

Legislative Assembly of Alberta

Title: Monday, May 8, 2006

8:00 p.m.

Date: 06/05/08

[The Deputy Speaker in the chair]

The Deputy Speaker: Please be seated.

head: **Motions Other than Government Motions**

The Deputy Speaker: The hon. Member for Leduc-Beaumont-Devon.

Electricity Supply

510. Mr. Rogers moved:

Be it resolved that the Legislative Assembly urge the government to improve the delivery of stable and reliable electricity to meet the demands of advanced manufacturing throughout the province, specifically in areas such as the Nisku industrial business park and the Leduc Business Park, by increasing investment in transmission and associated infrastructure.

Mr. Rogers: Thank you, Mr. Speaker. I'm honoured to rise this evening to open the debate on Motion 510. Since the foundation of this great province, our citizens have exhibited leadership, passion, and an entrepreneurial spirit. The ambitions of Albertans have always been unmatched, and our subsequent accomplishments have been undeniable.

Mr. Speaker, Alberta has always been on the leading edge of governance, particularly in the realm of the economy. In Alberta the government has created a framework of policies that allows business to thrive throughout the province without interfering with those businesses or subsidizing them with taxpayers' dollars. Instead, Alberta has created an environment that is very conducive to economic prosperity. We have built up our education system to provide a skilled workforce. We have maintained a strong commitment to innovation, and we continue to govern with the lowest overall tax load of all our provincial brethren and without the aid of a retail sales tax, one of a handful of such jurisdictions in North America.

Where others focus on problems, Albertans envision solutions. When others see a challenge, Albertans consider it an opportunity. Our current economic climate, including our strong manufacturing sector, combined with our robust electricity-generation capacity, has given us the tools to capitalize on yet another one of these opportunities. Mr. Speaker, with the direction of Motion 510 we can use the strengths I've just described to facilitate the growth of advanced manufacturing centres across our province.

What we as legislators of this province need to do is simple. We need to create a regulatory framework that is conducive to providing these industries with the electricity transmission they require to be competitive and successful. The reliability of supply that these advanced manufacturers need is what I like to refer to as high-end power. This is not your regular, run-of-the-mill power supply and line that runs to your or my house or garage. We're talking about steps above that. The equipment these industries use is very vulnerable to any disruptions in service or even voltage spikes. When production is under way and this occurs, it is costly and puts manufacturers at risk, but the risk is avoidable with certain transmission facilities and associated infrastructure.

While this province has taken and continues to take the appropriate steps to ensure that all Albertans have a strong supply of reliable electricity, in the case of these companies we need to push the

envelope. We need to dare to dream. After all, isn't that what Alberta is all about? Advanced manufacturing centres have the potential to be the future of this province's economy. It is our duty to continue with the Alberta spirit and be brave and bold, making this a vision of reality. This province has experienced growth in the area of advanced manufacturing, and we can take it to a higher level.

This type of investment, Mr. Speaker, has benefits in itself, such as the creation of very high-paying jobs for our citizens. It also creates a classic ripple effect for other sectors of our economy. Due to the nature of advanced manufacturing and the goods that they produce, these companies act as a supply chain for other industries, providing various other economic sectors, including agriculture, construction, and the oil field, with needed equipment and parts. This makes these businesses extremely important players in the overall scheme of Alberta's success. They are vital to the future growth and diversification of the Alberta economy.

One specific example of the necessity of these advanced manufacturers is their role in specialty manufacturing for oil sands development and other energy sector operations using advanced computerized systems, lasers, and other cutting-edge technology. These manufacturers, Mr. Speaker, such as Vanoil Equipment, which has an operation in my constituency, turn unique materials such as special alloys into one-of-a-kind parts that are essential in many sectors of manufacturing and the oil field. These processes and these companies are a major part of the reason why the unconventional resource of the oil sands deposits are becoming more and more conventional every day. Extraction and refining techniques are constantly evolving, and industries in the advanced manufacturing sector make these concepts possible by providing the pieces that are necessary to build a successful operation.

Mr. Speaker, it is obvious that undertakings such as the oil sands are expanding and will continue to provide an economic spark for this province well into the future. We can take full advantage of this spark by ensuring that we produce the goods and services to support these operations right here in Alberta. It is possible to import all kinds of equipment from around the globe given our transportation capabilities and the global marketplace, but why would we not take advantage of our enviable position and make these products right here at home? We should encourage this type of business to set up in our province because companies like Fiberex Glass Corporation, located in Leduc, provide our economy with a phenomenal array of opportunities for spinoff manufacturing, high-paying jobs, and very significant local property taxes as well as purchasing many supplies from local businesses. How can we really determine the cycle of economic and social strength that is started by investment on such a grand scale?

Mr. Speaker, Fiberex is one of the largest independent glass fibre manufacturers in North America, and their state-of-the-art manufacturing facility represents a \$40 million investment. It employs an average of 150 people with wages starting at \$15 an hour and up. The spinoffs that this sort of company creates are extensive to the surrounding community and those they serve with their unique products.

It is important to recognize, however, that despite the numerous benefits of these advanced manufacturers, this motion is not urging this government to be in the business of being in business and is not intended to be a means of providing a subsidy to these companies. These companies are not seeking subsidies. What we need to do as legislators is to open the door to possibilities for our citizens and for the economy by creating a reputable regulatory framework and economic environment that allows these industries to continually take root and prosper.

As the Member for Leduc-Beaumont-Devon, Mr. Speaker, it is

clear to me that the electricity infrastructure for the Leduc and Nisku business parks is extremely important. But this motion is not just about Leduc and Nisku; it is about the province of Alberta. If we can create a template for establishing an advanced level of electricity transmission to support one centre like this, this framework can then be used for other areas and sectors of the economy.

Mr. Speaker, this motion is not about creating opportunity for my constituency; it is about enhancing the Alberta advantage. With enhanced electricity transmission centres across Alberta we can create advanced manufacturing hubs that will give us yet another reason to be proud that we reside here and continue to diversify the economy of this province to sustain our prosperity long beyond declining resource revenues.

When I look at this province, Mr. Speaker, I see a booming and diversifying economy with unbridled potential. With actions from this Assembly, including Motion 510, we can realize that potential and make Alberta stronger for years to come. It is my hope that successful passage of this motion will lead to a revamped regulatory framework that will allow the power industry to provide this level of reliability to meet the needs of advanced manufacturing and be able to recoup their investment through a rate structure that recognizes this valuable service.

Mr. Speaker, I would move this motion and invite all my colleagues of this House to join with me in supporting this motion. Thank you.

8:10

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

Mr. Chase: Thank you very much. I speak in support of Motion 510 by the hon. Member for Leduc-Beaumont-Devon because it attempts to address one of the many failings of deregulated electricity. When we go back to about 1995, the idea of deregulation was being passed around, thought about. Unfortunately, neither former Minister Steve West nor Minister Murray Smith defined just what a deregulated market would look like. As a result, the hoped-for competition that would end up by driving down electricity prices never materialized. Instead, what happened was two failed electricity auction bids because there were very few bidders. The first one raised approximately a billion dollars, as did the second one.

What happened with that process is that we the Alberta taxpayers lost a regulated service, a dependable service, a very inexpensive service, in fact the least expensive service in western Canada and, for that matter, throughout most of Canada. What happened was that not only did we lose approximately \$5 billion of government-owned and -regulated assets, which were sold off for the paltry sum and failed bids of \$2 billion, but the government at that time in their so-called – and I put it in quotes – wisdom decided to dip into general revenue and take another \$2 billion to \$3 billion out and combine that.

That, basically, was used in the period leading up to the 2001 election to buy a lot of votes. Any Albertan over 18 received two sets of rebates – one on electricity and one on gas, and that did wonderful things for the Conservative members running in that particular election because it softened the blow of deregulated electricity and temporarily gave people faith that the government would come to their rescue on a regular basis because that was what was promised leading up to the 2001 election. The government realized that there would be a period of questionable electricity costs, which, of course, continue today, and they devised this rather convoluted rebate system.

What we find now is that that system has cost Albertans dearly: billions of dollars. I mentioned before, when we were talking about

intergovernmental relations, how on top, basically, of the \$5 billion we lost and then the bits of billions we got back in the form of one-time energy rebates, we were also stuck for a billion and a half in terms of transmission lines. Normally, up until that point the costs for the transmission lines were shared between industry and the public. Thanks to our former Energy minister, Murray Smith, we Albertans were stuck for the entire cost of the transmission lines.

However, in speaking in support of Motion 510, what it deals with is one very important portion, and that's the reliability of the system. The Alberta Electric System Operator, AESO, is responsible for the safe, reliable – that's the key word, and I'm pleased that the government admitted that this current system is not reliable and therefore needs repair – and economic operation and planning of Alberta's power system. The AESO also facilitates Alberta's hourly wholesale electricity market and is accountable for the overall co-ordination of provincial load settlement. Back in the blackout/brownout days of 2001 we were very dependent on electricity being imported from B.C. Of course, that electricity was considerably more expensive than the coal-fired generated electricity that we had in Alberta, but when it came online, that was the price for which electricity was sold. It gave organizations in Alberta – Enmax and EPCOR – a chance to regain some of their lost investments.

