. Unfortunately, due to the extreme weather on January 25 the roof on the facility collapsed, and renovations are needed. This centre serves so many seniors for their recreation and is a gathering place for the community. I would like to thank them for still making the trip to the Legislature. I will look forward to seeing the centre rebuilt as soon as possible. Now I would like to ask them to please stand and receive the traditional warm welcome of this Assembly.

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

**Dr. Sherman:** Thank you, Mr. Speaker. Joining us today is a group of some of the hardest working, most ambitious young people in my constituency from Aldergrove elementary school. These are the future teachers and doctors and nurses and leaders of this community. They are joined by their teacher, Ms Amber Nerenberg, and by their parent group: Parry Chizawsky, Mrs. Pat Goodwin, and Jeff Bartlett. I would ask all of my colleagues here to give them a warm welcome and ask my friends to rise to receive the warm welcome of the Assembly.

### Members' Statements

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

#### Julietta's Place

**Mr. Dallas:** Thank you, Mr. Speaker. It gives me great pleasure to rise today and recognize the Central Alberta Women's Outreach Society, a Red Deer based agency which began in 1984 to help women who have chosen to pursue a safer, healthier, and more secure life for themselves and their families. In November 2010 I was privileged to attend along with the hon. Member for Red Deer-North the grand opening of Julietta's Place, the first of a second-stage housing initiative for central Alberta. This home ensures a safe, supportive, and healthy environment for women and their children fleeing domestic relationship violence and pursuing a better life with long-term stability. Women can live in Julietta's Place for up to 18 months while they work with an outreach worker to access supports, transition to independence, and heal from abuse.

Mr. Speaker, programs at Central Alberta Women's Outreach Society include crisis intervention, intensive domestic violence support, legal support, court preparation, housing support, monitored exchange, safe visitation, and a support group. These proven programs position the women of Julietta's Place, not to mention numerous other community members, to develop personal skills and resiliencies that can help them achieve long-term success.

Julietta's Place receives 70 per cent funding from the municipal block funding through Housing and Urban Affairs. Since this project was initiated, continued generous outpouring of community support has been a tremendous benefit.

Mr. Speaker, I'd like to congratulate the Central Alberta Women's Outreach Society board of directors, staff, and all community supporters of the outreach project for their dedication and hard work on the opening of Julietta's Place.

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

#### **Association for the Rehabilitation of the Brain Injured**

**Mr. Chase:** Thank you, Mr. Speaker. Making life better. I recently had the opportunity to visit a well-respected community agency in Calgary, the Association for the Rehabilitation of the Brain Injured, ARBI. When I was touring the facility, I learned that making life better is the mission statement of the organization, which began over 30 years ago as the result of the vision and dedication of one woman.

This is an ongoing story of overcoming incredible odds. As part of my tour I met individuals of varying ages fighting to move past their limitations. With the dedicated efforts of trained staff and a host of volunteers, despite very little government recognition or financial support, these traumatic brain injury and stroke survivors are working hard to regain what they had lost, and in many cases they were written off as being irretrievable. ARBI is the only community, nonprofit day program in the province that offers hope to people who are affected by a severe brain injury or stroke. Through intensive, longer-term therapy and support, survivors experience amazing improvement. ARBI has been providing specialized services for more than 32 years. They often help their clients leave long-term care and return home to their families.

ARBI's model, using community volunteers, is clearly a cost-efficient and effective model of delivery. More than 92 per cent of ARBI's referrals come from Alberta Health Services medical professionals. For these reasons, I believe that Alberta Health Services should be compensating them for the essential services they are providing for the Calgary region and rural areas of our province.

I recommend a tour for anyone who is interested. I guarantee you will be inspired.

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

1:40

#### **Math Curriculum**

**Mrs. Sarich:** Thank you, Mr. Speaker. It is interesting to note that we use mathematics on a daily basis whether we realize it or not. Just like reading and writing, a solid foundation and understanding of mathematics is essential for everyday living and for our workforce. These skills are highly valued in science, business, trades, and technology but also in other areas like fine arts, music, and sports. More than ever, Alberta students need a strong grounding in mathematics to meet the challenges of learning in the 21st century and to be successful in their futures.

In keeping with Alberta's reputation of world-class creation of curricula, the revised kindergarten to grade 12 mathematics program maintains the standard by integrating current research, developments, and trends in mathematics learning and teaching.

Mr. Speaker, the programs of study were developed in collaboration with teachers, administrators, parents, business representatives, postsecondary institutions. Heartfelt special thanks to all those involved.

Students from kindergarten to grade 10 across Alberta are currently being taught the revised math curriculum. The implementation of the program will continue this fall in grade 11 and in 2012 in grade 12.

I encourage all Albertans to visit Alberta Education's math website, which contains the most up-to-date information, in English and French, about the revised mathematics curriculum.

This renewal of the mathematics program emphasizes and reinforces, Mr. Speaker, the government's commitment to Albertans that education is indeed a priority and is forward thinking, a commitment that benefits our greatest resource, our children and our youth.

Thank you.

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

#### **Sexual Exploitation Awareness Week**

**Mr. Bhardwaj:** Thank you very much, Mr. Speaker. I'm honoured to rise today to recognize March 7 to 11 as Sexual Exploitation Awareness Week in Edmonton. Sexual exploitation has devastating and lasting effects. That is unacceptable in any form. By proclaiming Sexual Exploitation Awareness Week, the city of Edmonton is shining a light on this important issue and reaffirming that it will not be tolerated. There are a number of events occurring to raise awareness and help citizens learn more about sexual exploitation and what they can do about it.

Mr. Speaker, Alberta is a national leader in working to protect children and youth who are at risk of being sexually exploited. Our Protection of Sexually Exploited Children Act is the first and only legislation of its kind in Canada. We also provide resources to assist parents and caregivers in educating their children and teens about dangers they may face online through Internet luring.

Sexual exploitation can happen to anyone, male or female, from any background. There is help available. If an Albertan knows a child or a youth at risk of being sexually exploited or young people of their family are looking for help themselves, they can call the child abuse hotline at 1.800.387.KIDS.

I congratulate all of the partners in Edmonton and area who are working together to recognize and support events during the 2011 Sexual Exploitation Awareness Week.

Thank you very much, Mr. Speaker.

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

#### **Trico Centre for Family Wellness**

**Mr. Johnston:** Thank you, Mr. Speaker. It's a great pleasure and honour for me to rise today and talk about a great community neighbour in Calgary. For over 28 years they have worked with 28 surrounding community associations and 36 communities in south Calgary to support healthy kids, healthy families, and vibrant seniors. Everyone appreciates the need for children to live happy, healthy lives, and any of us would be thankful for assistance for seniors to meet their unique health and physical needs. This great neighbour, who does all of this and more, is the community-owned, nonprofit Trico Centre for Family Wellness, located in Calgary-Egmont.

The Trico centre is one of the true jewels in the city of Calgary. The Alberta government has provided over \$6 million grant funding from Culture and Community Spirit since 2008. The physical infrastructure includes a large redeveloped fitness area with running tracks, aquatic centre, and twin arenas. The centre also includes a seniors' club centre, a child care facility, and several multipurpose rooms. The combination of impressive amenities and the long-standing relationship with the local communities forms one of the most popular destinations for families in the entire city.

I would like to thank and congratulate the board members, staff, and volunteers for nearly three decades of service in south Calgary.

Thank you, Mr. Speaker.

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

#### Wildrose Alliance Party Inclusiveness

**Mr. Anderson:** Thank you, Mr. Speaker. Earlier this week the Member for Edmonton-Calder in a childish tirade said that I attacked trade workers for suggesting that the \$275 million MLA offices should not have been undertaken during a time of record deficits. He then invoked the classic left-wing nugget of class warfare in a manner that would make my friends in the NDP blush, saying: what could a white-collar worker possibly know about running a business, meeting a payroll, or working with ones' hands?

Well, I'm not going to stoop to this member's rhetorical level, but I will say this. I have started, owned, and operated a small business, and aside from my father and one brother I come from a large immediate and extended family of tradespeople whom I love and respect, and these tradespeople are telling me that they would rather be working on a school for their kids than on some fat-cat offices for politicians. Others, still working on oil rigs in B.C. and Saskatchewan, would like to be working in Alberta, which they were until this government's ignorant policies drove them out.

They would like their government to keep their election promise to balance the books instead of spending like drunks on a binge. They would like their MLAs to stand up and vote for a cut to their golden parachutes rather than talk about how much they've earned them. They want to know that when their kids have a health issue, they can go to an ER and not have to wait 24 hours to be treated. They are ticked off about the impending increase to their power bills because their government awarded billions in unneeded transmission line contracts to their buddies. And they are fed up with their PC MLAs continually showing that they are more loyal to their political party than to those who voted for them.

We in the Wildrose don't do class warfare. We're here to unite all Albertans, every ethnicity and religion, old and young, male and female, healthy and sick, rich and poor, blue collar and white collar. We're here to let Albertans turn the page and write a new and better chapter for the province they love, and let me tell you, for the majority of them the next election can't come soon enough.

#### Tabling Returns and Reports

**Mr. Liepert:** I have some significant documents to table, Mr. Speaker, and these are the processing and marketing agreements under the agreement that the government of Alberta signed with North West Upgrading recently. I'd like to table five copies of each.

**The Speaker:** The hon. Member for Calgary-Mountain View.

**Dr. Swann:** Thank you very much, Mr. Speaker. I have two tablings today. The first is from nine physicians and their families from communities in Alberta requesting continued support for the physician and family support program, which is in jeopardy.

The second is from an individual whose family member has been seeking transsexual surgery for three years and has been under terrific duress with suicide threats that are affecting the whole family and is requesting urgent attention to that problem.

Thank you, Mr. Speaker.

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

**Mr. Elniski:** Thank you, Mr. Speaker. I have four tablings this afternoon. The first is the *Calgary Herald* editorial yesterday entitled Throwing Bricks: Halting Legislature Project in Mid-stream Makes No Sense.

The second is a letter from the hon. Member for Airdrie-Chestermere, a short note.

The third one is my response to that letter.

The fourth one, Mr. Speaker, is his response to me.

I table the appropriate number of copies right now. Thank you very much.

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

**Mr. Taylor:** Thank you very much, Mr. Speaker. I have two tablings today, one from Dr. Alexandra Howlett in regard to the AMA's physician and family support program and the other one from Dr. Nicola Watkins in relation to the proposed termination of nine programs enlisted to help Alberta doctors achieve a patients-first agenda.

Thank you.

**The Speaker:** The hon. Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** Thank you very much, Mr. Speaker. I'd like to table the appropriate number of copies of an excerpt from the Occupational Health and Safety Code 2009 relating to hazard assessment, elimination, and control. The document relates to my questions still to come.

1:50

#### Oral Question Period

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

#### Emergency Medical Service Delays

**Dr. Swann:** Thank you very much, Mr. Speaker. Is it any wonder that Albertans have lost confidence in this Tory government over their mismanagement of health care? The government can't even get its story straight on whether it will proceed with an independent investigation by the Health Quality Council affecting 322 patients who received compromised emergency room care. The Premier now says that he's open to allowing the Health Quality Council to investigate serious medical issues on their own, yet the minister of health continues to stonewall. To the Premier: how can Albertans have any faith in this government when at least two ministers and the Premier himself were directly aware of these 322 cases?

**Mr. Stelmach:** Mr. Speaker, yesterday I said that I'd never close the door on any matter to be reviewed by the Health Quality Council when it comes to improving health care delivery and performance, and that does include waiting times in the emergency rooms.

**Dr. Swann:** Well, Mr. Speaker, will the Premier allow the Health Quality Council to independently investigate these 322 cases? Yes or no?

**Mr. Stelmach:** Mr. Speaker, yesterday, of course, in speaking to the issues that were raised, I was very clear that some of the allegations made against third-party members that are not members of this House: there was no substantial evidence tabled in the House,

so we are not going to proceed with those. Anything that we can do to improve the confidence of Albertans in our health system, we will continue to do.

**Dr. Swann:** I guess one would have to ask, Mr. Speaker: what is the Premier afraid of? Why will you not allow the Health Quality Council, which has a direct mandate to investigate patient quality? After three years, Mr. Premier, what is holding you back?

**Mr. Stelmach:** Mr. Speaker, after yesterday, of course, we have one doctor in this Assembly that's accusing doctors of taking hush money. Another doctor in this Assembly accused our Alberta doctors of malpractice. I am here to support our doctors, and we will do whatever we can to ensure that Albertans have confidence in the Alberta health care system.

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

**Dr. Swann:** For the record, Mr. Speaker, I was accusing the government of malpractice, not the physicians.

Today the AMA's Paul Parks flatly refuted the Premier's spin that the Alberta Health Services internal review and its employee code of conduct will help get to the bottom of 322 cases of compromised care. Dr. Paul Parks said this: The picture is being painted of an open, friendly environment to come forward with our concerns. That is not accurate. There is a subtle culture of dissuading any kind of discussion on health care. End quote. How can the Premier continue to ignore a growing chorus of experts, including nurses, who believe a culture of fear and intimidation is contributing to the crisis in health care today?

**Mr. Stelmach:** Mr. Speaker, I also said yesterday in reply to a number of questions that we are moving on everything that ER docs told us and advised us about some months ago. One is to open more continuing care spaces, appropriate care for seniors that happen to be in acute-care beds; increasing the number of nurses, and we are firmly committed to increase that number by 2,000 by 2012; and also increasing up to 370 physician spaces in the province of Alberta. That is a substantial gain on what we committed to, and we'll continue to do that.

**Dr. Swann:** I'm talking about the freedom to speak in this province, Mr. Premier. Will you agree along with many health professionals that the Alberta Health Services code of conduct is a publicity ploy? It does absolutely nothing to address compromised patient care.

**Mr. Stelmach:** Mr. Speaker, all physicians take an oath, and I'm sure part of that oath is a duty to be responsible for their patients. Also, the Alberta Health Services policy is very clear that they have a duty to report to Alberta Health Services any issues that may question the delivery of health care to any one individual in this province. That is the duty.

**Dr. Swann:** Will the Premier finally do the right thing for all Albertans, for health professionals, and for patients and call an independent investigation through the Health Quality Council? After three years. Three hundred and twenty-two cases. We've said it over and over again. You know what we're talking about.

**Mr. Stelmach:** I think I just heard the hon. member ask us now to do a review of the Alberta Health Quality Council. Just earlier he asked us to have the Health Quality Council do the review, so I'm a little disconcerted in terms of what he actually means.

Here's the thing, Mr. Speaker. Six in 10 Albertans say that health care is in crisis. Six in 10 also are very confident that when

they need health care delivery in this province, it's going to be there. We've also seen substantial improvement. Since 2004 at 40-some per cent to 50-some per cent, now 62 per cent of Albertans have confidence in their health system.

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

#### **Villa Caritas Geriatric Mental Health Facility**

**Dr. Taft:** The Auditor General has reported serious concerns in writing about the conversion of Villa Caritas from long-term care to a psychiatric facility. With news of a tragic death at the facility the health minister's glib response was: I didn't design the facility; why don't you ask the Infrastructure minister? So to the Infrastructure minister: given that the minister of health is shirking his responsibility, are the reversals, problems, and huge cost overruns of this project your department's fault?

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

**Mr. Danyluk:** Well, thank you very much, Mr. Speaker. It is very much a tragic and unfortunate situation. The facility was redesigned for the needs of seniors with mental health issues, and the design changes were reviewed by mental health experts, physicians, and union reps.

**Dr. Taft:** Well, to the same minister: given the sad irony that this redesign, as the minister says, cost taxpayers \$40 million more than budget and we still ended up with a facility that's unsafe for residents, will the Infrastructure minister tell us how much more money will be needed to make Villa Caritas safe for psychogeriatric patients?

**Mr. Danyluk:** First of all, Mr. Speaker, let me be very clear that the facility is safe. Secondly, I want to say to you that to change from a seniors' facility to a mental health facility did not cost \$40 million. I need to reiterate that we did have mental health experts, we had physicians, we had people of expertise looking at the revised changes.

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

**Dr. Taft:** Thanks, Mr. Speaker. Given that this minister apparently is responsible for the construction and design of the facility, was he aware of the concerns for safety that were brought to the attention of the operator of the facility just a couple of months ago? Was he aware of those?

**Mr. Danyluk:** Well, Mr. Speaker, I need to say to you that Infrastructure was involved in the late stages. As I said before, the design changes were reviewed by experts. They were also sent to us to review the design plans as well.

Mr. Speaker, I again say to you that any time that we do have a tragedy or we do a review, we definitely look at safety. We make sure that all facilities are safe.

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

#### **Emergency Medical Service Delays** (continued)

**Mr. Hinman:** Thank you, Mr. Speaker. This current government from the Premier right down to MLA 67 continues to undermine the public's confidence in our health care system by failing to allow a public inquiry. Morale amongst our health care workers is



a major concern. Dr. Parks' call for a process where immunity for people who come forward is needed because of punitive actions taken on health care workers in the past. Does the Premier not understand that his refusal to open this inquiry only adds to the doubt and speculation that there is a major cover-up?

**Mr. Stelmach:** Mr. Speaker, again to the hon. member I said that all of those allegations that were made in this House against third-party members that have no way of defending themselves we're not going to chase because there was nothing that was presented in this House that was any credible evidence.

In terms of the issues tied to health quality, confidence in the system, I've always had the door open to do the review and ensure that the steps that we're taking as the government – the substantial investment that we've made in health, the five-year funding commitment, the only one of its kind in the country of Canada – make sure that this money is going to good use.

2:00

**Mr. Hinman:** Mr. Speaker, we didn't say to chase after innuendos. We said to open up an inquiry, to give immunity.

Given that this Premier and the health minister insist the system is working great, that whistle-blowers aren't being silenced, that there is no basis for allegations of hush money or a cover-up, and that the Premier is stating himself that he just wants to see this issue die, shouldn't they be eager for a full public inquiry to clear their names?

**Mr. Stelmach:** Mr. Speaker, allow me to quote, please. Today Dr. Cowell, who is a member of the Health Quality Council and is the chair, said this, and I quote. The allegations are very serious. There's no question about it. Dr. Sherman is saying there's up to 250 people that died on a waiting list. He needs to provide further evidence that this is, in fact, true. Right now they're allegations. We would need to see some factual evidence. End of quote.

**The Speaker:** Hopefully, the documentation will be tabled later. The hon. member from the third party, please.

**Mr. Mason:** I have a point of order.

**The Speaker:** Okay. Proceed.

**Mr. Hinman:** Thank you, Mr. Speaker. Given this Premier's reluctance to investigate this situation, are Albertans to conclude that he is afraid of what this investigation would bring to light? They need to open up the investigation to clear this up. They can't keep declaring themselves innocent. Open up the inquiry.

**Mr. Stelmach:** Mr. Speaker, I believe the answer I gave to the previous question deals with this situation appropriately. When it comes to quality of care, access, all of those areas that can be investigated and reviewed by the Health Quality Council to make sure that the money is going in the right direction, they will be able to do that. In terms of these allegations that were raised, we already heard very clearly a quote from the chair.

**The Speaker:** The hon. Member for Edmonton-Highlands-Norwood.

#### **Villa Caritas Geriatric Mental Health Facility** (continued)

**Mr. Mason:** Thanks very much, Mr. Speaker. This question is for the Minister of Infrastructure. We were informed by staff that the occupancy risk assessment which is required for the Villa Caritas

facility was not conducted in accordance with the occupational health and safety code, specifically 8(1), that "an employer must involve affected workers in the hazard assessment and in the control or elimination of the hazards identified." I want to ask the minister why this was not done and why he is not taking responsibility for the fact that we are unable to provide . . .

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

**Mr. Danyluk:** Well, Mr. Speaker, I think I was very clear before. I did say that the expert committee that was in place, that looked at the redesigns involved my ministry to ask them their opinions and their input, and we did that.

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

**Mr. Mason:** Thanks very much, Mr. Speaker. Given that Villa Caritas was not designed as a mental health facility, and given that a patient has died as a result of flaws in the design, and given that this minister of health forced Covenant Health to convert their long-term care facility into a psychiatric unit to justify the government's plans to close Alberta Hospital, will the minister stand up and accept responsibility, at least some responsibility, for this tragic situation?

**Mr. Zwozdesky:** Mr. Speaker, I stand by my view of Villa Caritas. It is officially designated under the Alberta Mental Health Act as a location that can provide the type of services that geriatric mental health patients require. It's on par in that respect with legal standing, the same way that the Alberta Hospital Edmonton is, or the same way that the Centennial Centre for Mental Health and Brain Injury in Ponoka is. There are over 300 staff members there. There are something like eight psychiatrists there and one general practitioner doctor, and they're providing outstanding care.

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

**Mr. Mason:** Thank you very much, Mr. Speaker. Given that this Premier and his health minister were anxious to get credit for Villa Caritas at the self-congratulatory opening ceremonies this week, and given that the death of a patient has revealed serious concerns about the safety of the facility, how can the Premier and this minister now try to dodge responsibility when things go wrong?

**Mr. Zwozdesky:** Mr. Speaker, we were invited, as were other members. One of them is now a private member sitting there, from Edmonton-Meadowlark. I don't know why the hon. member who asked the question wasn't invited, but if he would just go over there and have a look, I can tell you that enormous improvements have been made to upgrade it from what was intended to be a long-term care type of facility to what is now a fully accredited mental hospital: shatterproof glass, additional monitors in the TV hallways, better sightlines from the nursing station to the rooms, and I could go on. It's an outstanding facility.

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

#### **Emergency Medical Service Delays** (continued)

**Mr. Taylor:** Thank you very much, Mr. Speaker. I mean, the essential piece of this puzzle, the essential theme of all the questions asked so far today is that the people of Alberta have no idea who to trust and what to believe about the health care system they need to rely on. To the Premier: if the Premier is unwilling to call

for a public inquiry, how is the air supposed to clear, and how is the public supposed to understand the situation?