Under section 34 of the Electric Utilities Act the Independent System Operator, ISO, is mandated to determine the need for an expansion or enhancement of the capability of the transmission system to meet the needs of market participants. Once that need has been identified, the ISO must prepare and submit to the Alberta Energy and Utilities Board, EUB, a needs identification document for approval.

Going back to 2001, there are a number of companies, particularly in the steel business, who were in some cases forced to leave the province due to the escalating cost of electricity. For those who stayed behind and tried to adjust to the rampant rise in prices, they found themselves operating on midnight shifts because it was during midnight to 6 when residential use wasn't as high; therefore, there was more availability and, as a result, cheaper prices available. That shift work was basically a band-aid to try and solve the economic problems.

If the EUB approves the needs identification document, issues involving the economics, routing, and environmental concerns are dealt with through a subsequent transmission facility owner, TFO, application for a specific project to deal with the identified needs filed under the Hydro and Electric Energy Act.

The wording of the motion, as I indicated before, acknowledges that electricity reliability is lacking, affecting all Albertans and more specifically those within the advanced manufacturing sector. The industry is especially hurt by a lack of reliable electricity service due to the nature of their operations. In short, improving the reliability of electricity service in Alberta is a positive step that will benefit all consumers.

This motion targets a specific group of stakeholders who are especially harmed by unreliable service. The Official Opposition has recently acted as an advocate for the Leduc-Nisku industrial business community, where unreliable electricity service has threatened the financial viability of several businesses and continues to threaten further economic investment in advanced manufacturing facilities in this province. We desperately need diversification, and, as the hon. Member for Leduc-Beaumont-Devon mentioned, in order to have that kind of diversification, we have to be able to offer manufacturers a reliable source of energy.

Ideally, the Official Opposition would like to see the whole problem addressed, and we believe that can only be done by getting

rid of deregulation and buying back the assets that we so foolishly sold for minimum prices. However, this motion does address the reliability and, as such, that's important.

One of the most damaging effects of deregulation has been the lack of accountability that is inherent within a deregulated system. Instead of having one body or organization that is responsible for ensuring that Albertans receive affordable, reliable service, accountability has been fragmented among various bodies, organizations whose bottom line is profit. We all, obviously, are hoping to profit, but with the expense which Albertans have already paid in terms of setting up the system, we should be recouping some of that investment. Those responsible for serving Albertans are now less concerned about customer service and affordable prices and more interested with increasing their shareholders' profits. If you're one of the shareholders, great; if you're an average Albertan, you get the shaft end of the mine.

I will sit at this point. I know that my hon. associates will wish to discuss other areas, but in general the Liberal caucus supports this motion, and we thank the Member for Leduc-Beaumont-Devon for having brought it forward.

8:20

The Deputy Speaker: The hon. Member for Cypress-Medicine Hat, followed by the hon. Member for Edmonton-Beverly-Clareview.

Mr. Mitzel: Thank you, Mr. Speaker. It's a pleasure to rise and join debate on Motion 510, sponsored by the Member for Leduc-Beaumont-Devon. I'd like to thank the hon. member for bringing this motion forward because it gives this Assembly the opportunity to discuss electric supply and demand in this province. Looking around Alberta, it's difficult not to see the signs of economic boom. High oil and gas prices are driving a growing economy, and this sector is making ripples across the entire economy.

Alberta is well known for having a strong energy sector, but this province is also home to a nascent and specialized manufacturing industry. Much of the equipment used for energy exploration and development across the globe is not only developed using the expertise of Albertans, but it is also manufactured here in the province. This type of economic diversification is necessary for our province to grow and become less susceptible to volatile commodity prices.

It is exceptionally important that the infrastructure is in place to ensure that companies which are branching off from traditional Alberta industries are able to function in our province. This infrastructure covers a wide range of different areas, some of which come to mind easily and some which don't. The government needs to ensure that there are schools and technical institutes to be able to supply the skilled labour which is necessary to operate and manage advanced machining and production processes. Companies need roads to bring raw materials into the manufactured sites and then transport the goods to market. While we're on the subject of input materials, it's necessary for companies to be able to access the electrical energy which they need to drive the systems and the machines which make up the manufacturing process.

The policy of electrical deregulation which the government of Alberta adopted opened up the generation side of the electrical market. It's because of deregulation that Albertans enjoy a more than adequate amount of electricity to support their needs. Since 1998 Alberta's generation capacity has grown by 40 per cent – 40 per cent, Mr. Speaker. Why is it important? Alberta is growing not only in terms of industrial capacity but also in terms of people. By bringing additional generation online, Alberta has staved off the possibility of blackouts, brownouts, and rolling brownouts, which are happening more and more often in North America.

I'm fairly certain everyone in this Chamber remembers the blackout which struck eastern Canada and the United States. Generation is at maximum capacity in that part of North America. There's not enough electricity being generated to meet the demands being placed on the system. When this happens, shortages are bound to occur because there's simply not enough electricity to go around.

Mr. Speaker, multiple jurisdictions are encountering the same problem: there's not enough generation to meet demand. The troubling thing is that power generation plants don't show up overnight. They take time to plan and construct, so jurisdictions encountering generation shortages will not be able to solve this problem overnight. They will have to deal with it for quite some time until they can find a solution.

Luckily, we're not faced with that situation here in Alberta. We have a bit of a different obstacle to overcome, and that's transmission, Mr. Speaker. The government is examining the issue of transmission through the MLA Advisory Committee on Transmission. Their mandate is to ensure that the province's electrical transmission infrastructure expands at a rate which is commensurate with the economic and population boom which Alberta is experiencing. This committee is working with Alberta's Independent System Operator, communities, regulators, and the electrical industry to encourage investment into Alberta's transmission infrastructure. It is expected that this committee will return to the Minister of Energy with their recommendations by the end of this year, and this information will be invaluable in making decisions regarding electricity transmission in Alberta.

The wording of Motion 510 is such that it supports the goals of the MLA Advisory Committee on Transmission. I'd like to thank the hon. member for bringing it forward because it gives us an opportunity to discuss this specific and important issue within the larger concern of infrastructure which supports electrical transmission.

I support Motion 510, and I urge all members of the House to do so as well. Thank you very much.

The Deputy Speaker: The hon. Member for Edmonton-Beverly-Clareview, followed by the hon. Member for Dunvegan-Central Peace.

Mr. Martin: Thank you, Mr. Speaker. Motion 510 is reasonable as far as it goes. Clearly, the MLA from that area knows that there are problems, and he is bringing this forward to deal for his constituents, and I appreciate that. But I'd like to go back and suggest that we're trying to play catch-up here.

When we moved to a deregulated market, we were not supposed to have any of these problems. Consumers would be better off. The generation capacity would be there forever for Albertans. We would not have any problems at all. Well, Mr. Speaker, that was the triumph of ideology over common sense. We've had nothing but problems since we brought deregulation in. No matter what excuse the government wants to give, consumers are paying higher prices to the point that the government before the election, I think the hon. Member for Calgary-Varsity mentioned, had to hand rebates out because it was becoming a political issue. Taxpayers' dollars. That was the first part of deregulation.

Now we have – and this is not new. It's perhaps new in the Leduc area, but I recall conversations with businesses in Lethbridge and around the province saying precisely the same thing, that some of them may have left. Because we have all our eggs even more in one basket with the energy industry, they seem to rule the roost. That's the reason that we're having, I believe, the generation problems that we have, Mr. Speaker. So now we have major companies in the Leduc-Nisku area saying that they're going to leave the province.

I take it that they are serious about it. The Official Opposition leader introduced them here in the House; they're obviously here for a reason, to tell us that they're pretty serious about it. I'm told that they put a \$45 million plant expansion on hold due to persistent power failures. I'm told that they've got offers in Winnipeg and eastern Canada, that they're serious if something doesn't happen next year. I'm told that the whole Leduc chamber of commerce is very upset about it.

It's probably not the corridor where we start looking at shipping power down to the United States. I hope that's not the answer. But it seems to me that there's a point, Mr. Speaker, where the government should say: look, we've made a major mistake here, and deregulation is not working. It's not working for anybody. Perhaps it's working for some of the power companies that are making money on it. It's certainly not working for the consumers, it's not working for the taxpayers because we have to pay rebates, and it's clearly not working for some of these, what I'd call, medium-sized industries that are complaining.

Probably people would say: well, it would be too much to turn the clock around and move toward a regulated market again. The other provinces that have either public power or regulated power aren't running into these same problems, Mr. Speaker. Now, I admit that we have an overheated economy here because all of our eggs are in the energy basket and we're pushing ahead and pushing ahead, and that certainly has a bearing on it.

How do we, I mean, as far as it goes, urge the government to increase a supply of "stable and reliable electricity"? Well, at one time we were told that the consumers were promised that when deregulation was brought in, transmission costs, new lines, et cetera would be paid for by industry. Well, we know that that's not going to happen, and I doubt that these types of businesses that are medium-sized could afford to do it. Only the energy industry is the one that, perhaps, could afford it, and they're not going to do it.

So it seems to me that I certainly have no objection to keeping these advanced manufacturing industries in the Leduc area. I think that's a necessity if we want to have any semblance of an economy that's not totally reliant on fossil fuels, Mr. Speaker.

8:30

It seems to me that the problem is that after years of proving that deregulation is not working – as I said, it was a triumph of ideology over common sense – why don't we back off and start to put that money back? We have money rolling in. We have surpluses. At least it would be some sort of investment to move back towards regulation. I don't think you'd see anybody crying, certainly not the consumers that you talk to. Certainly, businesses like this wouldn't be crying, Mr. Speaker. As I say, we seem to be driven more by ideology in terms of deregulation or the fact that perhaps we can't admit that a mistake was made. This is years later, after deregulation, and nobody is happy, so there should be a message here to the government.

Now, as I say, Mr. Speaker, in terms of how you do this, you take in Motion 510: to increase the supply of stable and reliable electricity to meet the demands of advanced manufacturing throughout the province. I think you have to get control of who's running the regulations again. As I said, when we had a regulated market, we could perhaps do something. I don't know how you do it if you don't have that regulated market. It becomes very difficult. I expect that that's part of the problem, why they've been so long in dealing with this particular problem and why we're having the energy shortages and the rest of it.

I mean, I'm certainly not going to vote against Motion 510. I think it's important that we look at what's happening there, but I

think, ultimately, the answer – and I think I'm echoing somewhat what the Member for Calgary-Varsity said – is that we have to turn this clock around and start to do what works. What worked for many, many years in this province was a regulated market. What are working well in other provinces in some cases are regulated markets and public power. I know that we're not going to go there, Mr. Speaker. We had a chance back in 1948, but it was not to be. But something should trigger in this government the reality that it's time to take a different look at this whole approach.

Thank you, Mr. Speaker.

The Deputy Speaker: The hon. Member for Dunvegan-Central Peace, followed by the hon. Member for Calgary-Mountain View.

Mr. Goudreau: Thank you, Mr. Speaker. I am pleased to have the opportunity to rise this evening and join the debate on Motion 510, transmission and associated infrastructure. I think that the hon. Member for Leduc-Beaumont-Devon should be congratulated for bringing forward a very interesting proposal, that gives us a unique opportunity to add greatly to Alberta's economic potential.

We have the most favourable business climate in the country, Mr. Speaker. Alberta-based companies are on the cutting edge of technology and development, and our current prosperity is constantly driving further innovation. As our economy grows stronger, it attracts more and more businesses and spurs increased economic development, which in turn provides more opportunities for Albertans. Our province is home to a vibrant and ever-expanding manufacturing industry, an industry whose success is directly tied to the overall well-being of our economy as a whole. They produce the goods and products that are so vital to the operation of other industries. When they prosper, we all prosper.

These companies produce a wide variety of products, but they all have one thing in common: their operations are dependent on a reliable source of electricity. The energy needs of these companies are diverse. Some require large amounts of power. Some require a further enhancement of reliability in the supply of power. It is in the best interests of all Albertans to give these companies every opportunity to develop better transmission infrastructure to ensure that their needs are met, regardless of what these needs may be. With Motion 510, Mr. Speaker, we have the opportunity to do exactly that.

Alberta's electricity generation situation is unique. We've come from a situation of potential shortfall to one of sufficiency and even abundance. Our generation capacity has increased substantially over the last few years, and now we have the opportunity to encourage our manufacturing industry to benefit from this situation. As a result of our policies we have surplus power.

With our support of Motion 510 we can also improve the situation further by empowering Alberta's manufacturing industry to make the best use of this beneficial situation. We have the potential. We simply have to encourage the adaptation of this potential to the needs of manufacturing companies. This motion proposes that this be accomplished by establishing a regulatory framework that would recognize and make allowances for the unique electrical needs of manufacturing businesses throughout the province. This is an idea of great merit and one that fits with the practices that have made our province so successful. It is not encouraging subsidies. It is not providing handouts. It is encouraging Alberta's businesses by enabling them to do what they do best. It encourages giving our companies free rein to develop and bankroll their own unique electrical needs by providing a framework in which they can work.

I also see the potential to extend this idea to other businesses outside the manufacturing sector. In the constituency that I'm

honoured to represent, Dunvegan-Central Peace, we have a strong agricultural industry and an industry which often relies upon a reliable power supply to sustain its operations. One such example, Mr. Speaker, would be the operations of our forage-drying industry, something which is very vital to the success of their harvest. The people who operate such machinery emphasize the importance of an uninterrupted power supply. If the power goes out when their drums are very hot, it can cause not only a halt in operation but great damage to their equipment as well.

This isn't any different, Mr. Speaker, than a machine shop operating a delicate CNC machine or sensitive computer equipment. Even though a forage-drying operation is not manufacturing anything, it is vital to the ongoing success of our province's economy. It is equally as important as manufacturing, especially to rural and northern areas of this province. This is why I'm pleased to offer my support to Motion 510. Not only is it a good, solid idea with the potential to increase the capabilities in productivity of Alberta's manufacturing industry; it also has the potential to serve as a template with applications in a lot of other areas as well.

In short, I see this as a great first step. We need to fully encourage the development and utilization of the power generation capacity that our policies have made available. We need to carry on the tradition of enabling the economic momentum that has made Alberta the best place in the world to live and work. With our support of Motion 510 we have a great opportunity to do exactly that, and as such, I'm pleased to offer my support. I also encourage all my other colleagues to join me in doing so.

Thank you, Mr. Speaker.

The Deputy Speaker: The hon. Member for Calgary-Mountain View, followed by the hon. Minister of Energy.

Dr. Swann: Thank you, Mr. Speaker. It's my honour to speak to Motion 510, electrical reliability, whose goal is to achieve greater consistency and reliability of electricity production through increased government investment in transmission and associated infrastructure. Whenever I think about electricity, I think about our need to diversify and to move towards more renewables.

I know that this isn't specifically addressed here, but it's an opportunity to talk about our responsibility globally and nationally to reduce our impact on the environment and reduce our climate-change contributions. I think, obviously, the importance of reliable, sustainable electricity is on everyone's minds, and if we don't take care of the planet, if we don't take care of the very source of all of our energy, it's clearly not going to achieve the long-term result that we all want, which is reliable and affordable electricity production.

Ideally, the Official Opposition would like to see the problem of reliability fixed through removing this deregulation, which has been so problematic, so costly, and hasn't served the interests of the people of Alberta. I understand that this will not do that; however, it will address some important problems around consistency and reliability, and I think that is something that we want to support.

Lack of accountability has been a significant problem in the deregulated system because there are so many bodies now to be held accountable when there are problems in the electricity system, and these bodies all have their own profits to try to take. Those responsible for serving Albertans are now less concerned about customer service and affordable prices and more interested in their shareholders and their profits.

8:40

However, Mr. Speaker, this is a positive motion, and I think the Official Opposition supports this in general. It addresses a vital

issue for our future: our productivity, our consistency as a world competitor. We have vital resources internal to Alberta that absolutely rely on dependable, reliable electricity. Without it, I think we're going to see significant problems in our manufacturing sector. We need to ensure that the basic necessities for all Albertans are going to be there. This is a vital public interest that, again, like health care, like education, should be available to all regardless of their ability to pay. In my view and in our view, it should be a public utility, and it should be protected as the vital resource that it is.

Resolving the problem is a critical one, and I think this is going to take us a step closer to that. I would like to see more economic diversification associated with it and renewables associated with it. We have some innovative experiments. It's now time to level the playing field and allow them to be more competitive with the fossil-fuel-generated electricity in this province. The government clearly does need to take some responsibility for this and for, I hope, getting a handle on the whole accountability question in the province.

With those comments, Mr. Speaker, I'll sit and continue listening to the debate. Thank you.

The Deputy Speaker: The hon. Minister of Energy.

Mr. Melchin: Thank you, Mr. Speaker. I, too, would like to stand and support this motion as put forward by the hon. Member for Leduc-Beaumont-Devon. Transmission is at the heart and core, really, of ensuring that we get reliable electricity delivered to our homes. It's fundamental, and I'd say that we have a great need in this province to get in front of the tremendous growth that's happening and build those highways to deliver that electricity from the generation plants to our homes and businesses.

There have been a number of lines already approved by the Alberta Electric System Operator. One is a 500 kV line between Edmonton and Calgary, the tremendous growth in that corridor. Another is in the southwest leg. There are two or three others in longer term planning that have to go ahead. We need to get support. No one likes some of these power lines and the substations right in their backyards. We appreciate that there are great impacts upon the public, especially those landowners that are directly impacted by them. Yet it is critical that those things be supported by the public if we want to count on reliable delivery and receipt of electricity in our homes.