**Mr. Stelmach:** Mr. Speaker, once again, the hon. member hasn't said what area he wants investigated. Does he want to investigate those allegations that were made in the House or to open up the door and see if we can further have the Health Quality Council review the operations, see if the money that we have invested in the system, the changes we've made are actually doing what we wanted them to do, and that is to reduce waiting times? That door is open to that but not to the other.

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

**Mr. Taylor:** Thank you very much, Mr. Speaker. It's good to hear that door is open because that is what I'm asking about.

Again to the Premier. Dr. Lloyd Maybaum, the president of the Calgary & Area Physician's Association, believes that an independent inquiry is essential to restore public faith in the system. For the sake of public confidence in health care – and yes, I know, the Premier and the health minister have talked about all the wonderful things that they're doing to improve the system; the problem is just that people don't believe it – will the Premier launch that independent inquiry?

**Mr. Stelmach:** Mr. Speaker, in 2004 52 per cent of Albertans had confidence in the system. In 2006 we moved that up to 58. In 2010, the last Health Quality Council review, it was 62 per cent. It is moving in the right direction. I know we have a lot of work to do, but it's certainly heading in the right direction, not going backwards.

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

**Mr. Taylor:** Thank you very much, Mr. Speaker. Sixty-two per cent won't get you into medical school.

My final question is again to the Premier. In order to regain public trust in the health system, will you commit today to changing the mandate of the Health Quality Council of Alberta so as to allow them to independently launch investigations when they feel it's necessary?

**Mr. Stelmach:** Mr. Speaker, 62 per cent gets us elected. Thank you very much.

**The Speaker:** The hon. Member for Athabasca-Redwater, followed by the hon. Member for Edmonton-Gold Bar. [interjections] Athabasca-Redwater. [interjections] Athabasca-Redwater, you've been called three times.

#### Student Loan Remissions

**Mr. Johnson:** Sorry, Mr. Speaker. Alberta's postsecondary students are already concerned about the level of debt they are accumulating to pay for their education. Some of them have even said that they don't want to go to postsecondary because it will end up costing them too much in the end. My question is for the Minister of Advanced Education and Technology. With loan amounts increasing, what is the minister doing to ensure that students are graduating with manageable debt and able to get a good start on their futures?

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

**Mr. Weadick:** Well, thank you, Mr. Speaker. It's great to answer this question today with the students in the House. This govern-

ment is really committed to trying to ensure that students' loan amounts are maintained at the lowest possible amount. To help them with this, last year we came out with the repayment assistance plan, and this is to help any student who has a loan they simply cannot make the payments on. We'll work with that student on an individual basis to ensure that they have an opportunity to pay. As well, we ensure that the rates for these remain low.

**Mr. Johnson:** Again to the same minister, Mr. Speaker: why was the eligibility for loan remission limited to only students who complete their programs?

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

**Mr. Weadick:** Thank you, Mr. Speaker. Completion has always been a requirement, but the definition of completion up until this year was that when someone quit a program, that was determined as completion. We have now changed that. We are trying to ensure that tax dollars and the investment is properly done, so completion now means that a student completing a program would have the potential for remission for part of that loan.

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

**Mr. Johnson:** Thank you, Mr. Speaker. Maybe it's the fault of the previous minister. What about the students who have to leave their program early due to unforeseen circumstances and don't get to finish their program? What does this say about the value of learning in Alberta and building a culture of lifelong learning?

**Mr. Weadick:** Well, I'd like to thank the member. Actually, that is an important question. As long a learner comes back into the system, they're always going to be eligible to have remission. We all know that there are opportunities when students have to leave a program for a while. It could be because of family requirements. It could be because of work requirements. It's critically important that we create flexibility, so if a learner comes back into the system, they'll be eligible for the remission.

#### 2:10 Health Services Financial Reporting

**Mr. MacDonald:** The Auditor General's report last October indicated that Alberta Health Services found numerous errors in the way data was being processed from the ledgers of former health authorities, including Capital health. One error resulted in more than \$500 million in misclassified expenses. Another resulted in the omission of \$420 million of expenses. My first question is to the minister of health. How does the minister explain these errors and expenses totalling \$920 million?

**Mr. Zwozdesky:** Mr. Speaker, I'll have to take a look at that and just see if it's correct or not. I'm not familiar with the exact line that he's talking about. When you're looking after and are responsible for a budget of \$15 billion, there are a lot of lines that you have to pay attention to. I can assure the member that I will have a look at that.

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

**Mr. MacDonald:** Thank you, Mr. Speaker. It's obvious. To the minister: it's on page 165, and I'm disappointed that you do not read the Auditor's reports. I'm going to read directly from it. The Auditor General states: "Transactions with Covenant Health were classified uniquely in Capital Health's general ledger. This unique classification was not picked up by the topside ledger and ap-

proximately \$420 million of expenses were omitted.” My question is: can the minister explain why these expenses were omitted?

**Mr. Zwozdesky:** Mr. Speaker, I could assure the House and I could assure all Albertans: I do read what the Auditor General says. I just don’t memorize it all. However, I will take a look at that, and I will get the member an answer. He should know that he could bring it forward as a written question.

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

**Mr. MacDonald:** Thank you, Mr. Speaker. Again to the same minister: is this unique classification, as described by the office of the Auditor General, of the omission of \$420 million of expenses an example of one organization with two sets of books?

**Mr. Zwozdesky:** Mr. Speaker, I hardly think so. The fact is that whatever the numbers, they are fully audited, they are fully available to the public, and I’ll get him some more details if that’s what he wants. He chairs Public Accounts or he used to chair it. He should know that there is a process to access that level of detail, but since he doesn’t know how to do that or has forgotten how to do it, I’ll do it for him.

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

#### Tuition Fee Policy

**Mr. Fawcett:** Thank you, Mr. Speaker. Many high school students in my constituency are starting to apply to postsecondary institutions for the fall, and some of them have been contacting my office, asking if this government has abandoned its commitment to predictable and affordable tuition at our postsecondary institutions. For students and for parents who are fearful that they will not be able to help their children, this is a real concern. My questions are to the Minister of Advanced Education and Technology. Can the minister assure these students, my constituents, and their parents that the tuition fee policy will remain in place?

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

**Mr. Weadick:** Thank you, Mr. Speaker. I’d like to assure this member and his constituents that we are absolutely committed to the tuition cap policy in this province. That cap: any increases are set to the rate of inflation. We’re going to stick by that this year. That is .35 per cent, or approximately \$20 per student. That’ll be the increase, and you can make sure that your parents and students are aware of that.

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

**Mr. Fawcett:** Thank you, Mr. Speaker. How is the minister going to balance the need for postsecondary institutions to generate the revenue required to offer the high-quality programs demanded by students with the need to ensure affordability and accessibility of these programs for all?

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

**Mr. Weadick:** Well, thank you, Mr. Speaker. That remains the balance that we always work to include, to make sure that the programs are affordable for the students, that they’re accessible to the students, but that we can maintain the quality that we must have. Our students demand programs that provide quality, and that’s what we do. The tuition cap to this point has continued to

provide a high-quality education at an affordable rate for our students.

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

**Mr. Fawcett:** Thank you, Mr. Speaker. My final supplemental to the same minister: will the minister prevent the institutions from going around the tuition cap policy by changing so-called noninstructional fees?

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

**Mr. Weadick:** Thank you, Mr. Speaker. We’ve heard many concerns from students about the noninstructional fees, and we also are very concerned about that issue. We don’t believe that noninstructional fees should be a way to simply increase tuitions. The students in the province have a very good working relationship and have come up with some options where we may be able to manage this. We’re working with them, and I believe we’ll have a solution for that.

#### ESL Funding

**Mr. Hehr:** Mr. Speaker, you’ll be happy to know that I won’t be asking questions today about the county of Barrhead using taxpayers’ dollars to send people to an event organized by the local Barrhead Progressive Conservative association. Instead, I listened to the advice of the Justice minister and will forward these concerns to Elections Alberta.

My question today is for the Minister of Education. Given that high school completion rates are 10 points lower for typical ESL students, how will cutting supports for students with the greatest language problems help them earn a high school diploma?

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

**Mr. Hancock:** Thank you, Mr. Speaker. It was unfortunate that we had to show some restraint in the Education budget this year, and one of those restraints was the enhanced ESL program. That grant has been in place for six years. It was originally put in place in order to help those jurisdictions that had a particular type of immigrant coming in with extra problems to learn how to deal with those problems. In the six years we hope they have learned how to do that and that they will be able to handle the needs of their ESL students within the regular grant, which is about \$1,155 extra for each ESL student.

**Mr. Hehr:** Well, Mr. Speaker, I heard that explanation, but given that 70 per cent of all ESL students are not completing high school within three years, does it really look like the problem has been solved in the six years you’ve just emphasized?

**Mr. Hancock:** Mr. Speaker, I would hazard to say that the problem that’s exhibited is not simply an English-language learning problem. There are a number of issues that we need to deal with in terms of the supports for students who come into the jurisdiction. We’ve been putting a lot of focus on wraparound services and other ways that we can support families. I’ve asked my parliamentary assistant to work with some of those communities to actually help us discern how we can work with, particularly, the major school boards in the urban areas with respect to how to deal with those students. It’s not simply an English-language learning problem.

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

**Mr. Hehr:** Thank you, Mr. Speaker. Given that the largest thing, from my point of view, that ESL students would need would be English-language training, why are you cutting this part of the budget and emphasizing these other wraparound services? Give them the English training they need.

**Mr. Hancock:** Mr. Speaker, in fact, we do. We've supported English-language learning significantly and continue to support it significantly. It is the enhanced grant, the extra, I think, \$405 per student for a certain segment of those students that has been cut. That particular grant has been cut because, as I say, it was put in place for a specific purpose, and that was to help school boards discern the better methods that they needed in order to help those students learn. In the six years we hope that that's been accomplished.

Now, those students are still being funded not only with the per student grant but with the supplemental English-language learning grant of . . .

**The Speaker:** The hon. Member for Leduc-Beaumont-Devon, followed by the hon. Member for Fort McMurray-Wood Buffalo.

#### Abandoned Gas Well in Calmar

**Mr. Rogers:** Thank you, Mr. Speaker. The town of Calmar is located 10 minutes west of the city of Leduc, where I reside. Last year a capped gas well drilled many years ago by Imperial Oil was found to be leaking within a new Calmar residential subdivision, causing the relocation of five homes and families. To the Minister of Energy: why is it not required that the ERCB notify the town of Calmar of the location of abandoned wells prior to subdivision approval?

**Mr. Liepert:** Well, Mr. Speaker, I know that earlier this week the Minister of Municipal Affairs in response to a question from the MLA for Drayton Valley-Calmar stated that his ministry and the ERCB are working together to amend regulations to ensure that abandoned wells and pipelines are identified before these new municipal developments occur. The ERCB does have a land development information package available, but the onus is really on the municipality to inquire before they permit a development. The ERCB is not aware of every development that is proposed or taking place in the province.

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

**Mr. Rogers:** Thank you, Mr. Speaker. Again to the same minister: how is your department or the ERCB ensuring that industry is fairly compensating the affected homeowners who've had to sell their homes for the well to be properly abandoned? These people are not at fault. Why should they face potential losses on the sale of their home?

**Mr. Liepert:** Well, under existing legislation, Mr. Speaker, the ERCB does not become involved in matters of compensation. In cases like this it is really the responsibility of the company involved to provide the compensation. It is my understanding that Municipal Affairs has either offered or is involved in mediation. It's mediation with only one homeowner. Four of the five homeowners have resolved the issue.

2:20

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

**Mr. Rogers:** Thank you, Mr. Speaker. Again to the same minister: what role do the departments of Energy or Municipal Affairs

have in ensuring that the remaining residents in the crescent are treated fairly while this abandonment takes place?

**Mr. Liepert:** Well, I can only comment relative to the Department of Energy, Mr. Speaker. The ERCB reports through the Department of Energy. The Energy Resources Conservation Board is responsible for regulating safe, responsible development of Alberta's resources and is also responsible for ensuring that the company's technical and public safety plans are followed.

That being said, there's no question that there will be inconveniences in the neighbourhood as this remediation takes place. In situations like this I would suggest that it's incumbent on all the participants to work together to resolve the issue, and that includes the town of Calmar.

**The Speaker:** The hon. Member for Fort McMurray-Wood Buffalo, followed by the hon. Member for Calgary-Varsity.

#### Emergency Medical Service Delays (continued)

**Mr. Boutilier:** Thank you very much, Mr. Speaker. We just heard the Premier of Alberta say that he only cares about the health of 62 per cent of Albertans so his party can get elected. It's obvious why the Premier wants the issue of health care to die given this government's incompetence in managing health care. To the minister of health: have you been instructed by your party's boss, the Premier, to kill this issue, and is that why you are refusing to call in the Health Quality Council to investigate emergency rooms?

**Mr. Zwozdesky:** Mr. Speaker, this is a member who brings shame to himself and to other members of this House by misrepresenting a statement like that. The Premier said nothing of the kind, and he knows it. He should be called to order and immediately asked to retract it.

With respect to the other question, I said, "No, not at this time," but at the appropriate time I will take appropriate actions if necessary.

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

**Mr. Boutilier:** Thank you, Mr. Speaker. The health minister doesn't want this issue to die – and I applaud him for that – unlike the Premier, so they're in conflict. He told the Member for Edmonton-Gold Bar yesterday that he would, quote, find exactly what budget line legal fees are included in. To the minister of health: have you found out how much of these legal fees were for settlements?

**Mr. Zwozdesky:** Mr. Speaker, it's common practice when people come and go from jobs that sometimes they have contracts that are bought out early and that some severance pay might be given. That's precisely what happened in the case of some of the CEOs. As you know, we had 12 CEOs. We brought it down to one. That meant curtailing some of those agreements early.

The allegations that were made yesterday by the Member for Edmonton-Gold Bar – well, there weren't really allegations, but there were some insinuations there – just pointed out the fact that he didn't fully understand what one-time payments were, and I tried to clarify that. We're looking for more detail because it really is a question for Motions for Returns. I'll do the best I can to get him the detail he needs.

**Mr. Boutilier:** The minister thought it was a good question yesterday. Now he's saying that today it's not a good question.

Given the awkward position that the minister of health is in, that his boss wants the issue to die, the minister needs to answer first to Albertans, not to the Premier. Will you stop putting your party's boss ahead of Albertans and get Albertans the answers that they are demanding in this Assembly?

**Mr. Zwodsky:** Mr. Speaker, let's be very clear. What the Premier indicated yesterday was one set of answers for one set of allegations. What he also said was that he would do whatever was necessary to restore some public trust because of some of the allegations made in this House. If that requires me doing something to support that, I will be there to support the Premier, and I'll be there to support Albertans asking the questions.

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

### Workplace Safety

**Mr. Chase:** Thank you, Mr. Speaker. Yesterday in this Assembly the Minister of Employment and Immigration asked how much more proof Albertans required to believe that worker safety in this province is improving. The answer, unfortunately, is a lot. To the minister: given that this government completed only 11 workplace safety prosecutions last year compared to 47 in Saskatchewan, when is our Alberta labour minister going to get serious about the prosecution of safety offenders? Or is his reluctance due to resistance from elsewhere in the government?

**Mr. Lukaszuk:** Mr. Speaker, the number of prosecutions depicts the number of violations. If our Crown prosecutors have no basis on which to prosecute, they don't prosecute. If in one province there are more murder prosecutions, that means they have more murders. This is not a competition for who has more prosecutions. I'd rather have zero prosecutions. That means there are no violations.

**Mr. Chase:** Mr. Speaker, a race to death and injury certainly isn't a competition, but Alberta has more workplace injuries and deaths per population than the majority of other provinces. If the minister favours more transparency in occupational health and safety, will he tell us how many workplace safety cases his department forwarded to the Department of Justice last year with a recommendation to prosecute? Are you saying . . .

**The Speaker:** Okay. We've had three preambles. We're not supposed to have any.

**Mr. Lukaszuk:** Mr. Speaker, if you want to talk about transparency, you would be glad to know that Alberta is the only province in Canada if not in North America that actually has a full online, free-of-charge disclosure of the occupational health and safety record of virtually every employer in this province. So get on the computer, look up your employers, and you'll see exactly what their safety track records are. Only in Alberta.

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

**Mr. Chase:** Thank you. Given that the minister told the *Calgary Herald* that he would speak with the former Minister of Justice about increasing the number of workplace safety prosecutors, does that not indicate, to the minister's credit, that he was and is dissatisfied with the resources available for handling OHS cases in the Department of Justice?

**Mr. Lukaszuk:** Mr. Speaker, this minister and the Minister of Justice are in constant communication. However, one thing – one thing – Albertans should be assured of is that neither this minister

nor any other minister of this government is in any collusion with the Minister of Justice, telling our Crown prosecutors whom to prosecute and whom not to prosecute. They make that decision based on evidence, and they choose whom they should or should not be prosecuting.

**The Speaker:** The hon. Member for Bonnyville-Cold Lake, followed by the hon. Member for Edmonton-Centre.

### Water Quality Monitoring in the Oil Sands

**Mrs. Leskiw:** Thank you, Mr. Speaker. This week the government received the final report from the Water Monitoring Data Review Committee, set up in the fall of 2010 to examine oil sands environmental monitoring work from Alberta Environment, Dr. Schindler, and his colleagues. My question, in fact all three questions are to the same minister, the Minister of Environment. Given that the academic work relied on methods which differed from those used by the government studies and made strong conclusions regarding the water quality in the oil sands region, what was learned from these studies?

**Mr. Renner:** Well, Mr. Speaker, the work of doctors Kelly and Schindler identified monitoring techniques that, frankly, are worth consideration. The report also made it very clear that sweeping conclusions cannot be based on the available data, either by the government or by the university studies. We need to recognize and monitor the adverse effects rather than just monitoring the threshold levels. That is what we intend to incorporate into our future plans for monitoring.

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

**Mrs. Leskiw:** Thank you, Mr. Speaker. Since we've heard about the government multidecade, long-term commitment to monitoring in the oil sands region but this report highlights a needed enhancement to the overall focus of monitoring efforts, how is the minister ensuring that the government's environmental management efforts are based upon the overall impact to any ecosystem rather than simply inputs?

**Mr. Renner:** Mr. Speaker, that's precisely what we've been talking about in the development of the cumulative effects environmental management scheme, where we concentrate on outcomes rather than constantly concentrating on inputs. In the past it's been a site-by-site monitoring system that hasn't taken into account, to the extent that perhaps we could, the overall impact on the environment. That is the scope and scale that we intend to develop in the new world-class monitoring system.

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

**Mrs. Leskiw:** Thank you, Mr. Speaker. Because the oil sands are an important provincial and national resource and many of my constituents benefit from this industry, how will this minister ensure the continued credibility of oil sands developments?

**Mr. Renner:** Well, Mr. Speaker, we're working very closely with Environment Canada to improve the monitoring. One of the areas that was very clear that came out of the report that I read this week was that we need a more co-ordinated approach. We can't have water monitoring going on in one area, air monitoring going on in another area, biodiversity monitoring going on in another area, and not combine the strategy behind all of them. That's why we've asked the panel to put together a co-ordinated approach that deals with all media from one central monitoring body.

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

2:30

### Gender Equality

**Ms Blakeman:** Thanks very much, Mr. Speaker. In 2007 the Premier's Blue Ribbon Panel on government agencies recommended that appointments should reflect the people of Alberta, 52 per cent of which are women, and should use a transparent, non-partisan, and competence-based process. But when I quickly checked, there were zero women of nine on Alberta Capital Finance Authority, two women of 13 on Environmental Appeals, two women of nine on Alberta Innovates. To the minister of finance: would the minister agree that the government could look a little harder to find qualified women to sit on government agencies, board, and commissions?

**Mr. Snelgrove:** Mr. Speaker, first, I do want to apologize to the hon. member for yesterday because I did not anticipate questions that I think would have been more celebratory of the hundred years of success women have had.

We do use a competence-based approach to boards we are establishing. In the Alberta government, Mr. Speaker, 67 per cent of our employees are women; 47 per cent of them are in management positions. We are working towards equality, and we're striving very hard to get that.

**Ms Blakeman:** A little harder on the agencies, boards, and commissions.

To the same minister: it's nearly two years since the Alberta Public Agencies Governance Act was passed, so why has it not yet come into force?

**Mr. Snelgrove:** Mr. Speaker, we have a lot of different responsibilities from the government's boards and agencies, and they have special tasks. We talk about the need to have specific abilities on those boards, so while we transform and we've moved into a consistent process for evaluating membership to it, we are still only able to process people that apply to be on the boards. So if there's a question or if I can ask her consideration, encourage very capable women that she knows to put their names forward, and then we can at least deal with their applications.

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

**Ms Blakeman:** Thank you very much, Mr. Speaker. Thank you for that. I will certainly follow through on it, and I will also throw the gauntlet down to the minister of finance because I want him to agree to champion increased appointments of competent, skilled women to government agencies, boards, and commissions. He's a well-respected, leading member of that front bench. Will he agree to champion this?

**Mr. Snelgrove:** How can I say anything? Seriously, Mr. Speaker and hon. member, absolutely. Not only will I do it, but I can guarantee you that all of our government will do it, and I know you will help. We all agree on the same thing.

Thank you.

**The Speaker:** The hon. Member for Calgary-Hays, followed by the hon. Member for Edmonton-Riverview.

### Transportation for the Disabled in Calgary

**Mr. Johnston:** Thank you, Mr. Speaker. Both provincial and municipal governments in Alberta are well known for providing

supports to persons with disabilities. In the past couple of weeks I've seen labour negotiations between the Calgary HandiBus Association and the Amalgamated Transit Union local 583 come to a halt. My questions are all for the Minister of Employment and Immigration. Can the minister please tell us the status of these negotiations?