One of the things that's confusing even in the discussion here is that there has been a lot of discussion about deregulation. Actually, this piece doesn't have anything to do with deregulation. Transmission always has been regulated and continues to be regulated. In fact, the motion specifically talks about: "to meet the demands . . . by increasing investment in transmission and associated infrastructure." Those pieces always have been directly regulated. The responsibility to ensure that the public good is served in that aspect hasn't changed in the past or even in today's structure. So discussions about deregulation, while interesting, don't relate to this motion at all.

With the particular needs – one I know that the hon. member is bringing forward, and rightly so, is a concern on behalf of his constituents. There are some very specific, unique requirements of at least one business, if not more, in the area. Fortunately, there has been quite a bit of progress made there, too, by approving a substation that needs to respond to that. That should be put in later this year. There's also, then, one of the companies in particular that has some very unique, specific electricity needs, not the requirement of the standard that most electricity users have. So those costs, the particular needs of one company, while regulated, wouldn't be fair to be paid by everyone, by all ratepayers.

That is the standard, that general requirements of transmission and building that system are paid by all ratepayers. When there's a peculiar need over and above the standard, those are paid by the individual companies. That is the challenge in this case, too. That company – yes, there are solutions for it, and, yes, they needed that substation in place, so those are some of the first steps. That will also provide this individual company the ability to address their unique requirements but at a cost to them since they are the ones that have these peculiar requirements over and above any standard need of delivery of the system. So that's what's happened in the case of our regulated model. All through the years there's a general requirement that's built in and paid for by all ratepayers, and then sometimes there are specific requirements by individual companies over and above those general requirements that are paid specifically by that company so that the average ratepayer doesn't have to pay for their unique needs.

But I fully support in this case this motion. We need to be in front working with these companies to ensure that there's long-term prosperity, that there's an avenue for them, that they can reliably predict getting electricity, that they can also anticipate their specific needs being addressed both by the general requirements put in by the system and by them also addressing it and upgrading their infrastructure for their particular needs. So I applaud the member for bringing this motion forward, and we will actively support that even from the Department of Energy's perspective.

The Deputy Speaker: Are there others? The hon. Member for St. Albert.

Mr. Flaherty: Yes. Thank you, Mr. Speaker. One of the things that hits me about this – and I'm speaking in support of this motion – is the importance of having a reliable electrical supply. What concerns me in terms of this is the necessity, in my opinion, to have a plan. I'm specifically speaking about the St. Albert-Sturgeon-Westlock-Athabasca area, that whole area where we're going to have the new upgraders coming in. I think it behooves the government to take this good approach and look at a plan for other areas in the province that are going to be developed and need good, reliable electrical supply.

My position on this is that I support it, but I hope that when we're looking at things that are developing in again what we call the St. Albert-Morinville-Barrhead-Athabasca corridor, this whole aspect, this particular area of having reliable supply for commercial, industrial, residential is looked at and that we have this done ahead of time rather than have problems develop and after the fact have to look after it.

So those are just my comments, Mr. Speaker. Thank you very, very much.

The Deputy Speaker: The hon. Member for Edmonton-Whitemud.

Mr. Hancock: Thank you, Mr. Speaker. I, too, am pleased to join the debate on Motion 510. This is a very important motion. We've had some discussion tonight purportedly in support of the motion which was really talking about a deregulation and other aspects relative to energy. The fact of the matter is that we have had significant increases in the generation capacity for electrical energy in this province. There's been significant improvement in the supply, but where we do have a problem, the problem that needs to be addressed for industry in this province, is the stable and reliable delivery of that electricity.

The hon. Member for Leduc-Beaumont-Devon has indicated with respect to a particular industry, and that's one that's very close to home for me as a neighbouring constituency. In fact, the people that own that particular company live in my constituency.

So I just wanted to make some comments in support of the fact that we have done a number of really good things in this province, one of them is the policy which has allowed for the cogeneration of electricity, the biogeneration of electricity, the wind generation of electricity; in fact, many different methodologies of getting electrical generation on the market to the point now where we are the envy of North America in terms of electrical energy supply, but there are some issues that we need to deal with, and one of the fundamental issues that needs to be dealt with is to ensure that that electrical energy can get to industrial users and residential users in a stable and reliable way. That means that we need to have a regulatory framework which is flexible and which can adapt to changing circumstances, make sure that all of the regulatory processes and procedures we need to safeguard the consumer are there but also make sure that the people who wish to build reliable delivery mechanisms, transmission networks can do it, can recover their costs, can receive a return on investment for doing that, and can do it on a timely basis. That, Mr. Speaker, is what's missing in the process now.

I was very delighted to hear the Minister of Energy indicate that the Department of Energy is on that particular piece because as we move forward in this province with a very strong economy, with people who are willing to invest in this province to create new jobs for Albertans, to create new opportunities for Albertans, it's fundamental that we have a supply of energy, a supply of electrical energy. We've got that supply. Now we need to get it to the place where it's to be utilized, and that's what this motion addresses, and I am very strongly in support of it.

8:50

The Deputy Speaker: Are there others?

Does the hon. Member for Leduc-Beaumont-Devon wish to close?

Mr. Rogers: Thank you, Mr. Speaker. We have a phenomenal economy today in this province, and I think it behooves us to do everything in our power to strengthen and diversify our economy so that future generations will continue to enjoy a standard of living comparable or even better than we enjoy today.

Mr. Speaker, the direction provided in this motion will continue to encourage visionary investors like the owners of Vanoil, Fiberex, and many others to think outside the box and continue to grow the Alberta economy, create quality jobs, and make a reasonable return on their investment.

Mr. Speaker, this is the Alberta advantage. I'd like to thank all members who spoke on this motion and encourage your support. Thank you very much.

[Motion Other than Government Motion 510 carried]

head:

**Private Bills
Second Reading**

**Bill Pr. 1
Burns Memorial Trust Amendment Act, 2006**

The Deputy Speaker: The hon. Member for Calgary-Lougheed.

Mr. Rodney: Well, thank you very, very much, Mr. Speaker. It's with great pleasure that I rise today to move Bill Pr. 1, the Burns Memorial Trust Amendment Act, 2006.

Some of you may know that Senator Patrick Burns was a proud Albertan, and he is an incredible role model for us all. He was one of the Big Four who founded the Calgary Stampede. Mr. Burns was chairman of the Burns Company Ltd. and president of various Burns

businesses. These are just a few of the reasons why he was inducted into the Canadian Business Hall of Fame.

He became a Senator in 1931 and died in Calgary in 1937. Senator Patrick Burns school in Calgary was named in his honour in 1961, and just last month while on horseback just southwest of my riding of Calgary-Lougheed I was honoured to ride past the mountain that proudly bears his name. Truly, Senator Burns was an amazing individual.

But there's more, Mr. Speaker. Under his will Senator Burns established a charitable trust, later codified under the Burns Memorial Trust Act. The act was originally enacted in 1956 and was amended in 1981 and 2001. The trustee of the Burns memorial trust since inception is the Royal Trust Corporation of Canada. The investments held by the trust are currently valued at approximately \$45 million. The trustee distributes certain investment returns earned on the assets of the Burns memorial trust to five charities, which include the Governing Council of the Salvation Army in Canada, the Sisters of Charity of Providence of Calgary, the Burns memorial fund for children, the Burns memorial police fund, and the Burns memorial fire fund. The income from the trust property is distributed equally in quarterly instalments among the beneficiary organizations. Annual trust distributions have been approximately \$1,800,000.

In 2001 the act was amended to permit amongst other things the trustee to have the authority to invest the assets of the Burns memorial trust according to prudent investor standards and in accordance with a total return investment policy. The act was also amended to deal with the payments to the beneficiaries. Section 8 of the act provided that the trustee would distribute an annual amount "determined in accordance with the regulations dealing with the disbursement quotas for private foundations in the Income Tax Act (Canada), in equal portions to the Beneficiaries."

The disbursement quota is an amount calculated under the Income Tax Act of Canada in order to ensure that most of a registered charity's funds are used for charitable purposes; however, this disbursement quota amount is a minimum only, and charities are able to spend more of their income on their charitable activities as they desire. The disbursement quota for a private foundation is very generally the sum of 80 per cent of the receipted donations in the preceding year, a hundred per cent of the gifts received from other registered charities in the preceding year, plus 3.5 per cent of the aggregate value of the investment assets valued at certain times in the prior two years. The actual formula is much more complex.

In any case, as the Burns memorial trust has not receipted any donations nor received gifts from other registered charities, the disbursement quota under the Income Tax Act of Canada for the Burns memorial trust is calculated as 3.5 per cent of the aggregate value for its investment assets. At the time of the amendment to section 8 of the act the disbursement quota was calculated on the basis of 4.5 per cent of the aggregate value of investment assets. The rate was reduced in federal budget amendments to the Income Tax Act to 3.5 per cent, effective for taxation years commencing after March 22, 2004. So, as a result, the disbursement quota for 2005 was 4.5 per cent of the investment assets but was reduced in 2005 to 3.5 per cent of the value of investment assets.

The final financial impact of the reduction of the rate used in calculating the disbursement quota from 4.5 per cent to 3.5 per cent has been to reduce the annual payments to the beneficiaries from approximately \$1,820,000 per year to \$1,420,000. Each beneficiary who previously received \$364,000 per year for their charitable activities now receives \$284,000 per year.

So, in conclusion, Mr. Speaker, the trustee of the Burns memorial trust and the beneficiaries wish to amend the act to simply allow the

trustee the discretion to pay the beneficiaries an annual amount that may be in excess of the minimum disbursement quota rather than an inflexible fixed percentage of 3.5 per cent. The trustee and the beneficiaries would like the act to provide discretion to the trustee to pay out annual amounts in excess of the disbursement quota if, indeed, it is deemed appropriate.

The proposed amendment to section 8 of the act would require the trustee to determine annually the amount to be paid to the beneficiaries provided that that amount shall not be less than the disbursement quota amount. This will give the trustee the flexibility to meet the funding needs of the beneficiary charities while ensuring the preservation of the value of capital of the Burns memorial trust. Indeed, this is good-news legislation, Mr. Speaker, and it is with both humility and pride that I sponsor this initiative.

With that, Mr. Speaker, I'm pleased to move second reading of Bill Pr. 1, the Burns Memorial Trust Amendment Act, 2006.

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

Mr. Chase: Thank you very much. The Liberal caucus is in complete support of Bill Pr. 1. In Alberta we're extremely fortunate that we have so many philanthropists who, having made their fame and fortune in Alberta, have given back through their estates. Three names come to mind right off the bat for the University of Calgary, and those are Haskayne, Markin, and Rozsa. Recently, this past Thursday in Calgary, the Member for Calgary-Currie and myself were also made aware of the Sheftel legacy. Alberta philanthropists have big hearts and big wallets, and we very much appreciate their legacies.

Thank you.

The Deputy Speaker: Are there others?

Does the hon. Member for Calgary-Lougheed wish to close?

Mr. Rodney: I'm closed.

[Motion carried; Bill Pr. 1 read a second time]

Bill Pr. 2

Mary Immaculate Hospital of Mundare Act

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

Mrs. Jablonski: Thank you, Mr. Speaker. I move second reading of Bill Pr. 2, Mary Immaculate Hospital of Mundare Act.

Mary Immaculate hospital of Mundare was incorporated under chapter 106 of the *Statutes of Alberta* in 1962. Bill Pr. 2 takes care of the modernization of the corporate structure for the governance of this hospital. I encourage all members to support second reading of Pr. 2.

9:00

Mr. Chase: I am pleased to again rise and provide our Liberal caucus support for Bill Pr. 2, the Mary Immaculate Hospital of Mundare Act. Well done.

The Deputy Speaker: Does the hon. Member for Red Deer-North wish to close?

Mrs. Jablonski: Close, Mr. Speaker, and move second reading.

[Motion carried; Bill Pr. 2 read a second time]

Bill Pr. 3
Edmonton Community Foundation
Amendment Act, 2006

The Deputy Speaker: The hon. Member for Peace River.

Mr. Oberle: Thank you, Mr. Speaker. I'm honoured tonight to rise on behalf of the hon. Member for Edmonton-Castle Downs to move second reading of Bill Pr. 3, the Edmonton Community Foundation Amendment Act, 2006.

The aim of this bill is to allow the foundation to modernize its governance mechanisms, make changes to its method of appointing board members, seek clarification regarding the power of the foundation's board to indemnify its officials and to buy liability insurance. The committee has recommended that Bill Pr. 3 proceed with amendments.

Thank you, Mr. Speaker.

Mr. Chase: As the representative of the Liberal caucus I am pleased to recognize the three home runs that the government has hit in consecutive fashion tonight: Bill Pr. 1, Bill Pr. 2, and now over the fence again with Bill Pr. 3, the Edmonton Community Foundation Amendment Act, 2006.

The Deputy Speaker: The hon. Member for Edmonton-Whitemud.

Mr. Hancock: Thank you, Mr. Speaker. I just want to briefly comment on the Edmonton Community Foundation Amendment Act, 2006. This act, of course, helps to modernize the structure of the community foundation. But it would be remiss if I, as a member representing a constituency in Edmonton, didn't take the opportunity to put on the record what good work the Edmonton Community Foundation does in this city in terms of being a place where people can make donations to a foundation, a foundation which then manages those trust funds, those endowment funds, and turns those funds into good works in the community to support so many of the efforts which make this community a great place to live and to work.

So to Mr. Martin Garber-Conrad, who is the new executive director – I guess not new anymore: he's been in there for a year or so now – and the many people who work with the Edmonton Community Foundation I think we owe a debt of gratitude for the work that they're doing. This act will help them with their efforts by helping to modernize their organization.

I just wanted to put those comments on the record. Thank you.

The Deputy Speaker: Does the hon. mover wish to close?

Mr. Oberle: Call the question, Mr. Speaker.

[Motion carried; Bill Pr. 3 read a second time]

head: **Government Bills and Orders**
Committee of the Whole

[Mr. Marz in the chair]

The Chair: I'd like to call the Committee of the Whole to order.

Bill 29
Environmental Protection and
Enhancement Amendment Act, 2006

The Chair: We are currently considering amendment A2. Does anyone wish to participate in the debate? The hon. Member for Calgary-Mountain View.

Dr. Swann: I have spoken once already, Mr. Chairman, but I could refresh on that issue if you wish.

The Chair: We're in committee, so you can speak again.

Dr. Swann: Well, amendment A2 on Bill 29 is really, in essence, an attempt to ensure that while this amendment would allow the government and specifically the director to delegate inspection of sites for reclamation purposes, it's a change from the past, in which internal employees of Alberta Environment would be taking that role. This would now allow the director to appoint outside people and organizations to do inspections and follow through on approvals and reclamation certificates. Our concern, again, is that this not be in any way construed as a conflict of interest and that there be no bias in the reclamation of sites and that, indeed, by making such appointments public, we could all live with it because we would be able to hold accountable those individuals and organizations that are carrying out the role under the director. So this amendment simply asks that the identification of outsiders be made public for the purposes of accountability.

Thank you, Mr. Chairman.

The Chair: The hon. Member for Cypress-Medicine Hat on amendment A2.

Mr. Mitzel: Thank you, Mr. Chairman. With regard to the need for a public registry, I'd like to thank the hon. member for suggesting this. I understand what the hon. member is intending with this proposed amendment; however, the ministry doesn't feel that a public registry is needed.

The minister is committed to a system of shared governance that includes publicly open and transparent processes as well as clearly identified roles and responsibilities for partners. Alberta Environment will continue to be transparent in selecting and working with partners. In fact, Mr. Chairman, the department sees an ever-increasing role of Albertans in all walks of life to help protect the environment, such as agrologists and environmental engineers. I can assure you that at the end of the day accounting for these systems of shared governance will remain with the minister.

Therefore, Mr. Chairman, the ministry doesn't feel that it is necessary to have this amendment.

The Chair: Are there others? The hon. Member for Calgary-Varsity.

Mr. Chase: Thank you very much. I think a recurring theme that we'll be hearing tonight is transparency and accountability. What has happened over the years is that the government has been so busy counting up the shekels that it has received from oil and gas wealth. They've only looked at the credit side of the account. They haven't looked at the debit side, and the debit side is in the hundreds of unreclaimed wells throughout this province.

What amendment A2 speaks to is the fact that there should be no suggestion or no hint of any conflict of interest, where companies that originally left the sites unreclaimed have gone through a series of transitions and company buyouts and amalgamations and so on, and we may get to the point where through political appointees some of the negligent individuals and companies that originally left the wells in their unreclaimed state now have the benefit of not only deriving the resources from those wells but assisting in the cleanup. The taxpayer gets stuck twice: once in that the job wasn't done properly the first time, and then through a political appointment process which is not transparent, the companies benefit for a second time.

If this government truly believes in transparency and accountability, a public registry is an absolute necessity to ensure public faith, government accountability, and transparency.

I speak in favour of amendment A2 and would urge the government to support A2. It puts into place true accountability. It takes the responsibility out of the government's hands and gives it back to the public, that, in truth, should be the ones running this province.

Thank you.

The Chair: The hon. Member for Edmonton-Beverly-Clareview on amendment A2.

9:10

Mr. Martin: Yes. Thank you, Mr. Chairman. Bill 29, as I mentioned in second reading, has some good aspects to it, but there were some problematic areas as I recollect. This was one of them, that I alluded to in second reading, the fact that it may be reasonable to report and have this, but we need the public registry. Otherwise, Mr. Chairman, the oversight – in other words: who is the minister delegating authority to? In most cases perhaps it's somebody that it should be. We all use the name of Dr. Schindler or somebody like that. Nobody has any objections to that. That seems to make common sense. But there would be this feeling if there wasn't a public registry that: who else is the minister delegating authority to? Is it people within the industry?