**Mr. Lukaszuk:** Yes, Mr. Speaker, I'll be glad to. As you may know, on December 31 of just this last year the collective bargaining agreement between the Calgary HandiBus employer and employees came to an end. I know that the union has met on a number of occasions with the employer. On March 2 they held a vote to strike, and I believe that the day for strike has been set now for Friday, March 11.

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

**Mr. Johnston:** Thank you, Mr. Speaker. To the same minister: what impact would a strike have on the Calgarians using these services?

**Mr. Lukaszuk:** Well, Mr. Speaker, the impact obviously will be immense. Let's just put it in perspective. First of all, this particular service provider provides transportation services throughout Calgary for the most vulnerable residents of Calgary. Those would be persons with disabilities and others who require daily rides. Furthermore, just imagine. They provide approximately 40,000 trips per month. That's a large number of the population to very important points of destination, so any form of disruption to those services will obviously have a negative, adverse effect from many perspectives on those who rely on the service.

**Mr. Johnston:** My final question. Given the nature of the services provided, what options does the province have to ensure that this invaluable service is not disrupted?

**Mr. Lukaszuk:** Well, Mr. Speaker, ideally, I would like to see the two parties come to a negotiated agreement. It is always better when two parties compromise their positions and find a mutually palatable solution. It seems like it's difficult at this point for those two parties to do that. I certainly hope that both parties keep the value of the service that they provide to those vulnerable clients in mind. However, our labour code allows the minister to utilize a number of tools, and ultimately I can tell you this, hon. member. My number one priority always will be vulnerable Calgarians that rely on that service day in, day out for very important purposes.

### Noninstructional Postsecondary Fees

**Dr. Taft:** Mr. Speaker, my questions are for the Minister of Advanced Education and Technology. Given the question earlier this afternoon about mandatory noninstructional fees for postsecondary students, the minister indicated, it seemed, that he was confident that a solution would be found. Well, I think he owes it to this Assembly and to students across Alberta to give some details. Exactly what solution is in the works?

**Mr. Weadick:** Well, thank you to the member for that question. We've had discussions over the past year with student organizations, and clearly the students, as people funding their education, should be involved in any decision on these instructional fees. What we've been discussing is a way that the students could be involved in supporting or voting on any of these types of fees to ensure that they meet the needs of students.

**Dr. Taft:** Mr. Speaker, it sounds like the minister is putting the

solution onto the students. If they had the power, they'd be happy to implement it, so let's see if they will get the power. Is this minister considering binding votes by students on any proposals from postsecondary institutions to charge mandatory noninstructional fees?

**Mr. Weadick:** At this point that is an issue that has come forward by the students as acceptable to them to be involved in. The ideal way is not to do it through regulation but to work with the institutions and to create a partnership between the institutions and the students. We're going to work together with our institutions and students to create an environment where the students can be involved in the decision.

**Dr. Taft:** Mr. Speaker, that was a pretty evasive answer, so let's try something else. Will the minister at least use his authority as a minister of the Crown to ban the practice of some institutions of charging mandatory fees that provide zero additional services? Will he ban that?

**Mr. Weadick:** Mr. Speaker, at this point I haven't had any of those types of fees come forward that provide zero service or quality for the students. We haven't had any of those come forward, but there is some question about the value and whether or not there is true value to the students for some of the fees that they have seen.

#### Agricultural Research

**Mr. Drysdale:** Mr. Speaker, as the world population continues to rise, so does the global demand for food while land and resources available for agricultural production continue to decrease. My question is to the Minister of Agriculture and Rural Development. With agricultural exports being such an important part of our economy, what is the minister doing to address the challenge of feeding a growing global population?

**The Speaker:** Stick to Alberta. That would be helpful. Go ahead.

**Mr. Hayden:** Thank you, Mr. Speaker, and I will stick to Alberta. Because we export 80 per cent of what we produce, the world is our customer. By 2050, as an example, we are going to be requiring our producers to produce twice as much as they are today, so we're investing in research to get that production. Gentec is one. We've got two studies right now in research projects that are happening. The other is Phytola at the University of Alberta. We're looking, of course, towards increasing production but also quality. The Alberta Livestock and Meat Agency, as an example, has invested \$1.5 million in the Gentec project.

**Mr. Drysdale:** Again to the same minister: how will these initiatives benefit Alberta's livestock and oilseed industries?

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

**Mr. Hayden:** Well, thank you, Mr. Speaker. The genomic research with respect to the livestock sector has advantages for us environmentally but also production increases. We're talking increases in quality and quantity with respect to both dairy products and also beef products.

With respect to the research in the oilseed sector right now 43 per cent of a canola seed is oil. Through the work that we're doing now and the research that we're doing, if we can increase by 1 per cent that oil, we'll be looking at about an extra \$9 million just in that sector in Alberta alone.

2:40

**Mr. Drysdale:** My final question is to the Minister of Advanced Education and Technology. What other types of agricultural research is your ministry supporting?

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

**Mr. Weadick:** Well, thank you, Mr. Speaker. I'm pleased to say that Alberta Innovates: Bio Solutions provides a broad range of agricultural research. One really exciting piece of research I'd like to highlight today is the prion research that we're doing in animals, especially after the BSE crisis. What we're finding is that research in livestock is now starting to provide some answers to human health issues around Alzheimer's and Parkinson's disease. It's really an interesting area of crossover, where research into livestock health is now providing some answers for human health as well.

**The Speaker:** Hon. members, that concludes the Oral Question Period. Eighteen members were recognized today, with 108 questions and responses.

We'll continue the Routine with Tabling Returns and Reports in 15 seconds from now.

#### Tabling Returns and Reports

(continued)

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

**Mr. Chase:** Thank you, Mr. Speaker. I have three sets of tablings. The first is a set of informational pamphlets from the Association for the Rehabilitation of the Brain Injured, that I referenced in my member's statement.

My second tabling, Mr. Speaker, is from Vecova. Vecova is the new branding name for what has been formerly known for the last 43 years as the Vocational and Rehabilitation Research Institute in Calgary-Varsity, which has been providing service for both able and disabled individuals.

My last set of tablings, Mr. Speaker, has to do with concerns over the Castle-Crown. They are from Douglas Brown, S.J. Harrison, Mae Stolte, Lisbeth Mousseau, Alan To, Robert Laing, Frances Reynolds, Jess Harding, Trudy Baker, Colleen Campbell, David Fulton, Sarah Hutchison, Thomasine Irwin, Brad Jones, Sarah Elmeligi, Janice Ryan, Beverly Kaltenbruner, Bob Borreson, Jim Patterson, Marc van Sluys, Catherine Gill, Roberta Olenick, James Harlick, Alan Chomica, and Yvonne Ellingson.

Thank you, Mr. Speaker.

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

**Dr. Sherman:** Thank you, Mr. Speaker. I'd just like to table five copies of a letter from Gerald Foster. He's a constituent of the hon. Member for Leduc-Beaumont-Devon. Throughout this cancer issue, he said in his letter, he had to wait at least three months, so he actually had to go down to Vancouver and purchase health care. He said: I'm the president of a company. But what I'm really concerned about . . .

**The Speaker:** That would be fine. You've tabled it.

**Dr. Sherman:** Thank you, Mr. Speaker.

#### Tablings to the Clerk

**The Clerk:** I wish to advise the House that the following docu-

ment was deposited with the office of the Clerk: on behalf of the hon. Mr. Snelgrove, Minister of Finance and Enterprise, pursuant to the Alberta Economic Development Authority Act the Alberta Economic Development Authority activity report 2010.

**The Speaker:** Well, hon. members, three points of order today, so we'll start with the first one. Hon. Member for Edmonton-Highlands-Norwood, quotations of documents would be very helpful.

#### Point of Order

##### Referring to a Member by Name

**Mr. Mason:** Yes. Thank you very much, Mr. Speaker. I am referring to *House of Commons Procedure and Practice*, second edition, 2009, chapter 13, rules of order and decorum. "The Speaker will not allow a Member to refer to another Member by name even if the Member speaking is quoting from a document such as a newspaper article." During question period the Premier specifically referred by name to the Member for Edmonton-Meadowlark. I think that should have been dealt with, but it was not, and that is why I stood up to make a point of order.

**The Speaker:** Fair game. I can deal with this. The member is absolutely correct. The long-standing tradition in here is that members should not refer to other members by name, and absolutely the long-standing tradition is that one shouldn't do indirectly what one can't do directly.

The Premier did quote, and I asked that the document be tabled. It hasn't been tabled yet. We've gone through the tablings. Government House Leader, you might want to look at that, please. As I understand it, the quote says:

Today Dr. Cowell, who is a member of the Health Quality Council and is the chair, said this, and I quote.

So I presume this is the quote.

The allegations are very serious. There's no question about it.

And then the name is put in. He could have said, I guess, "the Member for Edmonton-Meadowlark."

... is saying that there are up to 250 people that died on a waiting list. He needs to provide further evidence that this is, in fact, true. Right now they're allegations. We would need to see some factual evidence. End of quote.

Yes. I guess the only dilemma with respect to this is if it adds or takes away from the quote if the name is in there, but the member is right. Another member should not be referring to the name.

This has happened now on several days in this Assembly by members from various parts of the House, and it seems to always be in a unique circumstance, which this was. The bottom line is that the name should not have been mentioned. Absolutely correct, right to rise on a point of order. Clarification made. Tabling still to come.

Okay. Number two. Government House Leader.

#### Point of Order

##### Questions about Detail

**Mr. Hancock:** Thank you, Mr. Speaker. I rise on a point of order with reference to a question that was raised by the Member for Edmonton-Gold Bar earlier today. In essence my point of order is around raising questions in the House which ought to be raised either by written questions or in another forum. The citations that I would use would be *Beauchesne's* 409(5), which reads,

The matter ought to be of some urgency. There must be some present value in seeking the information during the Question Period rather than through the Order Paper or through correspondence with the Minister or the department.

And 408(1)(e), that such questions should

not be of a nature which would require a lengthy and detailed answer,

and the *House of Commons Procedure and Practice*, page 504, which provides that it should not

request a detailed response which could be dealt with more appropriately as a written question placed on the Order Paper.

In essence, Mr. Speaker, the hon. member was raising questions, pulling out budget documents or other documents, quoting from a specific line – now, as he held up the document, you could see that that document was a significant number of pages – and making the assumption for the public and others watching that the minister of health ought to have memorized all those lines and ought to be able to provide a detailed response to a detailed question. Clearly, in our orders of procedure there are places for those sorts of questions, and Written Questions and Motions for Returns are specific opportunities for that type of question.

As well, in our practice, I think, the rules that I just read from *Beauchesne's* and from the *House of Commons Procedure and Practice* would suggest that where you're asking for a detailed response, it might be more appropriate just to write a letter to the minister as opposed to trying to grandstand in the House.

One of the most important pieces that should be referenced by this House under this point of order is that the member asking the question is, in fact, the chairman of the Public Accounts Committee, and he knows full well where those types of questions can be brought up. If it's a matter of a current budget issue, it should be raised in the House during discussion in the Committee of Supply or in the policy field committee during discussion of estimates. If it's with respect to a prior year's accounts, the Public Accounts Committee is the appropriate place for those questions to be raised, and the hon. member, as chairman of the Public Accounts Committee, ought to know that.

**The Speaker:** The hon. Member for Edmonton-Gold Bar on this point of order.

**Mr. MacDonald:** Yes. This is quite an interesting point of order if you could call it that, Mr. Speaker. Now, certainly, the first thing I would like to say to the Government House Leader – and he should know this – is that the government majority which sits on the Public Accounts Committee is now setting the agenda. I would love to have the ministry of health come frequently to Public Accounts, but that is no longer possible because last year we changed those rules.

Now, I certainly would like to say that I was clear when I asked the question of the minister of health, and I was clear in my opening preamble, Mr. Speaker, that the Auditor General's report last October indicated that Alberta Health Services found numerous errors in the way data was being processed from the ledgers of former health authorities, including Capital health.

This isn't a budget document. This is the Auditor General's report from October 2010, which should be required reading for each and every hon. member of this Assembly. For the Government House Leader to say that this is an obscure budget document or a big budget document is untrue. That is untrue because this is required reading for every member of the Assembly.

2:50

Certainly, the hon. Member for Edmonton-Riverview used the same report in a question previous to me today to ask the Infrastructure minister about Villa Caritas, and there was no problem with that from the hon. Government House Leader. He didn't have a problem with my colleague asking the question, so I think I



should be given every opportunity to ask questions about the Auditor General's report.

I have an obligation. It's not grandstanding, as the hon. member indicated. In fact, this point of order, one could conclude, may be grandstanding on the hon. member's behalf. Certainly, I have every right to ask questions from the Auditor General's report.

I'm going to quote, in conclusion, Mr. Speaker, from *Beauchesne* 409(6). "A question must be within the administrative competence of the Government. The Minister to whom the question is directed is responsible to the House for his or her present Ministry and not for any decisions taken in a previous portfolio." This question certainly had to do with the recent financial statements and the recent report from the Auditor General.

*Beauchesne* 410(5) goes on to say, "The primary purpose of the Question Period is the seeking of information and calling the Government to account." That's exactly what I was trying to do. I didn't get any answers. Again, 410(6), Mr. Speaker: "The greatest possible freedom should be given to Members consistent with other rules and practices."

I can't understand why anyone would try to exclude the use of this Auditor General's report or any of his previous reports from examination in this House during question period.

Thank you.

**The Speaker:** Okay. I'm quite prepared to deal with this matter as well. This is the point of order raised by the Government House Leader. First of all, a bit of information: the Minister of Health and Wellness is scheduled to appear before Public Accounts on May 11 of this year. That has been scheduled.

Gee, when I was listening to all of this and I was paying attention to all of this, I thought that this point of order would have to do, basically, with the phrase, "I'm disappointed that you do not read the Auditor's reports." That kind of phraseology was a casting of aspersions upon another member, but the Minister of Health and Wellness has made it very, very clear that he did. Certainly, he's got a photographic-type memory, so he remembered that as well.

The Auditor General's report is fair game in this House. Questions can be raised from the Auditor General's report and should be dealt with and answered.

Sometimes it gets a little technical. Sometimes the Member for Edmonton-Gold Bar is a bit pedantic in his questions, and if he just eliminated the preambles in his second and third questions, we probably wouldn't have points of order raised with respect to that. So this is not a point of order that I'm going to spend any more time entertaining.

We're all going to move on, and we're all going to learn from this that, number one, the Minister of Health and Wellness will appear before the Public Accounts Committee on May 11. Done. The chairman knows now.

Number two, the Auditor General's report is fair game, any questions coming out of the Auditor General's report. Let's try and keep it at the policy level rather than specific – you know, the dollar, dollar, dollar figures – because that can surely be dealt with in the Public Accounts Committee rather than this Assembly. If we stick to policy and no preambles in the second or third questions, we won't have these kind of details to have to deal with.

Okay. Let's move on to number three now. The Government House Leader.

**Mr. Hancock:** Thank you, Mr. Speaker. That was precisely my point, that the pedantics and the dollar figures and the specifics were for Public Accounts. Obviously, policy is for here.

That was not what the hon. Member for Fort McMurray-Wood Buffalo was dealing with when he blatantly mischaracterized what the Premier had just said in response to a question, when he said that the Premier only cares about the health of 62 per cent of Albertans. Every member in the House was a witness to what the Premier had said and what the hon. Member for Fort McMurray-Wood Buffalo said. It was an absolute, blatant misrepresentation of what the Premier just said. However, I don't believe I need to raise a point of order on it now because the hon. minister of health dealt with it quite succinctly in his response.

**The Speaker:** The hon. Minister of Health and Wellness did deal with that. This would have been a point of order, and I would have asked for a retraction from the Member for Fort McMurray-Wood Buffalo. I've got the readings of both of them, both *Hansards*, in front of me, and that's not at all what one member said, that another member said that he said. That would've been dealt with, but we're finished with that one now.

Yes, sir.

**Mr. Anderson:** I just wanted to respond.

**The Speaker:** I looked. Nobody responded. Sorry. It's already dealt with.

**Mr. Anderson:** I'd like to make a defence on the part of my colleague, but that's all right.

**The Speaker:** I'm sorry, sir. I looked. You didn't move. I looked to see people stand, and I was starting to talk already. We've dealt with this one.

**Mr. Anderson:** Okay.

## Orders of the Day

### Committee of Supply

[Mr. Mitzel in the chair]

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

## Main Estimates 2011-12

### Energy

**The Deputy Chair:** Hon. minister, do you wish to speak?

**Mr. Liepert:** Thank you, Mr. Chairman. I'll make a few opening comments if I could and then be happy to spend as much time as we can on an exchange back and forth. The Member for Calgary-Buffalo said that he wants to be educated, so we'll make sure that we at least get him through grade school here today.

Mr. Chairman, before I start, I want to introduce some staff that will be assisting me today: my deputy minister, Peter Watson; I also have with us the chairman of the Energy Resources Conservation Board, Mr. Dan McFadyen, and the chairman of the Alberta Utilities Commission, Willie Grieve. We have additional staff in the gallery. Before I make some remarks, I'd just like to thank all of the staff from the various sections of our department. The year 2010 has certainly been a year of incredible progress in the area of the Department of Energy, and we owe a great deal of thanks as Albertans and as members of the Assembly to a number of hardworking staff that we have in the Department of Energy.

I'm here, as we all know, to present the Minister of Energy's business plan and budget for 2011-12. I want to start by saying

that our province is making a solid recovery from the global economic downturn, and as expected, we will have one of the strongest economies in North America as we move into 2011. Renewed activity in the oil and gas sector is leading that recovery. The final numbers for petroleum and natural gas land sales for the 2010-11 fiscal year are not yet complete, but I think it's fair to say, Mr. Chairman, that the numbers will be very similar to what the calendar year 2010 delivered, and that's somewhere in the range of \$2.3 billion to \$2.4 billion. That surpasses the previous record, which was set in 2005. It exceeds that previous record by half a billion dollars.

Now, in Budget 2011 we're forecasting revenues in the range of just over a billion dollars. It's hard to predict, but we want to ensure that we don't overshoot this number. Obviously, as the year goes by, if those numbers show the same kind of strength as they did in 2010-11, we will revise them on our quarterly updates.

3:00

What those numbers mean is that land sales illustrate that Alberta continues to be competitive in attracting new investment. Its record sales also mean new jobs and new opportunities for industry. In 2010, Mr. Chairman, 17,000 full-time energy jobs were added in Alberta, and I can tell you that there's a feeling of optimism and confidence in our sector in Alberta today.

I want to spend a few minutes and look at some of the budgetary asks that we have before the committee today. Our operating spending for the Ministry of Energy with two exceptions is pretty much consistent with the previous year. Of the approximately \$445 million, \$231 million is allocated to the Department of Energy, \$175 million to the Energy Resources Conservation Board – I know that there is some interest in knowing just how that budget breaks out, and I'd be happy to answer those questions – and \$39 million for the Alberta Utilities Commission. The \$83 million increase that's forecasted in our department estimates this year is mainly attributed to two clean energy initiatives. One is the carbon capture and storage initiative, and the second is the bioenergy producer credit program.

Budget 2011 continues to build on our strong long-term strategy to green our energy supply. In support of climate change we will maintain our commitment to carbon capture and storage. This year's allocation is \$73 million. This increase includes the reprofiling of originally budgeted amounts for carbon capture and storage to future years. An overall investment of \$2 billion for those four CCS projects, however, continues. In turn, Mr. Chairman, for that investment we are expected to start removing by 2015 some 5 million tonnes of CO<sub>2</sub> emissions from the atmosphere. We started that process last month with the first project that we had go out the door, and that's the one with Enhance Energy. Work is continuing on the remaining three projects. I hope that we're in a good position to make those announcements this year.

Another part of our commitment to clean energy, of course, is the bioenergy projects. Since 2006 government has invested some \$239 million into three grant programs to stimulate bioenergy development, which in turn has encouraged more than \$1.4 billion in additional private investment. Biofuel initiatives will see an increase from \$43 million in '10-11 to \$58 million in '11-12. This budget will fund a five-year extension to the bioenergy producer credit program. The extension will encourage the development of new technologies that use nonfood crops, waste biomass, or wood to produce products like fuels, power, and heat.

Some of the projects that are being supported through the program include wood waste gasification facilities in Edmonton and Fort McMurray, a bioenergy applied research facility near Vegreville, an organic waste-to-energy facility in Lethbridge, and an

industrial park in Drayton Valley converting wood waste into electricity. These projects are creating new value-added products, spurring investment, and contributing to important clean energy research.

This budget also allocates \$10 million to implement the recommendations of the regulatory enhancement project. The task force has recommended a long overdue streamlining of our regulatory process in the province as it applies to the oil and gas sector, and I'd be happy to go into any discussion about that over the next couple of hours.

I wanted to spend a few moments speaking about our nonrenewable resource revenue forecast. Now, many factors are considered when forecasts are developed, including supply and demand, world economic growth, and non-OPEC supply growth. But as one can see from the recent civil unrest in the Middle East, those forecasts are often outdated within days, let alone a year, which our budget is attempting to predict. So while forecasting prices in a market as volatile as oil and gas is a challenge, the Department of Energy based its forecast on assumptions regarding factors such as economic growth, demand trends, and expected supply levels. This forecast is then compared to estimates made by a number of other industry analysts, including banks, investment dealers, and forecasting agencies.