I would almost see this as a friendly amendment if the government is interested in the transparency. I think others talked about it in terms of the law. I know that the Environmental Law Centre has contacted the Minister of Environment's office to discuss its own concerns, and this was a major concern that they had. They were suggesting, Mr. Chairman, that we at least have this public registry, that could be fairly clear in terms of who the minister has delegated authority to.

It seems to me that this simple amendment would go some way in doing that, and I would hope that the government, having had time to think about this – and it's not just coming from the opposition. As I say, it's coming from people that have some knowledge in this area, the Environmental Law Centre. With a public registry the minister could still do the same things, but it would be open and transparent and there would be some recognition about why they have delegated this authority to certain people.

Mr. Chairman, we had a similar amendment, but this one certainly would do the same as the amendment that we had, and I would support it.

Thank you.

The Chair: Are there others? The hon. Member for Cypress-Medicine Hat.

Mr. Mitzel: Thank you, Mr. Chairman. The fifth amendment really allows Alberta Environment to partner with a wide range of organizations and individuals in order to deliver our environmental protection mandate. The amendment specifically broadens the list of candidates to which the minister may delegate work, and this supports place-based approaches to environmental management. As with all partnerships the ministry will ensure accountability frameworks are in place. I think perhaps it's a bit of a stretch to assume that the oil or gas industry would be one of those partners.

The current legislation restricts Environment's ability to let other government agencies, communities, and qualified Albertans manage their environment. With this amendment they can partner with local organizations, which are better positioned to understand the needs of their community and their environment. Alberta Environment will

develop agreements with partners so that they are clear on accountabilities, responsibilities, duties, and reporting requirements. Any system envisioned under this approach is one of shared governance that includes publicly open and transparent processes as well as clearly defined roles and responsibilities of those involved.

Mr. Chairman, the speaker does not believe that specific legislative provisions are required to assure the public. At the end of the day the accountability of these systems of shared governance will remain with the minister.

The Chair: The hon. Member for Edmonton-Beverly-Clareview.

Mr. Martin: Well, thank you, Mr. Chairman. That may well be the case. But, again, how would having a public registry detract from that? It seems to me that that would enhance the process, precisely what the member was talking about.

All we're saying is that the minister still would have that authority, Mr. Chairman, but there would be a public registry so that we'd know who he has designated that authority to. It would in no way stop the hon. minister from doing precisely what the member is talking about. It's just in a public registry.

I wonder: why the reluctance? I guess that I'd ask the member if he's had discussion with the minister's office about this in view of the fact that a very influential group such as the Environmental Law Centre has recommended that, and if there was some discussion, why that was rejected. I don't think it detracts from the minister being able to do exactly the things that the member is talking about. It just makes the process open and above board.

The Chair: The hon. Member for Calgary-Varsity.

Mr. Chase: Thank you. I would just like to ask the hon. mover of the bill if he has within his information the exact number of orphaned well sites and if these orphaned well sites – the number of them and the location of them and a map accompanying as part of that location – are posted on a government site either under Energy or Environment so that Albertans could have a sense of the complexity and size of the number of orphaned well sites. I think that if Albertans were aware of just how many there were and their location, they might want to become more involved in the approval process. I think that anything we can do to involve and include the public in meaningful decision-making, the better we are.

If the hon. mover can enlighten the House as to those questions – how many orphaned well sites do we have, and are they posted on a government web site either through Energy or Environment and his opinion on whether this would improve public involvement in future approvals – I would be very pleased to hear his responses.

The Chair: The hon. Member for Cypress-Medicine Hat.

Mr. Mitzel: Thank you, Mr. Chair. Well, quite frankly, even though the orphaned wells and orphaned well sites are very important, those are really upstream activities, and these amendments here deal with downstream activities. I do not have the information on that because that's not pertinent to the bill at this time.

The Chair: Are you ready for the question?

Hon. Members: Question.

[Motion on amendment A2 lost]

The Chair: The hon. Member for Calgary-Mountain View.

Dr. Swann: Thank you, Mr. Chairman. I have a third amendment to recommend, and I'm thankful if you could circulate that. The essence of amendment A3, I suppose, is that we strike out the new section (a) under 112(1) and sustain the old section (a), which would not permit contaminated sites to simply be managed. They would be required to continue in the original commitment to "repair, remedy and confine the effects of the substance," and "remove or otherwise dispose of the substance." It is not in the interests of people and the environment, both health and environmental impact, to accept the notion that we would simply manage risk by covering over such contaminated sites and install test wells around the contaminated sites to monitor forever the potential for migration of an ongoing unremediated, unreclaimed site.

So the purpose of this amendment is to return to the original commitment to reclaim and remediate soil and return it to equivalent use. I am open to further discussion on that amendment. Thank you, Mr. Chair.

The Chair: Hon. members, we will call this amendment A3. While it's being distributed, might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

head: 9:20 **Introduction of Guests**

The Chair: The hon. Member for Edmonton-Beverly-Clareview.

Mr. Martin: Thank you, Mr. Chairman. It is my pleasure to introduce to you and through you to all members of this Assembly Katrina MacNeil and Kyle Langelaar in the Speaker's gallery. Katrina just finished her first year at UBC Okanagan where she is pursuing a bachelor of arts degree in political science. She's particularly interested in the political and humanitarian issues in South America. As well, today is the day that she turns 20 years old.

Kyle is visiting from our neighbour prairie province, Saskatchewan. He is a chicken farmer as well as an employee at a Saskatoon hotel. He hopes to attend university in January to study hospitality. They are both accomplished students and travelers, and most of all, Katrina is the sister and Kyle is the best friend of one of our LAO pages, Desirée MacNeil.

An Hon. Member: You didn't get them to stand.

Mr. Martin: Oh. I didn't get you to stand. Are you back there? Please stand.

Bill 29
Environmental Protection and
Enhancement Amendment Act, 2006
(continued)

The Chair: Does everyone have a copy of amendment A3?
The hon. Member for Calgary-Varsity on amendment A3.

Mr. Chase: Thank you. I'm speaking in favour of A3. There is a tremendous difference between not only the definitions of manage versus reclaim but the realities. Manage can simply say that you've put a fence around the area, a bit of barbed wire with a sign: danger; unreclaimed site. That could be considered management versus what I believe is necessary, and that's total reclamation.

We have so many spots, environmental blights, and potential problems throughout this province because we haven't done the cleanup as we went along. Our desire to get there faster has meant

that we've left a number of sites behind, and what this A3 is suggesting is that we go back to the original wording, which was considerably stronger. It said that we've got to reclaim these sites.

We debated last spring about empowering companies to go back onto the sites and reclaim the sites that were left in an unsatisfactory condition to begin with. It seems to me that the original wording of this bill, particularly section 112(1), had that intent. It wasn't enough just to simply manage, which is a very loose term, but we had to remediate, reclaim the site as close to its original condition as it was possible without any environmental hazards associated with it. The amendment is very clear.

The government in its wisdom wrote a much tougher section originally, and to take away that requirement to reclaim or remediate is basically giving a licence to avoid proper management and proper drilling in the first place because if companies are only going to be charged with managing as opposed to cleanup, there is no motivation for them to do things right in the first place.

Thank you.

The Chair: The hon. Member for Edmonton-Beverly-Clareview.

Mr. Martin: Well, thank you, Mr. Chairman. It seems to me that the previous bill – this is the one with a much stronger section 112, and I think this is what the hon. member is driving at. He wants Section 112 amended "by renumbering it as section 112(1)" and adding the following. It seems to me that we're going backwards in this particular part of it.

As I said earlier on, there are some good parts to this bill, but where previously section 112 read "take all reasonable measures to . . . remove or otherwise dispose of the substance in such a manner as to effect maximum protection to human life, health and the environment," that seems to me a fairly strong statement. Now in the proposed amendment section 112 would read: "remediate, manage, remove or otherwise dispose of the substance in such a manner as to prevent an adverse effect or further adverse effect." It seems to me that that's a watering down. If we're remediating, we're managing, and we're removing. That's not nearly as strong as a statement as "to effect maximum protection to human life, health and the environment." What could be more important than to do that? An environment bill. Why are we reducing it?

An Hon. Member: To save money.

Mr. Martin: Yeah, I expect it is to save money, but "remediate, manage, remove or otherwise dispose of," in an environment bill. I'd say to the hon. member – it's again been that discussion with the minister – why would we take a strong statement and weaken it? Is it because it's money? Is it because we're not going to go after these companies or what? I like the statement that was there in 112.

We recognize, of course, that there's a wide variety of techniques and technologies. We could have perhaps put that in, but it seems to me that the ultimate goal of any environment bill, an act, should be the maximum protection of human life, health, and the environment.

I would ask the member why we are doing this. Why are we watering down this particular section? Without being cynical about it, is it because the companies have told us that they want to do this, and they can get away with more? If we have a stronger statement, is that a problem for them? I just don't understand why we'd water this down at this particular time, so I'd ask the member if he could perhaps tell us why we're doing that.

Thank you, Mr. Chairman.

The Chair: The hon. Member for Cypress-Medicine Hat.

Mr. Mitzel: Thank you, Mr. Chairman. I really appreciate the hon. member's comments on the matter regarding their suggestion that there's a need for the department to require more remediation and less risk management.

I would like to clarify that cleanup is the preferred option that is promoted above all else under the EPEA. Cleanup applies to the majority of sites in Alberta that have contamination, but when the cost to clean up becomes prohibitively expensive, there are other more flexible options that will provide the same level of health protection and allow beneficial reuse of the site. I believe this is especially important for sites that have an active potential for redevelopment in urban and suburban areas, such as Hub Oil.

In many cases risk management alternatives bring revitalization to our communities more quickly and avoid lands being left as brownfields where further development is prevented by inflexible rules. If any monitoring notes any type of adverse effect or change, the company is obligated to report it and to clean it up. I believe, Mr. Chairman, that this amendment clarifies that even if the site has been closed, the company has a duty and an obligation to mitigate and to clean it up. Prohibitively expensive sites are exceptional cases, as the one I mentioned, and risk management will only be used if the site that is contaminated is well contained.

Mr. Chairman, an amendment as proposed wouldn't really serve the greater interests of appropriate environmental protection and future land use.

The Chair: The hon. Member for Calgary-Currie.

Mr. Taylor: Thank you, Mr. Chair. I guess what I'd like to know is what the definition of remediation is, then, and management because if it's a site like Hub Oil, for instance – I believe the hon. member referred to that – and it is prohibitively expensive to clean up, perhaps a worthwhile use of that land, that brownfield site, would be, quite literally then, to turn it into a green field; in other words, green space, a park, some place where people would not be prepared to stay there long enough that anything under the ground seeping through would cause them any hazard to their health. Perhaps. I don't know, and perhaps the member will explain it to me as he defines remediation or management. You know, remediation or management where the cost of cleanup is prohibitively expensive is not good enough if you plan to plunk a building down on top of it, you know, whether that's a building that people are going to be in for part of the day working or whether that's a building where people are going to live, a house.

9:30

Hub Oil was mentioned as an example, and of course Hub Oil was located in Calgary. We have another famous example from Calgary of precisely the way not to do environmental cleanups, and it's called Lynnwood Ridge. Years ago, decades ago, that was an active refinery site. The oil company decommissioned the refinery, certainly did some cleanup at the time, and then – correct me if I'm wrong, but I think we were in the midst of another boom at the time – because there was a shortage of housing in Calgary, there was pressure to develop that refinery site for residential housing. Of course, that's exactly what happened until – what would it be now: three or four years? – suddenly it turned out that noxious, toxic, poisonous fumes were leaching up from under the soil into people's basements. Heavy metals were leaching up. Although now well secured and the property reasonably well preserved and cared for by the oil company, which does still bear responsibility for the cleanup

after long and protracted negotiations with Alberta Environment, Lynnwood Ridge is, in fact, a virtual ghost town. The company had to buy out most of the residents, and now we have an abandoned neighbourhood.

Now, yes, maybe this time the cleanup will be done properly. I don't know. But it doesn't change the fact that an awful lot of houses were built on a site that wasn't properly cleaned up to begin with, and an awful lot of people's lives and financial situations and possibly their health were jeopardized. We'll find that part out in the years to come, I suppose. I think that was a textbook case of how not to remediate or manage a contaminated brownfield site.

So, yes, I would like a definition from the hon. member as to what "remediate" and "manage" would mean if we leave Bill 29 as it reads, if we don't pass the amendment proposed by the hon. Member for Calgary-Mountain View.

Of course, the amendment by the Member for Calgary-Mountain View is in effect an amendment to an amending bill, an amending piece of legislation. Amendments are supposed to improve legislation, not weaken it, not water it down. If we do not pass the amendment proposed by my colleague from Calgary-Mountain View, then essentially we're leaving the cleanup of the most cost-prohibitive contaminated sites – and it follows logically that the most cost-prohibitive contaminated sites are, therefore, the most difficult to clean up in most cases – to our children, their children, their children's children, and we are washing our hands of it and saying: we really can't be bothered. That's not good enough for me, Mr. Chairman. I'll be voting in favour of this amendment.

Thank you.

Mr. Mitzel: Mr. Chairman, I appreciate the remarks made by the hon. Member for Calgary-Currie. Remediation is total cleanup. Management would be monitored – and I repeat, monitored – containment. I think that we're only assuming that buildings would be built there again knowing that the site is there, and I think greenfields are more preferred than brownfields.

The Chair: The hon. Member for Calgary-Varsity.

Mr. Chase: Thank you, Mr. Chair. The original section 112 is very much along the Liberal long-term view of things. What has happened with this bill speaks to immediate gratification versus long-term results.

The hon. mover of the bill suggested that risk management is the way to go because costs become prohibitively expensive. I would say to the mover of this bill: what could be more expensive than a series of environmental land mines spread throughout the province? What is the cost to future generations of leaving these sites unreclaimed? What is the cost to the environment, to animals wild and domesticated, and to people who live in the surrounding areas? So when we're talking cost and we're weighing the two sides, the profit and the debits, surely we have to take into account the long-term effects of leaving these sites simply managed but unreclaimed.

We spoke earlier in debate about having companies responsible for creating a reclamation pool, and the hon. Minister of Environment initially proposed this and then drew it back.

Dr. Swann: A cleanup fund.

Mr. Chase: A cleanup fund. It seems to me that what we're doing again is taking away the responsibilities of the companies to do it right the first time, knowing that management will be their only requirement, as opposed to total reclamation.

I would say that we have to start looking into the future and recognizing the costs of simply managing risk as opposed to dealing with it.

Thank you.

The Chair: The hon. Member for Cypress-Medicine Hat.

Mr. Mitzel: Thank you. Well, quite frankly, Mr. Chairman, the intent of this amendment is to ensure that industry remains responsible for old sites where contamination causing an adverse effect is discovered and becomes apparent. Quite frankly, also, any closed sites that continue to have an adverse effect will be reported and managed appropriately, as I mentioned before.

This amendment supports the recommendations of the Contaminated Sites Stakeholder Advisory Committee and significant stakeholder input. The two-year consultation process with stakeholders included industry associations, nongovernment organizations, Alberta Environment, Municipal Affairs, the Farmers' Advocate, Finance, Energy, the Energy and Utilities Board, the Canadian Bankers Association, the Alberta Urban Municipalities Association, and the Alberta Association of Municipal Districts and Counties.

The Chair: The hon. Member for Calgary-Mountain View.

Dr. Swann: Thank you, Mr. Chairman. Well, it's of some interest to me that the Minister of Environment has arrived in the House, and I think it would be an opportunity for him to comment on this amendment also. I hope that he will take the opportunity to speak to this amendment.

The hon. Member for Cypress-Medicine Hat talks about flexible options, risk management, allowing more prompt use of the site, and a company being responsible for cleanup. Well, what message does this send, Mr. Chairman, if we are allowing industry off the hook? If they don't actually have to remediate, if they don't actually have to clean up because it's too expensive, what message does that send to industry? The more you pollute, the less you pay: is that the message we want to send to industry? Is that the legacy we want to leave to our children? Surely not.

When the hon. member speaks for members of the contaminated sites advisory group saying that they support this, I beg to differ. I know a number of the members on that advisory group that reject this categorically.

This does not serve the future. This does not serve the environment. This does not serve public health. It is a travesty, allowing industry to get away with our future and our children's future. It's saying: we won't expect you to pay for the cleanup if it's too expensive for you, so the longer you leave it and the more you pollute, the less you'll have to pay. Does that make sense for our future? No, it doesn't.

We will not support this, and we will vigorously oppose this denial of our environment on the basis of industry interests.

Thank you, Mr. Chairman.

9:40

The Chair: The hon. Member for Cypress-Medicine Hat.

Mr. Mitzel: Thanks, Mr. Chair. In answer I just have to repeat that if any monitoring notes any type of adverse effect or change, the company is obligated to report it and to clean it up. This amendment also clarifies that even if the site has been closed, the company has a duty and obligation to mitigate and clean it up.

The Chair: The hon. Member for Calgary-Mountain View.

Dr. Swann: Thank you, Mr. Chairman. If the company has an obligation to reclaim it or to deal with migrating pollution, is that a hundred years from now? Is that 200 years from now? Is the company still going to be around to do the cleanup? Who is responsible for a site a hundred years from now? This doesn't make sense to postpone and fail to do the proper diligence in terms of identifying a spill and cleaning up the spill, which is what you have enacted under EPEA, the Environmental Protection and Enhancement Act. You're again saying that you will postpone this forever. This is not stewardship.

The Chair: I was going to recognize the hon. Member for Calgary-Currie, so perhaps I'll do that now, and the hon. Member for Cypress-Medicine Hat can address the answers after that.

Mr. Taylor: That's okay. I'll pass.