Budget 2011 shows prices equal to the average of those industry experts and private-sector forecasters that were surveyed by the Department of Energy. I must add that it's clearly below what oil is trading at today, but in saying that, I would say that when our final numbers are produced for the budget year 2010-11, our forecasts will be likely within about \$2 of what we'd forecast in the budget some 12 months previously. This budget assumes that natural gas prices in '11-12 will average about \$3.45 per gigajoule and that oil prices will average \$89.40 per barrel of west Texas intermediate crude.

Budget 2011 also estimates that nonrenewable resource revenue will increase quite dramatically over the next three years, Mr. Chairman. Resource revenue is forecast to increase by \$319 million, or 4 per cent, to \$8.3 billion in '11-12 and grow to \$10.2 billion in '12-13 and \$11.9 billion in '13-14. That growth is attributed primarily to three things: the increase in bitumen production, the payouts that will start to occur with our oil sands plant, and increased prices. Now, I know that we're running close to my time limit, so I'll just conclude by saying that bitumen royalties are forecast to increase by some \$556 million in '11-12, by 1 and a half billion dollars in '12-13, and by \$1.497 billion in '13-14.

To conclude, Mr. Chairman, energy will remain Canada's economic driver for many years. Alberta's role will continue to be one of leadership and responsible development of those resources, which will ensure sustained prosperity for all Albertans.

With that, Mr. Chairman, I would be pleased to engage in answering any questions that may arise.

**The Deputy Chair:** Hon. Member for Calgary-Buffalo, do you want to go back and forth?

**Mr. Hehr:** Yeah, that'll be fine.

**The Deputy Chair:** Then we'll work 20 minutes back and forth.

**Mr. Hehr:** Thank you, Mr. Chair. Thank you for the comments, hon. minister. It is indeed a privilege to be here at estimates debate, and I'd like to thank your staff for coming through what no doubt has been a challenging couple of years. I know that when I first came to this House, we were going through a rapid advancement of oil prices, which, I think, went all the way to \$140 and

then went all the way back down to \$35. Many people were out of work. Lord knows, I do a lot of complaining about things, but I know that when I was born at the Holy Cross hospital in 1969, I was lucky and blessed to be in Alberta, and some of that is because of the fact that we have a large abundance of oil and gas here. I realize the benefits it brings.

You also realize that I'm new in my capacity here, so if some of my questions appear to be naive or redundant, I'd appreciate some leniency. I'm sure I will get the appropriate answer to move ahead. At the end of the day I hope you realize that I, too, hope that we have a strong oil and gas culture and community providing us with a revenue stream where we can build a better province for not only today but tomorrow.

On that note, we can go right into some of the plans. Again, the hon. minister recognized and even my soliloquy showed that predicting oil and gas revenues is often very difficult. However, if we look at this year's postings by the government and what the prognosticators are saying out there, one has to question why we have permanently incorporated into our royalty framework the drilling stimulus initiative we have, which is essentially 5 per cent of royalty being paid for any new well. I'll start with that question.

**Mr. Liepert:** Well, that's a very good question. I think the easy answer to that, hon. member, is the fact, as you will probably recall, that we had a situation in the province where we weren't competitive. Capital can flow, and when we made the announcement that that would become permanent, the results speak for themselves. The land sales are clearly an indicator of that. I don't have the information in front of me, and I'm going from memory, but I saw yesterday the report from the Canadian association of drilling contractors, which said that the number of rigs working in this province in January is back to 2006 levels. Member, there aren't a lot of things that we do in government where we have the data that can back up that the decision that we made was right, and those are two very important pieces of data that I think justify that the changes we made to the royalty structure a year ago are working and will continue to work. I make no apologies for them.

3:10

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

**Mr. Hehr:** Thank you. I didn't ask the minister to make an apology for it. I realize that at the time, about a year ago, it may have been necessary. Okay? Given the timing, given the political ramifications that were at stake here in the province, it probably should have been made.

Now, what about the permanency of it? That's more what I'm worried about. Would there be some mechanism that we could incorporate into the system where after three quarters of oil and gas over \$100 we will have this come off? Then after three quarters of it under a certain price the royalty incentive would go back on. I realize that the industry likes certainty. But at some price point, when we're reasonably certain that the Alberta people are employed, that the government is doing all right, that oil companies should be doing all right, maybe there could be some mechanism like that put in place. Is that the strangest idea you've heard? I'd just like to hear your response to that.

**Mr. Liepert:** Mr. Chairman, I should say to the Member for Calgary-Buffalo that when I made my previous comments, I must admit I was kind of looking over his right shoulder because I know what the question from the Member for Edmonton-Highlands-Norwood is going to be, so I wanted to prime him for that.

Let me answer the question this way, hon. member. When we did our competitiveness review and we held our meetings with industry, there were three issues, I think, that came to the forefront. One, we needed to work on streamlining the regulatory process in this province, two, we had to adjust our fiscal regime, but probably just as important was number three, which was that when we adjusted that fiscal regime, we then left it alone.

Predictability and stability in the investment community is paramount. One of the things that we continue to hear as we meet with the investment community, whether it's in Toronto, New York, or London, as it was most recently, is the question: well, are you going to leave it that way? The answer I gave them last spring was: you've got to take my word for it. We're meeting with them now, a year later, and they're seeing that we're serious, that the fiscal regime we've put in place is the one we're going to move forward with and that we're going to stick to it. As a result, investment is flowing into the province.

**Mr. Hehr:** I will agree that you had to leave it. That was probably because you had changed it six times in the year previously. So to give them some measure of confidence, you may have had to do that. I understand that. They were difficult times.

What percentage of growth – and I know this is difficult – for the economy or the oil and gas industry is forecasted because of these changes in the royalty framework? Can you put a number on it? Does your department attribute a number to it? How much was due to the change in the royalty framework, or how much is due to the price of oil here? Some skeptics say that we got caught in a bind of low oil prices, political pressures, what have you, and the like.

**Mr. Liepert:** Well, I think it's a bit of both. You know, I take as an example land sales. We have noticed in the last year both with land sales and the number of rigs that are working that there has been a shift from gas to oil. There's an obvious reason for that. I'm not sure if we can put an exact number on it, but I think the number that is important is that if you have collectively the right regime in place, the investment will flow.

You know, the thing that's interesting is that even in natural gas and certainly in the shale plays in the province and actually throughout North America there is continued strong investment in gas even though the price is low. It is only an estimation on our part. I don't think there's any way we can actually decipher it to say what percentage led to the decision. But I would say that what we're seeing in gas is telling me that the fiscal regime is more important than the world prices right now.

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

**Mr. Hehr:** Well, thank you. If we can go to royalty performance measures, the old performance chart for the collection of royalties was Crown revenue share. That was a portion of the oil and gas industry's annual net operating revenue that is paid to the Crown as a royalty. A three-year moving average of between 20 and 25 per cent was the target range. Now, the department – really, I think you know this – only ever received 19 per cent. This was mentioned in the Auditor General's report, and it mentioned a lot of big problems with this measurement. This has now been replaced with the competitive performance target, which is combined tax and royalty rates for Alberta natural gas and conventional oil production compared with other jurisdictions. I think this is a good measure because it includes both taxes and royalty rates, and you have to factor in both because in Alberta we expect our workers to be paid decent wages.

Why can't this government have two performance measures, one to measure competitiveness and the other to measure the province's take? Can you separate out these two to make it a little more easy for maybe just me to understand or possibly other people? Can you have a competitiveness number, how we're doing on competitiveness? What is our province's total take? Can you separate that on just our total take on the oil side of things and then our total take on the side of taxes?

**Mr. Liepert:** I'll try and answer the first part of the question first. I have a slide, that I'd be happy to provide to the member, which shows that our combined royalty and tax structure makes us the second most competitive jurisdiction in North America. Saskatchewan is slightly ahead of us in a competitive environment, especially on the oil side, but their royalties are very, very low. From a competitive standpoint we are very confident that the regime we have in place now puts us in that competitive environment.

What I think you have to be careful of, though, when the member receives a copy of this slide, is that you have to remember that Alberta producers have to get their product to market. For the market, whether it be on the east coast of the U.S. or California or wherever it is, there is a significant transportation cost that Alberta producers have to incur. As an example, new shale plays in New York state or even Texas shale plays that are supplying gas to many of the major markets in the U.S. don't incur those same transportation costs. I'll get a copy of this to the member.

I'd ask if you could repeat the second part of your question.

**Mr. Hehr:** Well, I think that there could be, in our view, two, I guess, performance measures, one that measures competitiveness and one that measures the province's take. I mean the take just out of oil and gas revenues and then the take out of oil and gas and natural gas and taxes. Could we have the two numbers? Is there a way to separate the two numbers, or am I just misreading it?

**Mr. Liepert:** I think that, you know, I won't use the term that the member is using, which is "take." What we try to do is put in place a regime that encourages the private sector to invest. The private sector invests, it creates jobs, it pays taxes, and I think the proof is in the pudding. I don't know that you can kind of break it out that way. I know there are a lot of academics who try to use that terminology, try to use that measurement. It's not one that we necessarily subscribe to.

**Mr. Hehr:** I believe the hon. minister will recognize that our job is not only to provide jobs and do a competitive thing. It's also to have resources that will not only pay for things now but, hopefully, pay for things later. It's not only being competitive for businesses to do work here but to have a relatively competitive, to use a term that we're throwing around here, capture of royalties – okay? – a capture of the economic rent from what is, to use a term that would be out of date, the people's oil.

**Mr. Liepert:** Do you want me to respond to that?

**Mr. Hehr:** Sure. Yeah.

3:20

**Mr. Liepert:** Again, there's a balance. I mean, when we implemented some royalty changes, I don't think we found the right balance two to three years ago. As I said earlier, capital can flee on a moment's notice, and there are lots of places in the world to drill for oil. So it has to be a balance. There's no question that we need to ensure that Albertans receive fair return on the investment that's being made, but at the same time the investor also has to not

be seen as overly penalized. It's a balance, and I think all indicators are that we've now found the right balance.

**Mr. Hehr:** Just a question. If you look at our basin and our types of oil reserves and our type of marketplace, where, actually, we encourage large companies to come in and invest like Suncor, Total, all these different plays, what areas of the world are we in direct competition with for this type of investment? Where are the other jurisdictions in oil? It's my understanding we've got 25 per cent of the world's oil resources, in and around there, and it's my understanding that the world is getting fewer and fewer of these places that are really open for business to large commercial enterprises like the Suncors, the Totals, and whoever. Can you name me some of the jurisdictions we're in competition with that allow for that sort of open competition as we do?

**Mr. Liepert:** Well, the reality of it is that Alberta and Canada sit on the largest proven reserves by far of any democratic, not-state-owned country. You know, to answer the question is difficult because when a company makes a decision to invest, there are a number of factors that are taken into account, and I'm sure that on that list of factors that are taken into account today, civil unrest has jumped to the top. I don't think there is a formula where any particular company will say: "Okay. We're going to plug the pieces into this formula, and then we'll make our decision." You know, there are a lot of factors that are taken into account. The percentage of the profitability is one thing; the climatic conditions are another thing. But, clearly, how stable is the government in the jurisdiction that we're planning to invest money in for decades? How stable is that government? I think that's jumped to the top of the list of considerations that are taken into account.

**Mr. Hehr:** I would agree. Maybe I can find this in a textbook, but would some of the people here be able to answer the question: where do they see the jurisdictions that are competing for the kind of investment dollar that we have? I think you said Saskatchewan.

**Mr. Liepert:** Well, you've got to remember that we're talking about, really, four different commodities here: conventional oil, unconventional oil, conventional gas, and unconventional gas. When it comes to unconventional, or shale gas, clearly northeastern British Columbia has been a hotbed of activity and investment. A good chunk – maybe we'd like to see a little more – is moving over the border into Alberta. But we know that our competition for investment in shale gas is primarily in the U.S., huge discoveries of shale gas.

When it comes to conventional natural gas, you know, it's a tough go out there today because of the price. We're in competition, primarily when it comes to conventional natural gas, with the North American continent. We have no ability right now to get it off the continent. If we got it off the continent, we'd be competing with countries like Qatar, who are big into liquefied natural gas. Clearly, Russia has become the number one supplier to Europe of natural gas. So in conventional natural gas that would be our competition globally if we could get it off the continent.

When it comes to oil sands and heavy oil, there are other countries in the world that we compete against. I would say: offer it as a package. The oil sands, clearly, are at the top of the list. I think the best measurement of that is when you take a look at who's been investing in the oil sands in the last year or two. We've had significant investment from mainland China. We've had investment from Korea, Thailand, across the globe. Then when it comes to conventional oil, that's been around for a long time. We get back to what I just said a few minutes ago, that our competition is – again, we don't ship off the continent. So when it comes to who

do we compete with and who do we sell to, it's primarily on the North American continent. That graph that I sent you is a pretty good indicator.

**Mr. Hehr:** It sounds like there are various different areas in the world we compete against. I'm just trying to get a handle on what the geopolitical sense is in these areas, to really see which areas are open for business. That's more of what I'm getting at. But I can do that on my own time, not in this time.

**Mr. Liepert:** Well, if I could, Mr. Chairman, I think the number is that something like 50 per cent of the reserves in the world are state owned, so they have limited ability to invest by the private sector. We can't say that they don't because they're joint ventures, but by and large the environment that we offer in Alberta is only available in about 50 per cent. We have about 50 per cent of the world market.

**Mr. Hehr:** Okay. Thank you. Just one thing. I get questions about this one. You hear us talking a lot about Norway sometimes, and I realize there are different tax regimes and all that stuff there. This is a different time period. Did we maybe make a wrong decision in '93 in getting rid of the Alberta Energy Company and paying off the debt, when we have groups like Total over here now who are setting up shop and sending what I view are profits back to the motherland, if you want to call it that? I always thought that that at one point in time was owned by the Alberta people and that Peter Lougheed set it up so that 50 per cent of the industry would be controlled by the Alberta government, where we could play off, keep the private system but know we've got a competitive system here. If the privates won't do it and we find it viable, then we'll go in. It doesn't look like we have the balance to be able to do that anymore. I know you don't like to look backwards, but are we missing that sort of play here?

**Mr. Liepert:** Well, I think that when you mention the Alberta Energy Company, you have to really go back and look at the essence of why the Alberta Energy Company was formed. In many ways it was formed because there was a market void, if you might. The decision was made over a period of time that the company no longer served the purpose that it was set up for. The private sector was adequately developing the resources in Alberta, and Albertans were receiving appropriate return on the reserves that they owned.

I think that the history of the kind of marketplace that you talk about is not something that we want to see in Alberta. I go back to Petro-Canada. I mean, Petro-Canada was a federal intrusion into what we saw was the marketplace. Ultimately, the government of the day in Ottawa concurred with us; it sold Petro-Canada off. You know, I think it's almost a situation where you either have a private sector developed industry or you have a state-owned company that does it all and forms partnerships with the private sector. [interjection] I know the Member for Edmonton-Highlands-Norwood, but I wouldn't get too excited over there, Member, because the election results tend to speak for themselves.

**The Deputy Chair:** Just to note, we're on our second 20-minute segment.

**Mr. Hehr:** While we're on sort of this trip down memory lane on Alberta Energy, I was a youth, and I think my dad owned six shares and was very proud to own those shares.

3:30

Nevertheless, you were talking about voids in the marketplace. That's when governments either step in to incent things to get

done, or they do it themselves. I look at that as a situation that may exist in our bitumen upgrading right now. In my view, the government should maybe be doing more to incent this. It's easy for me to sit over here and say: "Why don't we have seven upgraders going up here? When I'm going to sleep at night, I dream that they're there. Why aren't they there?" That type of thing.

I realize you're saying that there are already these places down in the United States, that we can send it down there, and they're ready to take it. It's an investment by industry. There is money already spent there. Why are we going to make industry invest twice? I understand that argument. I understand the economics of it. I don't understand it from a province-building capacity.

Why don't we take a calculated decision as the Alberta government? These oil sands: I'm making a logical bet that these things are going to pump oil for 300 years. Okay? I've heard that number banging around. I, for one, hope they're pumping for 300 years. Why don't we bet the world is going to need these resources for 300 years? Why don't we say: "Piss on it. Let's build these upgraders here." Why don't we have these jobs? Why won't we build the province? Why won't we build the infrastructure here?

**Mr. Mason:** You can say that. You could get away with it, Ron.

**Mr. Liepert:** I've got to figure out how I respond to that.

Well, in many ways, member, that's exactly what we're doing. Under the leadership of my colleague here, the Minister of Sustainable Resource Development, we developed in this province what's called the bitumen royalty in kind, or BRIK, program. You know, I doubt that either one of us will be here 20, 30 years from now. If we were, I'm not so sure that what you're asking for wouldn't in fact be happening. We could be in a position 10, 15, 20 years from now as the Crown, the largest handler of bitumen in the province, and that number could be 200,000 or 300,000 or 400,000 barrels a day. I think, though, the strategy that we're on right now is that we want to use the leverage of BRIK, bitumen royalty in kind, to ensure that we get as much of our bitumen upgraded in Alberta as we can.

I think it's also important, as the steward of the resources of the province, to ensure that we don't put all of our eggs in that basket. If we end up in a situation where the differential between what the refiner is prepared to pay for bitumen and what you can sell it for on the open market is a losing proposition, we need to be in a position where we are what I call hedging. Some of our product flows out, sold as straight bitumen because the price might be a better return for Albertans. Other product can be upgraded through our bitumen royalty in kind.

In essence what we're doing is following what the member is saying, but we are not going to get into the business of government building upgraders. That is not part of what this government stands for. The BRIK program accomplishes exactly the same thing, and we don't have that capital outlay, because we'd have your friends to the left giving us the gears for being in business.

**Mr. Hehr:** I understand that. Then to the extent the BRIK program is doing it, I wish you would do it more quickly, get more of that business up, get more of our private-sector friends involved in building those upgraders so we can get our bitumen upgraded here. I encourage you to make those incentives. Those are a gamble on the Alberta people, too, to gamble how much we're going to incent that industry to do that. I would encourage you to incent whatever you can to get those things because that's, in my view, what I would like to see. Okay? We'll leave it at that.

No, we won't just leave it at that. How much bitumen of our bitumen in total are we upgrading currently in the province?

**Mr. Liepert:** I'm going from memory, but it's in the range of 65 to 70 per cent currently. We think that with North West coming on stream in a couple of years and the announcement by Suncor-Total that they're going to complete the Voyageur upgrader at Suncor's plant, with those two projects we will continue to stay within our energy strategy of 60 per cent being upgraded in Alberta for late into this decade. Clearly, in order to continue to meet that 60 per cent, we need more upgraders coming online down the road, and we believe that ultimately through our BRIK program that will happen.

**Mr. Hehr:** You guys have alluded that in the next 10 years we'll have a massive amount of bitumen coming that has a possibility of being upgraded in Alberta.

**Mr. Liepert:** The projections – and these are real projections based on actual investment in construction and expansion – are that the slightly over a million and a half barrels today will double by 2020.

**Mr. Hehr:** Any projections to 2040?

**Mr. Liepert:** Well, they're harder to determine because at least between now and 2020 we see a number of projects that have already been announced or are under way. When you get beyond 2020, you're making projections that are that, projections. They're not really based on anything other than a projection of what the price will be, what the investment will be, so I can't.

**Mr. Hehr:** Well, thank you.

If we can just turn to natural gas, what will happen to government revenues if, say, natural gas goes up a dollar and/or goes down from where you guys forecast it now? Are those significant?

**Mr. Liepert:** I have to go from memory, but my recollection is that every dollar in natural gas pricing is about a billion, I think. Sorry. I'll correct myself on that. It's about half a billion. Every 10 cents is \$50 million.

**Mr. Hehr:** Okay. Now, this question has something to do with your department, but we'll just maybe have a discussion about it anyway. I know you have cross-ministry groups going all the time, so I'll ask you as the Energy minister how that cross-ministry has worked to reduce Alberta's reliance on funding core programs with nonrenewable resource energy and whether we can get to a day when there's going to be 30 per cent of it saved. Or are we really in a fool's paradise? From what I see we've done for the last 20 years, we've shown nothing, that we can blow through a lot of royalty revenues. I understand that. We have \$11 billion more tax from there.

I know I'm essentially asking what you do, what I'm suggesting here, so I'm not running from that either. Are we just going to say: "Is that content? At the end of the day we'll bring in a sales tax when the oil and gas run out and leave our children and their children with higher government services." Is there some discussion going on in your cross-ministry group with regard to the use of these once-in-a-lifetime spending opportunities?

**Mr. Liepert:** I'm not sure that there's anything that I can say that would help the hon. member there. I mean, as a government we're always looking forward as to what the best policies might be around taxation and around resource development. I'd maybe make a couple of comments because I think it was at the start of

the question. I think one area that we can look at where probably we're making excellent progress is in the electricity file, relative to getting a higher percentage of our electricity generation from nonrenewables. We're at 12 per cent today. Eight per cent of that is wind. I think the projections are that wind is going to be up to about 11 or 12 per cent on its own in three to five years.

Those are all very encouraging numbers because there's no question that coal-burning generation is going to be under the gun. The environmental constraints around coal burning are going to make it a challenging business to be in, and we're still relying on 50 per cent coal. I think you're going to see a greater shift to natural gas. So that's the electricity side.

You know, until the member can prove to me that Canadians and North Americans are prepared to drive smaller vehicles shorter distances, I don't see that insatiable desire for resource products to reduce over the next period of time. I think the demand is going to be there. It's going to be a growing demand over the next decade and beyond.

3:40

**Mr. Hehr:** I'm not sure that the minister answered the question I was asking. He turned it into a question on whether North Americans are going to be driving or looking at saving resources. I was actually asking a question on the relative merits of our policy of spending royalty revenue the way that we do in Alberta.

**Mr. Liepert:** With all due respect, I think that's a bit of an unfair question. We generate the revenue as our department, but the decision on overall government taxation policy is not one that falls within the Department of Energy. I think we as a government have been and will continue to be always engaged in what is the right balance, what is the right amount that we put away for savings. Thank goodness we did put away savings, not only in the heritage trust fund but the sustainability fund, which is allowing us now to balance our budget. That's a good, healthy debate, but I don't think it's appropriate for the estimates of the Department of Energy.

**Mr. Hehr:** It probably isn't, but I tried to get you there anyway. I understand completely.

The province is no longer forecasting natural gas and by-products to be the largest source of royalties. It's the second time ever. Do you find this a permanent change?

**Mr. Liepert:** Well, it will be for the near future because of two factors, the significant increase in production and the continued high price of oil and, especially, bitumen. But that could change fairly quickly if the price of natural gas were to triple as it did three years ago. I can't predict that. Under the current estimates we are forecasting that the royalties from bitumen production are going to exceed conventional oil and gas combined for, I think, as long as the business plan projects us out.

**Mr. Hehr:** If you can bear with me, I'm going to read through something here. For 2012 it is estimated that \$1 billion plus will be collected from gas and natural by-products, with a sizeable chunk being returned in royalty credits to gas producers. In October 2009 the Auditor General's report on page 204 recommended a different accounting method for funding of these initiatives, and I think some of these initiatives were the 200-metre drilled royalty credit, the one-year program to incentivize new wells, deep well drilling, and a deep natural gas and oil incentive drilling.

Anyway, in this particular case these initiatives shouldn't be accounted as netted revenue royalties minus royalty credits but as expenses. By not reporting them as an expense, we can't deter-

mine if the incentives have resulted in incremental revenue. This recommendation still remains outstanding. Can you answer me: why does this remain outstanding? What are the benefits of doing it the way we're doing it? Is the Auditor General out to lunch? What's the deal here?

**Mr. Liepert:** Those were your words relative to the Auditor General, not mine, so let's make that very clear.

The only answer I can give the hon. member – and I'm meeting with the Auditor General here in, I think, the next week – is that all indications that I have are that the Auditor General is satisfied that all of the accounting processes that we now engage in meet what he is asking. We have to remember that a couple of the programs that you referenced will expire at the end of March of this year.

I have no indications from the Auditor General that we haven't complied with the recommendations as set out in his report.

**Mr. Hehr:** Now, it's my understanding that we're incentivizing production right now in the natural gas industry. You know, I guess that's fair. Is there a point where it doesn't make any sense to bring this resource out of the ground, where the price is just too low to countenance that? If you leave your incentives in place, and the market decides it doesn't matter if we make 3 cents a gigajoule or whatever you're going to sell it for, is there any arbitrary number where you say that we're shutting this down because it doesn't make any sense?

**Mr. Liepert:** That would be a decision that the private sector would make. What we attempted to do on the natural gas side is – the changes that we made last spring were very much geared at new technology, new means of extraction, trying to get more out of existing reserves. I know that in the meetings I've been having with folks on the natural gas side of it, they recognize it's a tough market out there. This is an industry that is incredibly resilient. This industry knows that they have to find markets off the North American continent, and we're working with them on that.

I think that in some cases some of the shift in natural gas has been to shale, where the volumes are so much greater. We also have to recognize that there are price differentials when it comes to liquid-rich natural gas versus dry natural gas. So there are a whole bunch of combinations that come into play.

I don't get the feeling from industry that they feel they're at that point yet, but clearly they are prepared to stick it out. As one CEO said to me, it's going to be a matter in the next two years of toughing it out. But part of toughing it out is also finding new markets, and that's going to be job number one.

**The Deputy Chair:** Hon. member, we're into our third set of 20 minutes.

**Mr. Hehr:** Thank you. We discussed this a little bit earlier. I think from your comments – and maybe I'm reaching here a little bit – that one of our main competitors here in oil and gas and even our oil sands is Saskatchewan, and right now they have a lower royalty program than we do. They collect less royalty rent than we do. I know we've agreed on things like TILMA and the like to encourage the three provinces to work together so that we're not chasing each others' tails, so we're maximizing, I guess, our competitiveness both for the taxpayer and the industry at the same time so that we're not creating competing races to the bottom.

**An Hon. Member:** Form a cartel.

**Mr. Liepert:** We have a cartel, hon. member. It's called the west-

ern economic partnership or the, whatever, northwestern partnership.

Royalties and taxes paid by the industry are only one factor that industry takes into account when it makes a decision on where to deploy their dollars. You know, I think there's everything that comes into play, from lifestyle to whether one province has a sales tax versus another province. I mean, it's the whole basket of goods.

Where you see the royalty regimes in the three western provinces, my guess is that they're probably going to stay there for the foreseeable future. There may be some incentives that certain provinces might take. As an example, I know Saskatchewan made a significant change around natural gas because they haven't had a lot of natural gas play, so they were trying to encourage natural gas investment.

I would say that what we will be working on together as three western provinces are two things primarily: number one, jointly trying to find new markets for our producers offshore, and number two, working to see what some of those regulatory barriers that exist are. What does Saskatchewan make industry do once they cross that Alberta-Saskatchewan border that we don't and vice versa? It's almost a no-brainer to say: why can't we harmonize those regulatory barriers, the permitting, all of those kinds of things?

3:50

I'll give you an example of a fellow who works with one of the drilling companies. His job is to set up all of the various camps. He said to me one day: do you realize that when you got rid of nine health regions and made one health region, I now have to only apply for one permit when it comes to all of my camps? Those are little things that we sometimes don't think about, but those are real burdens on industry.

**Mr. Hehr:** Thank you for removing those for the industry. I guess some people may disagree but nevertheless. As long as you're keeping that industry happy.

Anyway, on opening up our partners, I think that is an excellent thing for your government to be concentrating on. We know the pipeline in the Northern Gateway to Kitimat is extremely important. We share that view. How is that going? Are you guys making progress? I realize that you guys are not the only ones at the table here, and there are many partners and procedures that need to go ahead.

**Mr. Liepert:** Well, if the hon. member is serious about what he just said, I would suggest that he pick up the phone and phone his federal leader and tell his federal leader to call off the dogs relative to tanker traffic on the west coast because you cannot ship product off the west coast if you don't allow tanker traffic. I recognize that to your colleague behind you there that's an impossible ask. But I have great confidence that the Liberal opposition could pick up the phone, phone their Liberal leader in Ottawa, and say: smarten up.

**Mr. Hehr:** Well, this may surprise the minister there, but I'll just inform him that I'm not really in contact with Mr. Ignatieff that much. It may surprise him. It may surprise him that we actually don't run any of our policies by him. I didn't confer with anyone in their energy department before I met with him. So if he needs that information – I know that one time in question period last week, Mr. Chair, he brought up the Liberal government in Ontario. Let me tell him here and now for the record that I don't talk to them either, okay? I'm just trying to make that clear because this minister keeps making that mistake. If he can try and remem-

ber that for the future, that would be all right. Needless to say, next time Mr. Ignatieff calls me, I'll answer, and I will pass that request along.

**The Deputy Chair:** Hon. member, let's try and stick to the estimates.

**Mr. Hehr:** Yes. Actually, I think, on that note, I'm going to pass it along to my friends here to carry the burden, shoulder the load for a little while, and I'll think about my next questions that I'm going to ask the minister.

**The Deputy Chair:** Okay. For the next 20 minutes, then – did the minister have any more comments? There are 13 minutes left in this segment for the opposition.

**Mr. Liepert:** Well, maybe, if I could. Maybe I was a little – I can't resist taking a shot at Liberals, Mr. Chairman. We recognize the importance of not only Gateway but the natural gas line to the west coast. Anybody in Alberta who doesn't recognize that our future and the future of the North American continent as an exporting nation in many ways is in Asia, they're fooling themselves. I hope that we can have a civil hearing relative to the panel that's going to be hearing the Gateway application and that the right decision is made because we absolutely need that access to the west coast.

**The Deputy Chair:** Okay. If there are no other questions on this one, we go to the members of the third party.

The hon. Member for Calgary-Glenmore, you have 10 minutes, and the minister has 10 minutes. Do you wish to combine your speaking time back and forth?

**Mr. Hinman:** I would on the caveat that – and he's been excellent so far with quick, brief answers – if he was to go on pontificating, I'd like to be able to stand up if he's past the limit.

**The Deputy Chair:** Well, he could only go on for 10 minutes, and then he'd be shut down.

**Mr. Hinman:** Well, that's my worry, that he might shift gears.

**The Deputy Chair:** Well, it's your choice. You have 10 minutes to go straight forward, and he can then answer for 10 minutes.

**Mr. Liepert:** Mr. Chairman, I will give my commitment that my answers will be brief and succinct.

**Mr. Hinman:** He will continue, and I appreciate that. He's been excellent so far.

**The Deputy Chair:** Okay, hon. member. Then the hon. Member for Calgary-Glenmore, you may begin.

**Mr. Hinman:** Okay. Thank you, Mr. Chair, and thank you, Mr. Minister. It is an honour and a privilege to be here, and I appreciated his opening remarks as he talked about clean energy and the future and pointed out a few things that were his goals going forward.

Because of the shortness of time, I'm going to jump right to goal 3, which the minister has, and the fact that we need to lead and support the development of energy-related infrastructure. This is a major concern for industry and for us in the Wildrose, and I feel this will be the heart of our questioning today, to try to go to this.

On point 3.3 in goal 3, "Alberta has a competitive and efficient energy system ensuring Albertans' electricity and natural gas

needs are met." This is where we're very concerned, Mr. Chair, that Bill 50 seems to go against everything that the government's goal is in trying to have the Alberta advantage to bring in investments in all of those areas.

Several years ago in this House the government came up with this whimsical idea that we could raise the royalty rates and we'd be able to collect an extra \$1.4 billion. They were wrong, and it's taken a great deal of money and a lot of time to recover from that.

My first question is: has the minister read any of the other reports to look at the cost that the \$15 billion infrastructure is going to have on the actual transmission costs, and do we have any projected charts that show the cost of power production, the cost of transmission, and that being related to other jurisdictions, whether that's Saskatchewan, B.C., or down in the States? Our fear is that when you spend all this money on this infrastructure, we are going to be uncompetitive and lose industry, just as we did with the new royalty regime. A quick response on that.

**Mr. Liepert:** Well, Mr. Chairman, the quickest way to lose industry is to ensure that it doesn't have the necessary infrastructure to expand and operate, and the reality of it is that in this province we need to set some things straight. I hope that this particular member takes what I'm saying as constructive advice and then uses it as we move forward.

He refers to \$15 billion – I've heard \$13 billion; I've heard \$16 billion – but if we're talking about the critical transmission lines that I think the member is talking about, we're in the range of \$3 billion to \$4 billion. What the \$13 billion, \$15 billion, \$16 billion number is is the Alberta Electric System Operator's projection out 20 years.

What we have is a situation in this province where our transmission system is 30 to 40 years in service. Over the years we have had major attempts to deal with that. I don't have to repeat history about some of the things that went on in the past, but I look at it this way, Mr. Chairman. When the government of Alberta decided we needed ring roads around Edmonton and Calgary, there wasn't a hearing for a need. There was a determination that the need was there, and then what we needed to do was ensure they get built. That's exactly what we're doing with the critical transmission lines, and we have determined that they need to get built.

Now, what will happen is that each one – and I have the chairman of the Alberta Utilities Commission with me today, and I'm sure that he'd be happy to hear your comments. Over the course of 2011 there will be hearings around costing, around siting, and I'm sure they will diligently ensure that those costs are appropriate.

**The Deputy Chair:** The hon. member. And we're going to stay to the estimates, the main estimates.

**Mr. Hinman:** Well, I thought that was, Mr. Chair. I mean, I quoted from 3.3.

**The Deputy Chair:** I know. I know. I knew you were giving a background, but we'll stick with the estimates.

**Mr. Hinman:** Well, I appreciate the counsel there.

I guess the minister earlier acknowledged that there was going to be a major shift, he believes, from coal to natural gas over the next 10 to 20 years. You've got the vision. I agree with you on that. I think most people would agree, especially with the change, you know, with the shale gas play and everything else. It's abundant now, and where we thought we had a limited resource, we're looking at, you know, 50, a hundred years again now.

With that thought, it just appears to me that with the parameters you've given to AESO and the Alberta Utilities Commission



board that say, “Well, we want zero congestion in building that” when, in fact, we’re looking at these plants being decommissioned even early – would you not agree that the natural tendency is going to be putting up power generation through natural gas close to the actual demand rather than these large lines for coal plants?

4:00

**Mr. Liepert:** No, I don’t agree, Mr. Chairman, because there are some factors – I don’t know if it’s convenient or not – that are left out of this discussion. I’m not sure if the member is aware that to build a natural gas fired generating plant at Calgary is 10 per cent less efficient than it is at Wabamun because of altitude. That’s not my information. That’s what the industry is telling us, that’s what the Electric System Operator is telling us, and I think it’s one of the reasons why there has been no significant effort made. Despite what the member’s colleague tries to relate in the House, there are not two gas-fired generating plants being built in his constituency of Airdrie-Chestermere. That is flat-out wrong. They are being contemplated, but they’re not moving ahead.

The second factor is water. We have to recognize that around the city of Calgary water is a scarce commodity, and in order to generate power through natural gas fired plants requires a lot of water. There happens to be a lot of water at Wabamun, and I’m assuming that’s the reason why TransAlta in their decision to build Sundance 7, even though it’s gas fired, is building it at Wabamun and not in Calgary.

**Mr. Hinman:** I appreciate that, Mr. Minister. Again, yes, I’m very aware of the factor of altitude and efficiency in production. The problem here is that we’ve tilted the playing field because if you look at the cost of transmission versus the 10 per cent loss from being close and factor in that \$3 billion, that is a far higher percentage rate than the 10 per cent loss from the production being close. It’s a policy that this government continues to perpetuate by saying: “It doesn’t matter where you produce it. We’ll transport it free of charge, basically, so that you can compete.” It’s an unbalanced field, and we need to redirect that. Again, we’re not allowing the true competitive nature of industry to set up where it is.

I would ask the minister to look back at the parameters that they’re asking for and that we’re setting up in producing the report that says that these power lines are a need. I mean, just from the fact that we’re going with DC power lines, we either need to check our thinking, like we did with the new royalty framework, or say: “Well, no. What we want to do is to be able to export, so putting in this first major link is going to make it cost-effective.” The reports that come out show that the costs are going to be a 61 per cent increase in transmission costs with these power lines. Again, my understanding – and you can clarify this – of Bill 50 is that those are declared essential lines, that I thought originally came in at \$14.3 billion, that aren’t going to go through a needs process because Bill 50 has declared them as needs. The inflation has put it up over \$15 billion now.

**Mr. Liepert:** Mr. Chairman, this particular member waxes on about a competitive environment. What more competitive an environment could you have in the province than to say to industry: you can build a plant wherever you want, and we’re going to ensure that that power moves to where it has to move. What this member is saying is: “Don’t build transmission. Tell industry where to build their plants.” That’s exactly what I heard him say. If that isn’t what he said, then stand up and say the opposite.

**Mr. Hinman:** I will clarify that.

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

**Mr. Hinman:** Thank you, Mr. Chair. That is the problem here. What we have is an unfair playing field because the government is saying: build a plant anywhere, and we will build a power line for you. You might as well go to the farmers in California and say: “We will buy your crop, and we’ll pay for the transportation here, but, Florida, we won’t transport yours here. We buy from one area.” What we need to do is create a level playing field that allows industry to say that the need for electricity is in Calgary or it’s down in Medicine Hat or somewhere else, and they can look at the decision. It goes back to 2001, when this government had a proposal going on here that we needed a charge, like we do in the pipelines, per kilometre that it’s travelling. It’s important that we have the true cost of the overall bill and not that.

What’s going to happen and why we’re bringing this up is that we’re going to have industry go offline because the cost of transmission exceeds the cost of power. When that happens, they can go in and build power at these major industrial facilities. This is another question: have you got any estimates on the number of industries that are going to go offline when, in fact, the price of electricity transmission reflects on their bill that they’re no longer competitive and what that ripple effect is going to be on other industries in the province? A big, major industry can go offline, produce their own electricity, and then we’re stuck with I don’t know how many billions of dollars in transmission lines after Bill 50 has been implemented. What is the minister’s number?

**Mr. Liepert:** Well, Mr. Chairman, all I can say is that we talk regularly to all of the major industrial players in the province. We don’t go out and make stuff up, like certain members of this House. We go out and talk to industry. Industry is telling us that they need the transmission.

We can have this debate all night. All I can say is that if that particular member and that particular party are truly interested in a competitive environment, I would say that a competitive environment is when you let industry determine where they want to locate their facility, and you put the infrastructure in place that accesses the entire province. He’s arguing against himself, Mr. Chairman.

**Mr. Hinman:** Well, what’s going to happen, then, is that we’re going to see, again, just what we did with the oil and gas industry. They moved to B.C. They moved to Saskatchewan. Industry is going to move to those two areas to have the electricity cost at a greatly reduced price. Again, the minister, in my opinion and in our party’s opinion, is falling on false principles to think: transportation is free, so set up anywhere. With a nuclear power plant right up in northern Alberta we’re going to pay for the transmission all the way down to southern Alberta? It’s ridiculous to even think that the cost of transmission isn’t a factor in the consumption costs.

I look at my electrical bill every year, and the power is the lowest cost. It’s the transmission, the fee services, and everything else that costs more than our actual power. That is not an Alberta advantage. We’re going to lose industry. It’s going to go to other provinces, just like it did when you raised the royalty.

It’s good to see the former Energy minister here. You talk so much about how you understand and that the new royalty regime hit the right balance. You’re going to do the same thing with our electricity that you did with the new royalty framework, and it’s going to be extremely damaging to business here in the province.

To go to another question, you’ve talked about the regulatory burden. That really is a problem. It’s good to hear you address that. Again, under goal 3, page 55, 3(d), timeliness of the needs

and facility applications: "Percentage of needs and facility applications determined within 180 days of the application being deemed complete." Could you give us any comparison numbers on what the timeline is in B.C., Saskatchewan, or U.S. states versus our 180 days?

**Mr. Liepert:** I don't have those numbers right in front of me, Mr. Chairman, but I'll take the question, and we'll respond appropriately so that he has the precise information.

I guess I just want to make two comments. There was a lot of rambling going on before that last question, and I'd like to respond to some of it. The member talked about: if we do what we are proposing today with transmission, industry is just going to pick up and move to B.C. Well, maybe the member should take a look and see whether the B.C. government has not done exactly what we've done, and that is to determine the need for transmission. The Ontario government has done the same thing. So for the member to say that somehow we're doing something that no other province is doing is just false.

He's sort of mentioned a few times now, trying to relate things to the royalty review that was undertaken – I wasn't in this portfolio at the time. But I do recall that the royalty review – and I remember when it was brought to caucus – was actually brought there and supported by the former finance minister who, I happened to read in the paper the other day, is the newest adviser to the Wildrose caucus. So if the member wants to continue to ramble on about the former royalty review, I'd suggest he sit down and have a good, long conversation with the former minister of finance who's now the big supporter of this particular group of people.

4:10

**Mr. Hinman:** I appreciate that. We're going off a little bit, but that's okay. It's interesting that he was the only former finance minister that's balanced a budget over there. We do have some members over there that are coming to the light and leaving this sinking ship. I don't think you have anything to brag about that your former new royalty regime was a great bonus for Albertans; it wasn't. It was a major heart attack that you caused to the industry . . .

**The Deputy Chair:** Okay. Hon. members, let's get back to the estimates.

**Mr. Hinman:** Yes. Thank you, Mr. Chair.

Anyway, to ask the question, then, because you didn't answer it, on the 180 days: could the minister please tell me how long it is to have the same regulatory questions answered in Saskatchewan, B.C., or the U.S.?

**Mr. Liepert:** Mr. Chairman, with all due respect, these are the Alberta estimates, not the B.C. estimates or the Saskatchewan or the U.S. estimates. I think I said to him that I would get the information as best we could in writing. I don't have that information in front of me.

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

**Mr. Hinman:** Okay. Thank you. I thought that you would do an assessment, though, an evaluation to see if we're competitive or not. That's what you failed to do with the new royalty framework, and you're failing to do it with this. You're not doing the estimates to see what the costs are. I don't think that you have any idea what the transmission costs are in other provinces and in the

States versus what they are here in Alberta. You need to do those cost estimates.

I want to switch because we're running out of time here.

**Mr. Liepert:** Can I get clarity, please? Can I get some clarity? I thought you were asking us about the regulatory relative to oil and gas as it applied to other provinces. You've just sort of rambled into transmission now. I have no idea what you're asking for, so maybe you could clearly state what you're asking for, and I'll get you the information.

**Mr. Hinman:** Well, you could go back to *Hansard*. I think it'll be there. But the reason why I'm running out is because we're literally out of time. Twenty minutes does not do any justice to asking questions.

To quickly switch over to the support of large-scale carbon capture and storage – again, a major concern that the government here is picking winners and losers – he talks about kick-starting this industry. How much money is going to have to go in after the \$2 billion? Is that the last amount that's needed to go forward? If, in fact, we're wanting to reduce CO<sub>2</sub> emissions and overall emissions from vehicles and everything else, has the government even looked at the natural gas strategy to see the difference it would make in reducing the use of low-carbon fuels like natural gas and propane versus their program right now to put ethanol into our gas and reduce it a miniscule amount? Switching to propane and natural gas would be tax dollars, money far better spent than it would be for carbon capture and storage.

**Mr. Liepert:** Mr. Chairman, we are working with the natural gas industry in the province to explore some of these options. I know that this is questions from there and answers from here, but I'd be curious to know whether the member would support the government substantially subsidizing the infrastructure that would be required to move to a natural gas fuelled province.

**Mr. Hinman:** It would certainly be something where the government could commission some of their researchers to see what it is, but I think, more importantly, if you looked at the new generic tax frame, if we could have the incentives there like we did to incent the oil sands development, that would in fact see a major boom if we quit taxing it. Another area that I see in the numbers is the fees that are going to be collected from industry of \$143 million, I believe, going up to \$150 million. Could the minister elaborate on why that fee is going up? Is that increased business? Are you raising the fees? Why is that fee going up? It's just another tax on industry.

**Mr. Liepert:** Could I have you repeat it? I was so engaged with whether or not in the budget that the Wildrose put out the other day, they had budgeted to say that we should invest in infrastructure for natural gas fuel. I'm not sure I saw that in there.

**Mr. Hinman:** We didn't say for you to invest in it. We said: create a fiscal regime that would do that.

On page 56 with your revenue you have industry levies and licences going up from \$142 million to \$150 million. What's the reason for . . . [Mr. Hinman's speaking time expired]

**The Deputy Chair:** The hon. leader of the fourth party.

**Mr. Mason:** Thank you very much, Mr. Chairman. I appreciate the opportunity to ask the Minister of Energy some questions. I know he's been anxiously waiting. I mean, he couldn't even wait. I'm happy to go back and forth. I do appreciate very much the

political shots, but if you could mix the odd answer in with them, I'd be very appreciative of that, Mr. Minister.

I want to start with performance measures. This year there are only eight. Some of the measures that have disappeared include upstream oil and gas investment, ethane demand in Alberta, ethanol production in Alberta, biodiesel production in Alberta, and the number of microgeneration sites. But the plan has kept the measure in which Albertans assess their own knowledge of the energy industry on a scale of 1 to 7. So it seems to me that we have eliminated a lot of very relevant, hard data information that would allow people to track the progress of the energy industry in this province, and we've retained an extremely subjective and, I think some would argue, relatively unimportant measures. Why have you eliminated those performance measures? Why, specifically, is there no performance measure actually relating to renewable energy?

**Mr. Liepert:** Well, the member raised a good point. I think what we need to try to do in government – it's one of our objectives – is to focus and streamline. There's no question that when you have a myriad of performance measures, I think you need to focus on what your core business is and continue to ensure that you meet those objectives. Now, that being said, we will on a periodic basis ensure that those kinds of things that we have been measuring in the past are reported in some form.

The hon. member has unlimited ability to ask written questions on the Order Paper. If he wanted to put those on the Order Paper, I would be more than pleased to respond to him in an appropriate way as we move through the year.

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

**Mr. Mason:** Thanks very much, Mr. Chairman. I know that the minister is expecting me to ask about royalties. I hate to disappoint, so I'd just like to indicate that since 1997 oil sands royalties and land sales have totalled about \$20 billion, and the total value of the bitumen produced in that time is \$205 billion. Now, in 2009, the worst part of the economic downturn, a low estimate of oil sands companies' pre-tax profits was \$14.3 billion, and in that same year the companies only paid \$2.2 billion in royalties and land sales. The bottom line here is that the government's share of oil sands revenue has averaged 8 per cent since 1997. I'm specifically leaving aside conventional oil and gas and unconventional gas. I'm just talking about oil sands. I've actually gotten used to saying oil sands, too, so I'm sure you think that's progress. I would like to know why the minister is satisfied with capturing such a small amount of the value, a small amount of the economic rent coming out of the oil sands.

The two original sites, Suncor and Syncrude, were called by Pedro van Muers, who was a consultant on the original royalty project under Lyle Oberg, now with the Alberta Party . . . [interjection] Sorry. I apologize. The Wildrose Party. When he increased the royalties, you know, I just think that – where's my train of thought going here? Sorry. I shouldn't have gotten diverted by your tactic about Lyle Oberg.

Basically, what Pedro van Muers said – there it is – was that Syncrude and Suncor are two of the most profitable enterprises on the face of the planet.

4:20

**The Deputy Chair:** Hon. member, a point of order has been called.

Hon. Member for Airdrie-Chestermere, you have a point of order?

## Point of Order Factual Accuracy

**Mr. Anderson:** Yes. Absolutely, Mr. Chair. The last finance minister to balance the budget, Dr. Oberg, clearly did not raise the royalties. Royalty rates were raised under this government after Dr. Oberg had retired. He did put the committee together, but the facts show . . . [interjections]. Yes they do. Be truthful for once in your life. Be truthful. They were not raised by him. They were raised by this government. You can chuckle all you want, but that's the truth and that's the fact.

**The Deputy Chair:** Hon. member, I don't notice a citation, and I don't think there's a point of order here. He's made a comment. I appreciate the comment, but we'll carry on.

The hon. leader of the fourth party.

## Debate Continued

**Mr. Mason:** Or you can even say NDP. We don't mind.

Mr. Chairman, just to that last point, I was actually here when that happened, and I know who was in charge. You know, obviously the Premier made him do it, but he did do it.

The question, really, to the minister is: why are we settling for such a small percentage of the value of this tremendous resource, considering all the advantages we have? We're well located to American markets. They're extremely concerned about the security of their energy supply. We provide that. We have a third of the oil reserves that are available. We have huge advantages. It really seems to me that we could leverage them far more than we're actually doing.

**Mr. Liepert:** The leader of the fourth party, the Member for Edmonton-Highlands-Norwood, if I can call him that – I can remember that – referenced one of the members of the Royalty Review Panel and some of the comments that he made. You know, I don't agree with many of those comments from the Royalty Review Panel, which was set up by Dr. Oberg. I don't happen to agree with those comments, and I don't know that they were actually factual.

What we do have to remember with the oil sands is that it's a huge upfront capital investment, so we have a royalty regime in place that pays a lower front-end royalty till capital costs are recovered. As we move forward, we're now seeing many of the smaller plants reaching payout, and when they reach payout, they pay a much higher royalty rate. I think that the amount of investment that we've seen in the oil sands, the number of jobs that have been created for many of, I'm sure, the constituents of the hon. member, trades folks, I think speak for themselves. We're not going to apologize for our regime that has encouraged investment, that has put in place literally hundreds of thousands of jobs and, frankly, is driving the Canadian economy today.

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

**Mr. Mason:** Thanks very much, Mr. Chairman. And so much of the value is leaving the province.

I want to ask now about the negotiations with Suncor and Syncrude that took place a few years ago when the new royalty regime was brought in, when they were entitled by the previous agreements to go to bitumen valuation for their royalties, and the government undertook to negotiate with them to raise that. I think they got an agreement with one to raise it half of what the drop was, and then I don't think they could get a deal with the second one. I can't remember if it was Syncrude or Suncor. Did that end

the deal that was made with the first one? What's the status of the government's attempts to negotiate a higher royalty revenue for those two plants?

**Mr. Liepert:** Well, Mr. Chairman, I have to respond to the very first comment that the member raised. It was something to the effect that all of this benefit of oil sands development is leaving the province. Well, if the member would look in the estimates, our three-year business plan is showing that the forecast for bitumen royalties in this particular budget year is over \$4 billion. It increases to 5 and a half billion dollars in '12-13 and over \$7 billion in '13-14. I don't know how he can say with a straight face that the benefits are leaving the province. The benefits are clearly there. In fact, Mr. Chairman, I can't calculate it in my head, but I would suggest that that equivalent is probably somewhere in the range of a 10 to 15 per cent sales tax. I know that the particular party that this member represents loves to tax people, but this government doesn't like to tax people. We like a fair investment and a fair return on what that investment is giving its shareholders, and I believe that's what we have in place.

I will take way less time to answer the last part of the question. We have amending agreements with both Suncor and Syncrude. We are currently in negotiations with both of those companies. There is a process laid out in the amending agreement that in the event we can't reach agreement, there's a process to determine the final results. We hope we don't need to go there. What we want to do is reach a fair agreement for both those companies and for the residents of Alberta. That's where we are right now.

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

**Mr. Mason:** Thanks very much, Mr. Chairman. Well, to clarify, he spent most of his time responding to my comment and very little time responding to the question, but I do appreciate the response I did get to that.

I want to ask a little bit about bitumen. I'd like to know how the government establishes the royalties on bitumen and whether or not bitumen royalties relative to other royalties on unconventional crude can be used as a tool to encourage more upgrading and more value-added in Alberta.

**Mr. Liepert:** Well, part of how you establish the true value of bitumen is exactly what I just said we're going through with Suncor and Syncrude right now. We have a regime in place for the other producers. But we have to remember that there is no template out there to use to establish these baseline prices, so there's a lot of negotiation with the companies. That, as I said, is where we are with Suncor and Syncrude right now.

What the member I think is asking is for us to put some sort of penalty in place with industry that if they don't upgrade in Alberta, they pay a penalty. We simply don't agree with that. We believe that there's a better way. In my answer to the Member for Calgary-Buffalo I talked about our BRIK program. We believe that's a better program, and we will continue to strive to meet our projections in our energy strategy to have 60-plus per cent of our bitumen upgraded in the province.

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

**Mr. Mason:** Thanks very much, Mr. Chairman. I hate to make more comments because I know that that's what's going to eat up the response time, but I can't help it either. It really seems to me that, in fact, it's a legitimate tool to increase value-added. I mean, it's not a penalty. It's a royalty rate, and you can set royalty rates

in order to accomplish objectives of public policy. I think that that's really what that is.

I want to ask about the whole question of the very large investment that is being proposed for transmission infrastructure. Now, even if we use the minister's numbers of \$4 million or \$5 million . . .

**Mr. Liepert:** Billion.

**Mr. Mason:** Billion, yes. Sorry.

. . . and relate that to the total value of existing infrastructure for the entire province, which is \$2 billion, you're more than doubling. If you use some of the other numbers, going a little farther into the future, you know, it's even more. My constituents have a really hard time, when this comes up, understanding what we're possibly doing with such a massive increase because the projections for electricity use and production in the province don't bear out that kind of an increase. It really strikes people that there must be some other reason for this massive increase. I know that the minister denies that this infrastructure will be used for the export of power from the province to the United States, but it certainly seems excessive for domestic use even if we see continued growth.

4:30

With respect to the question raised by the hon. Member for Calgary-Glenmore around the generation proposed by Enmax, it seems to me that if that went ahead regardless of loss of efficiency because of altitude, that would be more than compensated by line loss from the Wabamun area, and it would eliminate the need for a significant amount of that transmission. So the question is, you know: why are we going towards this massive increase in this?

The second question which I'll throw in is: what is the reason behind the policy decision that electricity consumers will have to pay this? It's not necessarily absolutely required that that should happen because, as the minister knows, the previous policy was to share the costs between producers and consumers. So that is a policy option, and the question is why consumers have to pay the full freight on this multibillion-dollar project.

**Mr. Liepert:** Well, I know that this member comes from a party that doesn't understand economics all that well. He says: why does the consumer have to pay? But I ask the question: if the consumer doesn't pay, who will? I mean, it boggles my mind how you can have the thought that somehow the consumer ultimately doesn't pay. I don't know how I could answer that question any better than that.

Now, he didn't mention it, but he will always drag out the bogeyman about us exporting power. Well, you know what? I hate to poke a pin in his balloon, but we actually have right now a proposal to construct a line from Montana into Alberta. I'm sure he's going to be running back to his researchers to say: how can we say that that's for export? You know what? It's not. The market is here in Alberta, and the reason you've got the private sector prepared to build a line from a wind farm in Montana into Alberta is because they see a growing market, and they're prepared to invest their dollars because they believe it's a good long-term investment and that the market will be here long term.

We can only as a government make our decisions based on the best expert advice we can get. It's not from 70 members of caucus sitting around making a decision; it's from the best long-term assessment we can have, and that comes through the Alberta Independent System Operator. All of the projections that they have presented to us show significant growth in the economy. We're talking about a transmission system that's going to serve Alberta for

the next 30, 40 years. So I don't know how I could answer the question any more than to say that the need is there, the determination is there, and long term it will be proven to be the right decision.

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

**Mr. Mason:** Thanks very much, Mr. Chairman. Well, I'm going to take the bait, I guess. You know, in terms of the understanding of economics, it consistently amazes me how the proponents of free enterprise fail to understand how it actually works. The supply and demand issue is a very interesting one. If you don't let the power companies pass on all of their costs to the consumers, then they have to take it out of profits. That's just the way it works.

As well, there is elasticity of demand, just a little economics lesson for the minister, and at a certain price people stop buying the goods or they use less of the goods or they find substitutes for the goods. Therefore, there is a limit on what price you can raise it to. Then that limitation means that your profits are less. So there is an offset between the profits of a corporation and the price that consumers pay. The whole concept that the consumer will have to pay everything in the end is an absolute myth. It can come from profits instead of from the consumer.

You know, I know the Tories don't get this stuff because they don't actually read economics.

Thanks, Mr. Speaker.

**The Deputy Chair:** The hon. Member for Calgary-Currie. I assume you're going to use your 20 minutes back and forth?

**Mr. Taylor:** In a back and forth if the minister is amenable to that.

**The Deputy Chair:** Okay.

**Mr. Taylor:** I don't know where to begin now. Let's pick up on a little bit of this conversation about the transmission grid as proposed, where there's massive popular doubt that that carrying capacity of electricity transmission is needed in this province. I was talking to somebody from the REDA group the day before yesterday, and he was suggesting to me that the 500 kV line that you want to build to the Industrial Heartland is projected, you know, 15 to 20 years out to still only be operating at 30 per cent capacity.

We have this issue of the customer having to pay the full freight for these lines, which they don't particularly want in many, many cases, and it seems to me that the notion that the customer has to pay – because the minister said: well, if the customer is not going to pay, then who is going to pay? If the customer is going to pay, the customer normally gets some choice in the matter in terms of saying: well, I don't want that level of service. You know, a discussion about free enterprise around what is essentially a transmission monopoly doesn't really seem to make a whole lot of sense.

Actually, if the minister insists on going ahead and building this gold-plated transmission grid, I'd be okay with him exporting a bunch of power down to California and making the Californians pay for our lines. So to come back to this issue of power export, which the minister kind of dodged in his back and forth with the Member for Edmonton-Highlands-Norwood, you made the point about a line from Montana to import power to Alberta. Are you categorically denying, then, that we're ever going to export power after we get this grid built?

**Mr. Liepert:** Well, all I can say is that this line is not being built with the export of power in mind. I don't know how anybody

could stand in this House and say that for all time there would never be export of power. That would be absurd. But in the 20-year plan that the Alberta Electric System Operator has produced, there is no contingency for the export of power. That's as specific as I can be around the export.

The member made a couple of comments relative to information that somebody had mentioned to him that was fact. I don't know if it is fact or it isn't fact, but I can say that there is a reason why we have something that is called the independent Alberta Electric System Operator. It is to give us the best long-term advice that we can get, unbiased, and that is the information we're getting from our Electric System Operator. I have to and I would assume the member would have to trust those who deal in this business every day of their lives, and that's exactly what they are established to do. I know there are comments out there that the line is only going to be half used. This comment. That comment. I can only take the advice of the experts, and that's what we're doing.

I think that answers the two questions.

**Mr. Taylor:** Thank you. Mr. Chair, I think the amount of controversy that has developed around this transmission grid as proposed by the AESO, if I were in the minister's shoes, which I'm not, might prompt me to seek a second opinion.

Goal 3 in your business plan is: "Lead and support the development of energy-related infrastructure, innovation, markets and regulatory systems." Under that is 3.1: "Energy related infrastructure is built and sustained to support government objectives." Shouldn't it be built and sustained to support the citizens of Alberta? I mean, what's this: support government objectives? Are government objectives more important than the needs and the wants of the people who live here? The people give government the mandate, not the other way around, Minister.

4:40

**Mr. Liepert:** One of the government's objectives under this minister is to keep the lights on, and this is one way we're going to achieve that objective. I would think that if our objectives and the citizens of Alberta's objectives are clearly out of line, we won't be government for very long. So I don't know why it would be different in line.

The one thing that I think both of these hon. members would be interested to know – I think both have expressed interest in the past about a greener production of electrical generation – is that one of those critical transmission lines is across the southern part of the province. It will ensure that all of the wind power that's developed in the southern part of the province, in constituencies where not a lot of people live, gets to the major markets. I did want to add that, Mr. Chairman.

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

**Mr. Taylor:** Thank you, Mr. Chairman. Fair point. It's also a fair point that that transmission grid can bring a lot of power from coal-fired power plants west of the city of Edmonton to where the people live as well. You know, the coal-fired plant does not really fit with my definition, anyway, of greener and cleaner energy generation.

Now, maybe carbon capture and storage can help out somewhat in this area, and I'll ask a couple of questions about that. Referring you to the statement of operations on page 133 of the estimates, you're putting \$73 million this year into carbon capture and storage, which is a significant jump up from the \$2 million that you spent in this fiscal year just coming to an end. You know, you budgeted a hundred million dollars for that a year ago. The numbers are bouncing all around the place. In 2009-10 you spent

\$538,000. So what's going on here? Are you really going to spend \$73 million on carbon capture and storage this year? What are we going to get with that?

That's question number one. Well, you know what? I'll let you answer that question first.

**Mr. Liepert:** I think it is important. Before I lose track of what the question is, the answer relative to the \$73 million is that we believe that is an accurate number.

Let me just explain a little bit about the other numbers. Certainly, when we launched into this and did our three-year business plan two years ago, there were some assumptions that would have been made. Number one, the assumption was that by now we would have had a federal and probably even a U.S. price on carbon. That has not happened. That has factored significantly not only into the economics of these projects but also into the timing of these projects. The ability to actually negotiate an agreement with these private projects and get them out the door has taken longer because of some of these external factors. That's the reason why the funds have been reprofiled into future years.

Right now we have the one project, that we announced a couple of weeks ago, with Enhance Energy, off the upgraders east of Edmonton. That project is ready to go. We believe and I'm hopeful that before year-end all three other projects will be ready to be announced. Again, we are in this kind of a grey zone, where we are waiting for something to happen at a national level around the price of carbon.

**Mr. Taylor:** So the \$73 million, then, is a projection for this year, which may or may not come true depending on which way the wind is blowing, all of those issues?

**Mr. Liepert:** No.

**Mr. Taylor:** Okay. I guess the other question I wanted to ask is around alternatives to carbon capture and storage. It really is better if you can avoid producing the CO<sub>2</sub> in the first place than it is to have to go out and recapture it after you've made it and pump it underground somewhere, unless you're going to use it for, you know, tertiary oil recovery in conventional reserves, where there's still up to two-thirds of the capacity of that reserve underground because only the first third has been, quote, easy to get out. I can see the application there.

The rest of carbon capture and just pumping it underground and storing it somewhere till the end of time: I'd rather we didn't make the carbon dioxide in the first place if that was possible, which seems to connect with the very, very low price of natural gas. You are forecasting a low price this year, \$3.45 a gigajoule. The price looks like it's going to come in for the last fiscal year at \$3.26. You estimated four and a quarter a year ago, so you're a bit off on that one. You are forecasting the price to go up over the next two years to maybe \$5 a gigajoule, but I think the minister would agree there are a lot of gas producers who will say that it's pretty hard to make a buck at below \$7. Correct?

We've got all of this excess supply of natural gas on the North American continent. We're having a hard time getting our gas to market. There are some competitive disadvantages to our gas because it has to be transported so far to market. There are alternatives that we could be pursuing, I think, a little more aggressively, whether that's using natural gas to generate electricity, whether that's exploring the possibilities with natural gas as a motor fuel. It's cleaner. It's not a hundred per cent clean, but it's at least a 40 per cent improvement over coal in terms of burning a fossil fuel to generate electricity. Are we being aggressive enough,

Minister, in terms of trying to find alternatives to the heaviest producers and emitters of carbon dioxide in the first place?

**Mr. Liepert:** Well, I think the member is quite aware that we don't determine the investment in electrical generation. Clearly, we're seeing that the next iteration of power generation is probably going to be natural gas. As I said earlier in answer to one of the questions, TransAlta is planning Sundance 7 and is planning it to be a natural gas fired generating plant. That being said, the member, I think, alluded to it but didn't say specifically that we should be under no illusion that natural gas meets federal emission controls. Again, in the absence of what those rules are federally – I'm not the investor, but I'm sure that some investors are a little skeptical of investing a lot of money in a natural gas plant that's going to have a 30- or 40-year amortization and within months of making that investment the federal government comes in and changes the rules.

We certainly are encouraging it where we can. I said earlier that we're working with the natural gas industry relative to: what is it we can do? What is it we can collectively work towards to get a better usage of natural gas? You know, as a motor fuel it takes significant infrastructure. Is that something that Albertans want us as government to be plowing a lot of money into, to develop the infrastructure, or is that something the private sector should do? These are the kinds of questions we're trying to answer.

**Mr. Taylor:** Again, fair comment. But you're pouring a fair amount of public money into another very expensive infrastructure, which is the capture, transport, and storage of carbon dioxide. So you've chosen one as opposed to the other. There certainly are fleet operators who have expressed interest, if the infrastructure was there, in converting their fleets to natural gas. It's probably something that initially would have to be done internally within the provincial boundaries, but it has the opportunity, the potential to be expanded to the west coast down the Canamex corridor, all the way. That sort of thing. It's probably not, Minister, what you and I are going to run our personal vehicles off of any time in the near future.

There seems to be a role for the government to play, if it chooses to, in encouraging, incenting, giving a nod under goal 2.1, that "Albertans are aware of and understand existing and emerging trends and opportunities relating to energy development and use in Alberta." There seems to be a role that could be being played here, that is being played in CCS by this government, that is not being played by this government in terms of natural gas.

**Mr. Liepert:** Mr. Chairman, that's a fair comment. That's exactly what we are working with industry to say: what is it we can do as government? The one thing we are not prepared to do is change the royalty structure. We said when we made the changes last spring that the book is closed on the royalty structure. So we're somewhat limited in what we can and cannot do. In fact, industry doesn't want us to change the royalty structure.

4:50

I do want to go back to some of the earlier comments around CCS. You know, there are several things that drove us toward CCS. One is that we have I think it's 800 years' supply of cheap coal. If we can make CCS work on coal-fired plants and coal becomes as clean as wind, why shouldn't we use that low-cost production? Secondly, we have the geological formations that not only give us the opportunity for enhanced oil recovery, but those geological formations probably are as good as anywhere in the world to show that you can sequester carbon in a safe way.

I can tell you that when we happened to spend a week earlier this year in London and Brussels, there was a lot of talk in the European Union about how green they want to become and all these sorts of things and all these carbon capture and storage initiatives, but they haven't done anything. Whatever they've done has been pretty miniscule. Norway has done some work, but all of the big talkers – be they France, Germany, even the U.K. – in all cases have a lot of coal-fired generation. But when it's in their own backyard, they aren't necessarily prepared to walk the talk. So they're watching what we're doing. They're watching very closely whether our project with TransAlta works on coal. They're watching very closely how successful we are in getting the project with Shell Quest off, where it's pure sequestration, because in those countries they don't have the ability for enhanced oil recovery.

We are leading in this area, and we're going to continue to do that.

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

**Mr. Taylor:** Thank you. I want to ask a quick question about energy revenues and your forecasts there. You're forecasting the revenues a bit on the conservative side in the 2011-12 budget and more ambitiously in the forecast for 2012-13 and especially 2013-14. The numbers are \$89.40 a barrel for oil this coming year, \$95.50 a barrel next fiscal, \$95.75 a barrel the following year. Those are the oil prices projected. The revenue projections are considerably higher as we go forward: \$8.3 billion this year, \$10.2 billion next year, almost \$11.9 billion in 2013-14. You know, relative to the average – the minister has made somewhat of a deal of explaining how forecasts are arrived at for revenues and prices and that sort of thing. You're conservative this year, and you're on the high side next year and the year after. I'm wondering what's going on here, whether it wouldn't be more fiscally prudent to maintain conservative estimates of revenues moving forward. Why the change?

**Mr. Liepert:** The member may not have been here earlier when I answered a similar type of question. Let me explain again. There are really three factors that drive those revenues up. Number one is a forecasted slow price increase. We are being conservative on the price increase. I mean, all we have to do is look at where it is today relative to what we're budgeting. We are being conservative on the price.

The second factor is that production is going to increase significantly in the oil sands as we move out, much higher ramp-up than the actual increase in the price per barrel.

The third one is one that many don't realize, that our royalty regime for the oil sands is low front end until capital is paid out, and then the royalty rate bumps up significantly. We're going to be reaching a number of projects over the next few years that are going to hit payout. So that significantly bumps up as well. I know, as an example, that one of the first was Foster Creek, Cenovus's plant on the Suffield base. Their royalty rates jump significantly when they reach payout.

So the combination of the three things is what we believe is a fair increase in royalty revenues.

**Mr. Taylor:** That re-explanation from the minister clarifies things a good deal.

On bitumen, I guess, a couple of questions. Number one, since we're the only folks in the world with any significant supply of bitumen, do we have control over that price? As we move to more and more bitumen and less conventional oil, do we have any price-setting capacity where bitumen is concerned?

Number two, this leads to the obvious question. It would be easier to set a price for bitumen if we had more than one customer. Therefore, what can the minister tell us about this government's plans to facilitate the construction of some sort of transport vehicle, whether it's a pipeline or rail or whatever, that moves our bitumen to the west coast and from there loads it onto tankers to take to Asia? [A timer sounded]

**Mr. Liepert:** Can I finish?

**The Deputy Chair:** Go ahead.

**Mr. Liepert:** The answer to the first part of the question is no, we are not a price setter for bitumen. You've got to remember that you've got to take it down a step. Bitumen gets refined into sweet crude, so that sweet crude then has to compete with other sweet crude from around the world. You can't obviously overpay for the feedstock to get to that sweet crude.

I won't take any more time on it because I did earlier – and you may not have been in the House, hon. member – talk a fair bit about what we're doing relative to the pipeline to the west coast. In deference to others who might want to ask questions, I'd ask that if you have other questions, send me a note. I'd be happy to respond.

**The Deputy Chair:** The hon. Member for St. Albert.

**Mr. Allred:** Well, thank you, Mr. Chair. Just a couple of fairly short questions here. Mr. Minister, earlier today you were asked some questions by the hon. Member for Leduc-Beaumont-Devon with regard to abandoned wells, the location. I'd like to expand on that and generalize it somewhat. Now, under the land-use framework and GeoDiscover several departments are working together on a few projects to co-ordinate and compile accurate records of all infrastructure. Is your department – and the ERCB, in particular, would be the agency – collaborating on these projects specifically as it relates to accurate as-constructed records of abandoned wellheads and pipelines and any other underground facilities?

**Mr. Liepert:** One of the things from the question earlier today that needs to maybe be elaborated on, when we aren't constrained to a 35-second answer, is that the ERCB has an extensive data bank of abandoned wells, but the ERCB's job is not to spend all day on the phone contacting municipalities and saying, "Are you thinking about expanding?" and "Where are you thinking about doing subdivisions?" So the onus, really, has to be in reverse. The municipalities have to recognize that that information is there and access it.

We know that we've got some work to do relative to pipelines and abandoned wells. We also have, and I think you're familiar with it – it's in the estimates – the orphan well program that we fund. I also know that this hon. member has raised on several occasions the issue around pipelines, and that's certainly a matter for debate. I think that the system we've got in place right now is pretty exhaustive and extensive, but clearly that doesn't mean to say we can't continue to do a better job.

**Mr. Allred:** Thank you, Minister. I appreciate that comment. I would commend the ERCB on their records for high-pressure pipelines. I think they're excellent. As you're probably aware, most of my concerns with pipelines are not with regard to those. They are on some of the low-pressure and, in particular, on the gas co-op lines, which, I must say, have been improved a lot in the last

number of years. I recognize that's not under the jurisdiction of the ERCB.

I think it's very important that you mentioned that the ERCB is not in the business of providing every municipality with records. That's the beauty of a comprehensive land-use database where one agency manages all that data. People can either inquire online or inquire through that agency rather than contacting the ERCB for this information, the gas co-ops for another piece of information, and the municipality for another piece of information. That's what the land-use framework is going to depend on, accurate land information, in order to do the land-use planning.

**The Deputy Chair:** Hon. member, we're on the estimates.

**Mr. Allred:** Okay. Thank you.

5:00

**Mr. Liepert:** Well, I'll just respond very briefly. The member makes a very good point. We've recognized that. As I said earlier, we have pretty extensive records but, clearly, need to do better, and I'm informed by both the chairman of the ERCB and by the deputy minister that that's work that is actually happening right now. As the member, I'm sure, recognizes, it's not work that's going to be done quickly and without a lot of due diligence.

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

**Mr. Allred:** Thank you. Just on the estimates, really, my question is more aimed at: is that sort of a comprehensive program within your estimates?

**Mr. Liepert:** I don't think it's necessarily a line item within the budget, but as I said earlier, some \$230 million is our department budget. It's work that is under way along with a whole bunch of other stuff that the department does.

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

**Mr. Allred:** Thank you. I'm sure it's part of the operation, and that's great. I hope that that will be expanded and you will work towards collaborating with those other agencies to get it in place.

Thank you. That's all my questions, sir.

**The Deputy Chair:** Response? Okay.

The hon. Member for Calgary-Glenmore.

**Mr. Hinman:** Thank you. It's great to be able to get up and to talk a little more about these estimates and where they're going. What's critical for us is that, again, as important as these estimates and all of these numbers are, it's the policy that's going to drive whether these estimates are accurate and whether we really have the income.

Again I'm going to go back to the new royalty framework. The estimates were that we were going to increase royalties by \$1.4 billion if we raised this royalty. They went, supposedly, to their experts and said that this is going to be great. It still just amuses me to hear them talk about all the things that we spoke about, why not to raise the royalty, why not to bring in the new royalty framework, because it doesn't create stability; it's not predictable. All the things that the minister now talks about were points that industry brought up and said why not to do it.

I need to go back again to goal 3, energy-related infrastructure. This is what the minister and this government are saying is going to provide the future for industry here in Alberta, and it just blatantly is not. Again, the minister had the audacity to say that it was the former finance minister, Dr. Oberg, who brought in the new

royalty framework when it was this government. More importantly, he left in March of '08. This government implemented that on the 1st of January '09 and had a whole year to recall that. They waited another year, after we had billions of dollars of damage. That affects the estimates.

That's why I want to talk about the estimates and the revenue this government says is going to come in. If we look at their estimates on revenue, bitumen is going up. It's interesting that they're even saying that coal royalty is going to go up. Why is it going to go up? Are they going to increase the royalty rate, or are we actually going to be supplementing plants to come on board because of these free power lines? So the question to the minister is: why do you feel in all of these estimates that we do not take into account the actual cost of these power lines?

Why, for the life of Albertans and the life of industry in Alberta, are we not going to have an independent needs process to go through? You know what? This government is outdated and is out of step, as they were with the new royalty framework, took two years to realize and spent billions of dollars. This government is estimating spending billions and billions of dollars on these power lines, and there's nothing in here. They're bypassing the needs process. Why are we bypassing the needs process, Mr. Minister, for these estimates?

**Mr. Liepert:** Well, I will repeat what I said in my answers a few minutes ago. I know we can't comment on whether members are in the House or they're not, but we had a pretty extensive discussion around the need. There are different ways of looking at need. You can sit in a room with four people and pontificate all day long, like I think this member is exhibiting here this afternoon, and determine that the need isn't there, or you can have an independent group of experts called the Alberta Electric System Operator. The Electric System Operator has the expertise, has done the long-range planning, and this is their best advice. We in government tend to take our advice from experts. We don't take our advice from a group of four people sitting around over coffee in a coffee shop somewhere, Mr. Chairman.

**Mr. Hinman:** Mr. Chairman, what we need to do is to be competitive, and that's what the whole new royalty framework was about. It was because it was uncompetitive. They changed it, and then they came in with a new one. The experts they brought in was the Hunter report. These are the experts? I mean, we had experts from the Caribbean coming in to say we need to raise the royalty, saying that this is what we need to do. What we need to do is to go back to having a needs process. In every other place in the world where we have regulated government industry, we go through a needs process and not some cabinet minister who talks about – I don't know if they even drink coffee. It think they're sipping something a little bit stronger because they're not thinking clearly in saying that we need to do this.

The untendered power lines: when we talk about the cost of electricity and what we're going to get on that, why are these power lines not tendered and gone through a proper process so that we do have competitiveness and we don't have an overbuild because they're guaranteed money for something that we don't need?

**Mr. Liepert:** Mr. Chairman, this member keeps rambling on about the royalty review. My recollection of the royalty review was the former finance minister, Dr. Oberg, appointing a royalty panel, and they came back with some recommendations. So now we see that the particular member that was, in my view, responsible for that royalty review that these guys continue to rail on about



– and it was the same Dr. Oberg that the Member for Fort McMurray-Wood Buffalo supported in the leadership race. The only one, I recall. [interjections] Well, he keeps talking about the royalty review. I'm just giving him some history on the royalty review and who was actually responsible for setting up the panel that produced this report. It was the former finance minister, now the number one adviser to that caucus, the same guy who ran for the leadership and was supported by the Member for Fort McMurray-Wood Buffalo.

**The Deputy Chair:** Hon. members, we'll get rid of the politics in this, and we'll get back to the estimates, okay? Thank you.

The hon. Member for Calgary-Glenmore.

**Mr. Hinman:** Well, according to these estimates, then, how much money could we save? If the energy minister wasn't responsible for those new royalty frameworks, and if the Premier isn't the one who was the first to announce during his campaign that, "I'm going to review the new royalty framework," why don't we get rid of the energy department if it's the finance minister who's running it all? It's laughable, as you can hear members doing, to go in that direction.

Again, I want to go back to the Shepard plant, 800 megawatts in Calgary, that was approved last fall; the Crossfield plant, 120 megawatts; the Bonnybrook plant, that's in the process of going forward at 165 megawatts. The fact is that we have a current capacity of 2,000 megawatts of transmission between Wabamun and Calgary, and Calgary's peak capacity is only 1,600 megawatts. Why do we need to have more power lines put in there when we have plants coming online close, and we have more than enough capacity for years and years? Why do we need to go through these direct-current government-funded power lines that are going to be turned back over to the industry to run, and the taxpayers are paying for it? Why are we doing that, Mr. Minister?

**Mr. Liepert:** Well, I will resist the temptation other than one comment, Mr. Chairman. You know, the member talked about the Premier. The thing I remember was the Premier determining after the Royalty Review Panel that the former finance minister, now adviser to the Wildrose caucus, came up with that it wasn't what was right for Alberta. He asked the Energy Minister at the time, now my colleague the Minister of Sustainable Resource Development, who commissioned something called a competitiveness review. The competitiveness review came back with the right information, not the information that was established by Dr. Oberg with the help of his buddy from Fort McMurray-Wood Buffalo.

As a result of the competitiveness review, Mr. Chairman, we have the most effective fiscal regime in this country right now. We have a regulatory review that has been conducted that is going to streamline regulations for this province in the oil and gas industry. All you have to do is look at the investment in this province to say that this is the best province to do business in if you're in oil and gas. And if you're going to invest money in oil and gas, you're going to invest money in plants. You probably need to have the appropriate infrastructure in place because electricity runs those plants.

5:10

**Mr. Hinman:** Again he's failing to answer the question. He's giving ridiculous information about the former finance minister, the new royalty framework. This government implemented it. He was gone for eight months when it got implemented. The government didn't turn it back.

But the question is: why have we thrown out the independent needs process for power lines? Why have we thrown in guaran-

teed prices for power lines that should be tendered? Why are we doing that? This is all unwarranted. Why is the minister pushing ahead with another faulty regime that they've put in place, saying that this is for the future of Alberta? Why untendered power lines?

**Mr. Liepert:** Well, Mr. Chairman, I said earlier that we are not the only province who determine the need. British Columbia has determined the need. Ontario has determined the need. I think if you look across the country, just about every province has determined the need for transmission. For this member to say that there is I think he said something like no control over costs is an absolute falsehood because that's exactly what's going to happen under the Alberta Utilities Commission hearing that's going to be taking place in each case under each one of these applications. I would encourage the member to go sit in on the AUC hearing and see how diligent the commission is in ensuring that the cost is appropriate.

**Mr. Hinman:** Why are we bypassing the needs process, then? Why don't we have to go forward and push the needs like we did in 2003, when they went forward? Again, had that gone properly and the government hadn't spied on landowners and been inappropriate and got thrown out of court – because of the behaviour of this government and what they asked the board to do, we now have Bill 50 because they say: "Oh, we can't go through all of that. The lights are going out. The lights are going out." Why is there not a needs process in place to determine the need of those lines?

Look at this: the School of Public Policy, from Calgary, saying that we don't need the transmission lines. IPPCAA is saying that the power companies are going to go off-line. Are these experts that you totally disregard and say that we don't need them? There's report after report and expert after expert and business and industry after industry saying that if you increase our transmission costs, if you put those power lines in at your needs assessment that you've passed in Bill 50, we will lose industry.

**Mr. Liepert:** Mr. Chairman, I can only say that we as government take our advice from independent experts, not from the School of Public Policy at the University of Calgary when it suits us. So I'm going to hold to listening to the experts, not to the School of Public Policy when what it says suits my political needs.

**Mr. Hinman:** Very interesting.

We'll go to a few simpler questions that perhaps the minister will answer, then, and we can get a few answers on record because so far we certainly haven't received any. We look at page 56, the revenue coming in under industry levies and licences. I've said to them that \$142 million to \$150 million seems like a huge tax must be going on, but underneath that is other revenue. It's gone from \$45 million down to this year budgeted \$10 million. Could you tell me: was there excessive gouging going on? What is this other revenue, and why is it dropping approximately \$35 million in this budget year?

**Mr. Liepert:** I'll get an answer on the revenue in a moment, but what I do need to answer is the question relative to the extra \$10 million in levies. What we are doing with our budget this year is that we require \$10 million to fund the implementation of the regulatory enhancement project, and that \$10 million is no longer being assigned to the Energy Resources Conservation Board as part of its budget. The Energy Resources Conservation Board budget will stay whole, and the percentage will go from a 60-40 split with government and industry to more like a 65-35 split with industry and government. Just before the member jumps up and

makes some wild comments, industry is in concurrence with this, Mr. Chairman.

**Mr. Hinman:** Could the minister please answer whether or not they've actually dropped any regulatory burdens or actual licensing that's going to add to the efficiency, as B.C. and Saskatchewan have?

**Mr. Liepert:** Mr. Chairman, I'll have the chairman of the Energy Resources Conservation Board send a package of all the various public releases that they've made over the last year on regulatory streamlining, that the member can read at his convenience because they've been substantive and many. They've all been made public. Actually, he could probably, if he's really anxious, go tonight onto the website and find that information.

**Mr. Hinman:** Well, that's good news to hear.

Under capital investment programs there's approximately a 75 per cent drop in resource development and management from \$9.5 million to \$2.3 million. Could you give us a brief explanation on that?

**Mr. Liepert:** Mr. Chairman, I'll get back to him in writing on that. I don't have that information right in front of me.

**Mr. Hinman:** Okay. The next one is energy regulation. You've talked a great deal. Again, I don't know if you were the orchestrator. You give a great deal of blame to people that have failed. I'm wondering if you'll take the blame, then, for the superboard and, supposedly, the superefficiencies. Energy regulation, from \$15 million to \$24 million: is this part of the amalgamation and trying to streamline all of these regulations that it's going up so much? Why do we see such a huge increase on the energy regulation side of things, especially when I thought you said that industry was stepping up, not stepping down, and that they coincided or agreed with your policy?

**Mr. Liepert:** I'll get back to him on that.

**Mr. Hinman:** Okay. The coal royalty: we've been bringing in \$30 million actual; budgeted for this year, \$35 million. Is there any explanation for that? Especially when coals plants are being shut down, why are you optimistic? Are you increasing the royalty to the coal industry? What's the ongoing increase that we see there when we're talking about a policy of wanting to shut down coal plants?

**Mr. Liepert:** Well, Mr. Chairman, in many of these situations there are anomalies that change from year to year which affect revenues, which affect various costs. I'll make sure that we get the accurate information for each one of these anomalies and respond accordingly.

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

**Mr. Hinman:** Thank you. Going back to priority initiatives on page 53, "Alberta has a competitive and effective royalty system, incenting development and maximizing benefits to Albertans." Your bitumen royalty in kind is supposed to be an incentive. My question is: why do you not go with a fiscal regime that would allow all industries and entrepreneurs with ideas to have the capital breaks that we do for the oil sands?

It just seems that if we really want to stimulate and want the entrepreneurs to come here for whatever their ideas are, whether it's biotechnology, whether it's new electrical stimulation, whether it's, you know, the toe-to-heel air injection – this gov-

ernment has picked CO<sub>2</sub> sequestration, which to most economists and people that I've talked to is the most expensive. It's the furthest one out there on whether we're going to be able to achieve it, whether it's ever even going to be energy efficient. Why do you not work with the federal government for a fiscal regime that will actually attract investment capital rather than taking our tax dollars and picking a few winners and saying, "This is what it's going to be" when government is very poor at that?

**Mr. Liepert:** Mr. Chairman, the member is not correct when he makes some of those statements, which surprises no one in the House. It needs to be pointed out that it was, I think, the Conference Board that just recently said that Alberta is investing \$6 billion in clean technology, which is more than every other province combined. What we have is a series of initiatives, whether it's carbon capture and storage, whether it's our biofuels program, whether it's our clean technology fund, that comes from the \$15-a-tonne carbon tax. There are a number of initiatives, and I could certainly spend a lot of time here talking about each one of them, but they're all public. They're all there for the member to take a look at if he so chooses.

5:20

**Mr. Hinman:** It's interesting. What they have a series of, Mr. Chair, is a series of boondoggles that are going to cripple our economy again, just like the new royalty framework. They continue to deny that or now blame it on ministers that are gone when they implemented it. It's astounding.

Our federal government has the astuteness to at least say, Mr. Chair, that they're not going to implement any carbon tax or cap and trade or anything else outside the step of other jurisdictions. We heard a great deal of rhetoric two and a half years ago on what the U.S. was going to do. Our federal government says: well, we will match what they do. They haven't done it. Why are we following this boondoggle of spending billions of dollars so that we can be the ones to prove that this technology isn't going to work? There's better technology, what we call a natural gas strategy, that would have a far greater impact than CO<sub>2</sub>. Why do we continue down this dead-end road of CO<sub>2</sub> sequestration to the detriment of our industry here?

**The Deputy Chair:** The hon. Member for Whitecourt-St. Anne.

**Mr. VanderBurg:** Thank you, Mr. Chairman. I have a few comments I'd like to make. First, I'll start with the Canadian Energy Research Institute. As you know, Mr. Minister, it's the most prestigious energy economics research institute in the world. This organization and its top-notch research team benefits businesses, government, academia, and the public. They provide relevant, independent, and objective economic research in energy and environmental issues. Has your department supported this institute within this budget and, furthermore, in the 2011-14 business plan outgoing for a number of years?

**Mr. Liepert:** One of the ways that we feel is effective in participating in research is to ensure that we have industry, the federal government, and the province all involved. At the end of the day the research we do benefits Canada as a whole. We certainly have committed within this budget an allocation for the Canadian Energy Research Institute. I know that the member is a key part of that, and they do exceptionally good economic research. It's the type of research that we would very much take into account in terms of policy-making within our government, and we value the work they do. We are supporting them in this budget and are pre-

pared to commit long term. We would like to see industry and the federal government also step up on this important project.

**Mr. VanderBurg:** Thank you for those comments. In your meetings with the federal minister have you had an opportunity to talk about the importance of this institute not only here in Alberta but nation-wide, North America-wide? Will you have the opportunity in maybe upcoming meetings? If you could schedule those discussions, I'd appreciate it. I'd like to hear your comments on that.

**Mr. Liepert:** I haven't had that many opportunities to have lengthy discussions with the federal energy minister. It seems as though there are a lot of balls in the air, if you will. I can't recall us having discussions specific to this particular institute. I'm more than happy, as a result of the member's encouragement, to have those discussions.

In fact, we're going to be very fortunate here in Alberta this year. We're going to be hosting the federal-provincial energy ministers' conference in Alberta this year. We have some significant input into the agenda. We have focused the conference around trying to work towards agreement among the various energy ministers across the country on at least agreeing on the goals and objectives that could lead us to a national energy strategy or a national energy framework. That's been our major focus, but let me see if there isn't a role or a placeholder that this could fit in relative to that energy ministers' conference this July.

**Mr. VanderBurg:** Mr. Minister, I'd appreciate that. I know the federal government has stepped up to the plate and has been a very good partner in this, but I'm just concerned about future budgets and the implications of nonsupport, so I would appreciate that.

I'd like to move on to the business plan, page 53, as it relates to 1.1. "Alberta has a competitive and effective royalty system, incenting development and maximizing benefits to Albertans." I'd like to talk about an important project that's in my constituency and on the edge of my constituency, the Swan Hills Synfuels project. Can you tell me, so that I can relay the comments back to my constituency, how that partnership is going, how the support from your department and the government of Alberta has incented this group to develop? What will we see in the near future with the economic spinoffs not only in the mature fields of Carson Lake or Eddy Creek or Virginia Hills, but what will see as an immediate spinoff in the next, well, I guess I'll say within this business plan, up to 2014, because of that incentive that the government of Alberta has been involved in?

**Mr. Liepert:** Well, the member raises a very good point relative to one of the four carbon capture and storage projects that I will remember, as we move forward, were termed "boondoggle" by people who were going to try and take your job away from you, hon. member. I hope that in the next election you remind your constituents about what these guys are talking about, the project in your constituency.

The Synfuels project is one that I think holds incredible promise for this province, not only in an environmentally friendly way, but I think that certainly from my discussions with those who head up the Synfuels project, we see this as a project where ultimately the next projects probably can proceed on their own. You know, if we can use CO<sub>2</sub> to gasify coal, why wouldn't we do that? Well, because if you keep your head stuck in the sand, then it'll never happen. But we want to make sure that we're looking forward, that in 50, a hundred years from now your grandchildren will look back and say: that was a pretty darn smart, strategic government to get into some of these other initiatives like coal gasification.

While we haven't yet finalized the contract to Synfuels – these are difficult negotiations – we believe that that will be a project that will be, I hope, under construction before year-end and completed, I guess, about the conclusion of this business plan or a year or so beyond that. I think it will be an economic generator for this province for years to come, that technology, not just that plant.

**Mr. VanderBurg:** Again, further on 1.1, the enhanced oil recovery opportunities abound, and I can't say enough about what I've learned about it. Have you any proof that the enhanced oil recovery process at Swan Hills Synfuels is going to work in the area and any kind of estimates of the possibility of how many billions of barrels we could extract from a 40-year-old oil field that's in my area?

**Mr. Liepert:** Well, again, we rely on experts, and the climate technology group has done their research work, their work with geologists, with scientists. They say to government that the potential for enhanced oil recovery, the potential of \$25 billion in royalties, is very real. You know, we can call this initiative all of the names we want to call it, but the name that I would put on it is an economic generator for the future.

5:30

**Mr. VanderBurg:** Thank you very much for that. The other part of it that I would like to know about is again on 1.1. What will we need to do to incent development of the use of the gasification of coal to develop the power industry in our area, and what opportunities are we going to see to drive major power generation because of this gasification opportunity in my area of the province?

**Mr. Liepert:** I think that as we move through this session, we'll have an opportunity in this Legislature to probably consider some legislation that will go a long way to ensuring that this actually happens. Again, you raise a good point relative to cogeneration. There are opportunities for clean production and generation of electricity. I come back to the fact that it's no good producing the electricity if you can't get it to where the market is. It again comes back to the need and requirement. We have to be in a position that wherever electricity is generated in this province, it has the ability to get to market.

**Mr. VanderBurg:** Thank you.

I'm going to move on to another topic, 1.2: "Energy and mineral resource revenues are accurately calculated, collected and reported." Some two decades plus ago we kicked off some major oil sands developments. There was an incentive by the province of Alberta through a discount given to those companies to develop and over time write off their capital expense. I understand that soon those projects will move into a full royalty opportunity. How is that going to be reported, collected? How are Albertans going to get the information that, you know, we're moving from a 1 per cent to a full royalty on those projects? Which projects do you expect in this business plan will be affected by that?

**Mr. Liepert:** Well, as the member raised, the Auditor General had some advice for the department in terms of how to ensure that that is transparent and understandable. We have made the changes that were suggested, and the Auditor General has clearly told us that we're doing it right.

I don't want to get into sort of specific plants in the province that will be hitting payout. I know that last year the Cenovus plant at Foster Creek on the Cold Lake air base hit payout. There's a substantial jump in the royalties paid once the plant moves from the upstart royalty rate to the full payout rate. I know that there are

a number of others, especially in the in situ area. The mining operations tend to be larger in scope and higher in capital cost and, you know, obviously take a little longer for payout, but the in situ projects, because they're smaller, tend to hit first. I don't have the exact number or who they are in front of me, but there will be certainly over the next three years several of them that will be hitting that payout number.

**Mr. VanderBurg:** Further with 1.2 – and I've raised this earlier in the Legislature. There seems to be misguided information about how Alberta compares to countries like Norway – Alberta is a province; Norway is a country – and about the collection of the resource and royalty fees. As you know, the federal government collects billions of dollars each year from resource extraction, and that seems to be forgotten. People just seem to think about what's collected here in Alberta.

How come those comparisons between Alberta, Canada, and a country like Norway are not accurately conveyed to Albertans? You know, we are a province. The feds collect their share, we collect our share, and here's this Norway with a big, huge bank account. I mean, wouldn't it be nice to have the royalties that the federal government collects in our bank account? I think something is lost in the messaging there. Is there a way in this business plan that you can get that message across more accurately?

**Mr. Liepert:** Well, I don't know if the business plan is the right approach to get that message across, but the message is absolutely right. You have a situation, I think, in Norway as well where there's a whole different personal tax structure and all of those other things. It's not a fair comparison.

We have done a pretty extensive review of how we compare to other relative jurisdictions albeit in North America. Once you start comparing things like offshore, many of your offshore production facilities are huge producers. There are whole different cost structures around offshore versus onshore, whole climatic changes. It's difficult to compare Alberta to Norway. You're absolutely right. The total take goes to Norway. It's also a state-owned operation, I think, pretty much exclusively.

I don't really think that we can get into that comparison, but we have certainly got into comparisons on other jurisdictions on the North American continent that are more relevant. I can tell you that we stack up very, very well.

**Mr. VanderBurg:** I'm going to move on to 1.4. "The ministry and its partners have the required policies and programs to encourage value-added development in Alberta." I'm sure the minister knows this, that the precious mines and minerals industry is a very important industry. It's just about to take off and be the next industry in the next couple of decades.

As you know, I'm sure, the first diamond ever found in Alberta was found in my constituency. Kimberlite pipes have been found all throughout this province. Your ministry has spent big dollars making sure that the mapping is accurate and working with those industries, especially the junior mining companies, to develop that. To date most of the kimberlite pipes that are found are in the north. Many are diamondiferous, and many are being surveyed right now and drilled and tested. What is in your business plan to help develop that precious mines and minerals industry, and what are your thoughts on that going forward?

**Mr. Liepert:** Well, I guess it would be fair to say that I might not be quite as enthusiastic as the member is relative to where this industry is going to be in 10 years. I hope he's right and I'm wrong, actually. We know that there is potential in the mines and minerals sector, but it's been slow to develop. The member proba-

bly points out something that is, I think, worthy of us taking away, and that is that we have to address whether we have the right regime in place to encourage this kind of activity. I would suspect that we don't have quite the right regime in place.

I don't know if it will necessarily apply or not, but as the member knows, we're doing some terrific work on the regulatory front. I think that once we get the regulatory enhancement project recommendations out and implemented, that could spur on some of this activity. I don't know that I could add much more than that. We will take away the encouragement to see what it is we could do to maybe enhance some of the opportunities, I guess.

5:40

**Mr. VanderBurg:** Well, thank you, Mr. Minister. I know that 20 years ago people in the Territories would never have thought they would have had the infrastructure that they have in place today.

Some of the world's most prestigious diamonds are the polar diamonds that are found in the north. It started with some companies out of this province making some major finds of some kimberlite pipes in the Territories. I don't want to limit our opportunities. I want to make sure that, you know, we get the best out of Alberta that we can get and that we don't sterilize land and that we don't think small. I think we need to think big, and we need to think bigger when it comes to the precious mines and minerals industry.

That moves me on to my next topic, and that's potash. I understand that it's not just Saskatchewan that has potash deposits, that it's also the government of Alberta. What in your business plan have you done to encourage potash development in Alberta?

**Mr. Liepert:** Well, I don't want to make light of the question, but in the I guess about a year and a few days now that I've had the privilege of this portfolio, I can honestly say that we haven't had a lot of discussions around potash other than talking about what transpired in Saskatchewan over the past period of time. I am not a geologist and don't even try to profess to be one, so I can't even comment whether that's an opportunity for Alberta or not.

**The Deputy Chair:** The hon. Member for Airdrie-Chestermere.

**Mr. Anderson:** Thank you, Mr. Chair. I'm looking forward to this. I think we can get some good information out here. I'll go a little bit easy. I don't want to hurt the minister's feelings. I know he doesn't like his feelings hurt.

I want to first talk about oil royalties. This is on page 136 of the estimates. The reason I'm worried, of course, is because this is the minister that decimated our most important core social service, health care. I'm hoping he doesn't decimate our most important industry. The reason I have some trepidation on that with regard to the bitumen revenues that we have coming in here is that I distinctly remember challenging the people sitting around the caucus table over and over again on the royalty framework and getting dumped on along with a couple of other people that are still over there on that side of the government and then watching while this minister and several other cabinet ministers sat like bumps-on-a-log and did absolutely nothing whatsoever to defend the oil industry.

I find it a bit rich that he's over there talking about, you know, just how wonderful this government has been with regard to the royalty framework. They've been a disaster for this province. They've cost us billions of dollars, thousands of jobs. To claim that this minister in particular had anything to do with reversing them – the reason that they were reversed is because of the pressure that they were feeling politically. Anyway, I am worried about the health of our bitumen royalties and about our industry with this minister at the helm of this ministry.

What I want to talk about today and get some answers regarding is Bill 50 and these transmission lines, which I think, frankly, are this government's version of the federal sponsorship scandal. It smells that bad. It's a shameful act, what's been done there. It's an absolute affront to the processes that we've put in place here to guard against government corruption and so forth. To put this bill in, just the appearance of it, is just offensive to anybody who respects democracy, respects transparency, and who respects rule of law, frankly. One thing we will do as a Wildrose government after 2012 is repeal Bill 50, and we'll take great glee in doing it.

What I want to talk specifically about surrounding Bill 50, to start with, is these plants that the minister seems to know so little about, these natural gas power plants around my community, two of them. The one in Crossfield, that just went online last year, produces 120 megawatts of electricity from natural gas. The other one is a plant that is due to be online in 2014 by Shepard, which is also in my community, which is to bring on 900 megawatts of electricity. Then, of course, there is the Bonnybrook plant, which is going to bring on about 150 megawatts of electricity. In total that's about 1,200 megawatts of natural gas powered electricity right in the Calgary area, this during that same time frame when 560 megawatts of electricity was taken offline from Sundance 1 and 2.

So we have almost 1,200 megawatts of new natural gas electricity being put together in Calgary. We have 560 megawatts of electricity coming offline at Wabamun on Sundance 1 and 2. Between Wabamun and Calgary we have 2,000 megawatts of transmission capacity between those central Alberta plants and Calgary, and somehow this minister can't seem to understand how different the landscape is from when they first contemplated this bill.

Everything has changed. The price of natural gas has crashed. It's in the toilet. We get cheap natural gas, and we can build cheap natural gas power plants right beside where the demand is in Calgary and in other centres. Not only that, he has not taken into account the cogeneration of electricity at these industrial plants all across Alberta. Hundreds and hundreds and even thousands of megawatts of electricity are going to be generated this way thereby making a lot of the need for these new, massive 20-storey transmission lines obsolete.

Now, we can go back and forth and have a debate about whether these new transmission lines and the costs associated with them are needed. That's the whole point. I'm not an expert on electricity. But you know what? This minister is less than an expert on electricity, and it's very clear from his comments that he doesn't understand the grid, you know, half as well as the Member for Calgary-Glenmore does. So I get a little perturbed when he throws out things that he doesn't know what he's talking about and contradicts himself every five minutes.

What I'd like to know is why he feels a need – with all of this change and with all of these facts in place, why does this minister not do what should just be a normal course of action and demand that the ERCB oversee that the AESO, which is this independent arm, as he calls it, goes to the AUC, goes through an independent needs assessment process by the Alberta Utilities Commission? Let them determine in the next year or so whether or not these billions and billions of dollars of new transmission capacity are in fact needed.

Frankly, there's a huge debate – and it favours my side of the debate – that these are no longer needed in the amount that you're talking about here. I would like him to comment on that and explain why he felt the need to skip an independent needs assessment process so that he could give Alberta, you know, billions and billions of dollars of new transmission lines that we

probably don't even need given the differing circumstances that have come up.

**Mr. Liepert:** Mr. Chairman, this member just proves again that he's a dreamer when he's talking about who's going to be the government after 2012 and also about two power plants next to Calgary. He stated in question period the other day that there are two plants under construction. Well, there are not two plants under construction. There is the Shepard plant, which is on hold by Enmax, and there is the Bonnybrook plant, which hasn't even gone through the application process yet.

You know, there are some people you can reason with; there are some people that just flat out aren't interested in the truth. I've responded to all the other rhetoric that he's just gone on about, and I don't plan on repeating myself.

**Mr. Anderson:** Well, then, what this minister can do is go on the record right now to say that in the next three years the Bonnybrook and the Shepard plants are not going to be online. Go on record, then, and say: these are mythical power plants that aren't going to go online.

I'll tell you that the only reason they wouldn't go online, Minister, is because you've put a whole bunch of free transmission lines into the hands of several companies up north, particularly TransAlta and others, ATCO, AltaLink. You've given them these contracts, and if they decide not to go ahead with those projects – they still will go ahead – that would be the reason that they don't go ahead because you meddled in the industry, and frankly just like a big, you know, socialist, left-wing government decided that you were going to pick winners and losers. If there is a loser in this, it's going to be business that could have done this cheaper and more effectively right by Calgary. That's a fact. But they will still go ahead, almost certainly, because there is a demand for it in Calgary and because natural gas is so cheap.

**5:50**

The point is, sir, that you talked earlier about: oh, well, industry wants these new power lines. Well, look at this, the IPCAA. Maybe you can read through the report. The Industrial Power Consumers Association of Alberta, which represents billions of dollars worth of companies working in Alberta right now, is saying that these transmission lines are completely unnecessary and completely unneeded. They talk a lot about cogeneration and other things that have changed the economic realities here, but they also say that it's going to drive business out of this province.

**Mr. Boutilier:** I think you hurt his feelings.

**Mr. Anderson:** I know. I probably hurt his feelings.

That's what the Industrial Power Consumers Association of Alberta is saying, and this is the document that they presented to caucus and to members of this government long before Bill 50 was passed. You know, once again, he says one thing, yet reality is completely different. The Industrial Power Consumers Association of Alberta. Industry doesn't want this, sir, so don't make it up. It's not true.

How about another respected report? The University of Calgary School of Public Policy put a very good report together on whether Bill 50 was needed and whether you handled it correctly by usurping and skipping over the independent needs assessment. That's what this report says. You can go through it. You can read it. It's very well thought out, great statistics. That's what it says, yet you ignore it. You sit there and you laugh and so forth, and that's fine. You know, it just shows the arrogance. It shows you can't answer the question either.

The fact of the matter is that the School of Public Policy at the U of C, IPCAA, many other nonpartisan groups that have skin in the game – in other words, it means that they have businesses that they have to pay power bills for – have said over and over again: the lines are not needed. And we're not even asking – not even asking – this minister just to simply take our word for it. Go to the AUC, the Alberta Utilities Commission, Minister, and say: let the AESO do an independent needs assessment. Make the determination yourself. Why not do that, Minister? Why won't you do it? Let him do it.

**Mr. Liepert:** Well, my only comment, Mr. Chairman, is that this member wants me to go on record saying something. I'd like him to go on record and justify his comments from the other day, which said: there are two natural gas fired generating plants next to Calgary that are under construction. Under construction. To me that means there's actually something happening there. That's exactly what he said. If he wants to go look in *Hansard*, have him go look in *Hansard*.

Mr. Chairman, this particular member – you know, I really, really sit here and watch. I've never seen a member of this House that has such a chip on his shoulder, and I really wonder sometimes. He gets so angry that we all sit here and wonder when he's going to have a heart attack. But you know what? That's theatre, and he loves to be in the theatre. So we'll just sit here, and if he wants to talk till the time is up, let him go ahead.

But I'd like him to show me where these two plants are under construction, that are going to generate 1,100 megawatts of energy. If he can't do that, I'd suggest, then, he's got no credibility in anything else that he says.

**Mr. Anderson:** That's fine. I did not say under construction; I said that are planned to be constructed.

**Mr. Liepert:** Look in *Hansard*.

**Mr. Anderson:** Absolutely. I will look in the *Hansard*. I will look in the *Hansard*, sir. [interjections]

**The Deputy Chair:** Okay. Whoa. The hon. member has the floor.

**Mr. Anderson:** You're going to have a heart attack in this Assembly. Holy smokes. Look at that red face.

Anyway, what I will say is that construction to me means – there are many segments to construction. One is a planning phase. I know that's hard because you don't do much planning, Mr. Minister, but there is a planning phase in construction, and part of that planning phase says: "We're going to go and make the engineering designs, and we're going to go ahead with the construction. We're going to buy the land." The land has been bought. The equipment is being moved in there. There is stuff happening on the ground by Shepard. Go take a look. It's happening.

I don't know what they're waiting for. Probably, you know, they're at some regulatory process right now. But the fact of the matter is that those plants are being undertaken right now. He can talk all he wants and yap and yell like he always does and have his little daily heart attack, but he doesn't know what he's talking about, just like he didn't know what he was talking about with health care.

Anyway, this goes to the last question I have for him. Let's pretend that these lines are just absolutely critical and necessary.

What possible excuse does this one have, other than underhandedness, that in his mind and in the mind of this government would allow them to give these contracts to two companies, AltaLink and ATCO, to just give them these contracts without any competitive bid? A guaranteed rate of return on a multibillion-dollar set of projects, and you sit there – and these guys are sponsoring some of your dinners for crying out loud. Don't you just see the appearance? Don't you see the appearance of wrongdoing here? Why wouldn't you put these out to an open tendering process, sir?

Do the right thing. Save Albertans some money. Put it out to a completely open tendering process, and then go forward with it. I want to know why you won't do that. Why will you not do an open tendering process and make AltaLink, ATCO, and all these other companies from around the world tender it?

You know, it's funny. Just before I actually left the government over the stench of this garbage – I don't regret it one day – I talked to one of your assistant deputy ministers in Energy, and he confirmed to me that there was no open tender to this. So there's no spinning this. You can't have it both ways. You didn't tender the contract, sir, and Albertans are getting ripped off. The question is: why? You bring up the need for these power lines, that doesn't exist, and then you give them to your buddies. You give them to your buddies without open, competitive bidding. I'm not saying they shouldn't have been able to bid, but at least make them compete. You could save Alberta taxpayers money. Why didn't you do that? Why did you just sit and do absolutely nothing except turn a blind eye to it?

**Mr. Liepert:** Well, as I said when I don't think this particular member was in the Assembly – but I'll repeat it – these particular proponents are going before the Utilities Commission. The Utilities Commission will determine whether the lines are approved. The application could be denied.

**The Deputy Chair:** I hesitate to interrupt the hon. minister, but pursuant to Government Motion 5 agreed to on February 23, 2011, three hours of debate has passed. The Committee of Supply shall now rise and report progress.

I'll give a few seconds for the staff to leave so that we can conclude.

[Mr. Mitzel in the chair]

**The Acting Speaker:** The hon. Member for Calgary-Hays.

**Mr. Johnston:** Thank you, Mr. Speaker. The Committee of Supply has had under consideration resolutions for the Department of Energy relating to the 2011-12 government estimates for the general revenue fund and lottery fund for the fiscal year ending March 31, 2012, reports progress, and requests leave to sit again.

**The Acting Speaker:** Does the Assembly concur with the report?

**Hon. Members:** Concur.

**The Acting Speaker:** Opposed? So ordered.

The hon. Deputy Government House Leader.

**Mr. Renner:** Thank you, Mr. Speaker. I move that we stand adjourned until 1:30 tomorrow afternoon.

[Motion carried; the Assembly adjourned at 5:59 p.m. to Thursday at 1:30 p.m.]

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