The Chair: Okay. Does the hon. Member for Cypress-Medicine Hat wish to respond now?

Mr. Mitzel: All I can say to that, really, is that there are very few sites that are prohibitively too expensive to clean up. In that case, as I mentioned before, those sites would be contained, managed, monitored. As I mentioned, the definition of managed was monitoring containment on that. If there was any change, then there would have to be cleanup for that change. That's all I was talking about.

The hon. member mentioned something about a hundred years or further. We can only speculate how long it's going to take to manage that. We're talking about cleaning up sites. For the majority of sites in Alberta we're talking about immediate cleanup. On management we're talking about very few. I think two sites were mentioned. Perhaps there are a couple more, but two sites were mentioned tonight when we were talking. Those are managed. Those are contained, managed, and monitored.

The Chair: The hon. Member for Calgary-Currie.

Mr. Taylor: Okay. Thank you, Mr. Chair. Again: contained, managed, monitored. Give us a specific example, and tell us how they would be contained, how they would be managed, how they would be monitored, how they are being contained, managed, monitored. Is this ongoing now, or are we, you know, trying to create a scenario here that allows us to build a nuclear reactor in the oil sands and then dispose of the nuclear waste and not have to worry about its 10,000 year half-life? What's going on here?

The Chair: The hon. Member for Edmonton-Beverly-Clareview.

Mr. Martin: Thank you, Mr. Chairman. I think the member – and I don't know where the Minister of Environment is now.

Mr. Boutilier: I'm right in front of you.

Mr. Martin: Oh. That's where we need you, over there, so we can get some answers.

The point that we're making here, why it is so worrisome to me, Mr. Chairman, is simply this: when we use words like "remediate, manage, remove," those are often what we call weasel words. They don't mean much. When we take away from section 112 what was very clear, that we want "to effect maximum protection to human life, health and the environment," and we move it in to what I call

sort of these weasel words that nobody understands particularly what they are in a major environment act, that's what's creating the problems, I think, over here.

It looks like, again, it's a watering down of what we had before in a particular bill. I for the life of me still don't understand what these words mean: remediate, manage, remove. I mean, you understand the dilemma that people are facing here when we take out, as I say, a very strong statement and we put in those sorts of words.

This is in an environment act, Mr. Chairman, that should mean something. If I'm a company and it says "to effect maximum protection to human life, health and the environment," that really gives a statement, and then we move to "manage, remove, or otherwise" – I think it's a watering down. I think that's what the problem is on this side. We don't see the need for it. The member says, probably correctly, that there are a few sites that he's aware of. But why are we doing this in this particular act? I think that's what we're trying to get to the bottom of, Mr. Chairman. I'd like to have a better explanation than we've had so far.

Mr. Mitzel: Mr. Chairman, at the cost of repeating myself, I think that the remediation is going to happen with nearly all the sites that are contaminated or found contaminated, and the industry has an obligation to report them and clean them up. As far as an example for the hon. Member for Calgary-Currie, the Hub Oil site does have monitoring wells on it. These are monitored and checked, and if there's any change to any degree of the contamination or movement, then that will certainly be noted and will be rectified, will be adjusted to make sure that it remains contained.

The Chair: The hon. Member for Calgary-Varsity.

Mr. Chase: Thank you, Mr. Chair. Industry as a whole historically, with some notable exceptions like Nexon, has not been responsible to date nor has the Alberta government, or we wouldn't have had so many sites orphaned throughout the province. What is the incentive for industry in the future to be rigorous or do due diligence if they simply are required to monitor? Neither the Energy and Utilities Board nor Alberta Environment has the manpower now to properly monitor. Approvals are flying out the door, particularly with coal-bed methane, and we're just compounding a problem rather than resolving it. Part of the approval process should be that before you're allowed to proceed, any historical, unreclaimed sites must first be cleaned up. That would provide industry with the incentive to do it right at least the second time around if they didn't do it the first time around before they're allowed to drill further. Demonstrate your environmental responsibility before you pursue the economic advantage.

Mr. Mitzel: I think that I'm finding that any answers I would give now will just be repetitious. Mr. Chair, if it's all right with the House, I'd like to call the question on this.

Dr. Swann: By this logic, Mr. Chairman, the oil sands should be managed; it shouldn't be cleaned up. By this logic it is going to be so expensive to clean up those tailings ponds and the big gaps in the earth's surface that they should clearly not be properly reclaimed and remediated. By this logic we should leave those things with monitoring wells all around them and not expect the industry to pay the multibillion dollars of cleanup costs. This clearly flies in the face of rationality. This leaves a tremendous damaged legacy to our children. It means that the public will be paying for cleanup a hundred years from now when that business is no longer functioning, when it's gone bankrupt or gone into some other business.

Mr. Chairman, this is a travesty. This cannot be accepted by the House. The amendment is simply suggesting we go back to the original wording, which says that we will guarantee protection of health and safety of the environment, and we will return the land to equivalent use. It is requiring of industry what we said we would require of them. They must return the land to equivalent use. Why are you letting them off the hook? They know the risks they're taking. Why are you letting them off the hook? They know the risk they are taking. They have millions of dollars. If they don't want to take the risk of contaminating the land, then they shouldn't be in that business. Why are we letting them off the hook, Mr. Chairman?

I would appreciate the Environment minister speaking to this. He's going to have to deal with it in the future.

9:50

Mr. Martin: Mr. Chairman, of course we recognize that there's a wide variety of techniques and technologies resulting in both immediate and progressive reclamation of polluted sites. But, at the very minimum what you could have done if you wanted to talk about "remediate, manage, remove or otherwise dispose of," if that means something to anybody, why couldn't we have kept in there the most important part of it, require "maximum protection to human life, health and environment," and then you could have put in "remediate, manage, remove or otherwise dispose of the substance in such a manner as to prevent an adverse effect or further adverse effect."

Read this way, Mr. Chairman, the amendment would have actually strengthened the remediation responsibilities rather than water them down. The fact that we pulled out the most important part of the bill leads us to be very concerned about it. I know that the member is trying, but we still have not had an explanation why we would take out that part of it that's the most important part of the act and say: now we put in some other words that don't mean much in themselves. If they're going to manage, remove, or otherwise dispose of it, it should be to effect maximum protection to human life, health, and environment. Then we could probably live with it. If you take out the most important part of it, it makes no sense.

I know that the member is frustrated, but there has still not been given a logical answer why we took out the part of this bill that really carried the teeth to it. It's what an environment bill should be about. If an environment bill is not about effecting maximum protection to human life, health, and the environment, I don't know what an environment bill is all about. So this is the problem that we face, and again, Mr. Chairman, we have not had the explanation of why we want to do this.

The Chair: The hon. Member for Calgary-Mountain View.

Dr. Swann: Well, again, Mr. Chairman, I'd like to ask the Minister of Environment what he means when he says that he'll use every fibre of his being to protect the environment for our future, for our children's future. This is clearly a step back from that. We want to protect the environment. We want the polluter to pay. I think we want the polluter to pay. I think we know that the industries take on that risk when they assume the liabilities associated with their work. The industries say they are prepared to deal with their cleanup costs. They have said that. I am simply looking for some accountability. It's only going to come from one ministry and one minister, and it's going to demand from these industries that they do just what they committed to do, and that is to return the site to equivalent use, not let them off the hook.

This is an invitation to pollute because we are saying within this amendment that if it's too expensive for you, we won't make you clean it up. If it's too expensive, we'll just have you cover it and

monitor it into perpetuity. I would ask the minister to speak to that. What does it mean to use every fibre of your being to protect health, safety, and the future of the planet?

Thank you, Mr. Chairman.

The Chair: The hon. Minister of Environment.

Mr. Boutilier: Yes. Thanks very much. First of all, ladies and gentlemen, members, I want to say that the hon. Member for Cypress-Medicine Hat has answered the questions. The member has in a very forthright way met with the members across the way to provide them with answers to their questions. He's been doing that day in and day out, and what I continue to hear on the other opposite side is a bunch of rhetoric that you know is toothless and absolutely bottomless in what you're saying.

You know that this hon. Member for Cypress-Medicine Hat has done very diligent work working with you. Furthermore, I have never heard so much balderdash tonight from the member across the way and what you were saying. You know it's not true. You know that the merits of what you're saying is a bunch of rhetoric. Ultimately, everyone on this side, and I assumed every member on that side, actually does care about the environment. But what I hear tonight is rhetoric. You know and I know that you're not interested in helping the environment. You're in here trying to make some political points. And you know what? I'm a public servant as Minister of Environment that is here to protect the environment, and I will protect the land, the air, and the water like we have been doing. It is the law, it will continue to be the law, and what we have in front of us tonight is even strengthening the law in terms of the Alberta Environmental Protection and Enhancement Act.

Thank you.

The Chair: The hon. Member for Calgary-Currie on a point of order.

Point of Order Parliamentary Language

Mr. Taylor: Thank you, Mr. Chairman. I cite Standing Order 23, sections (h), (i), and (j): "makes allegations against another member; imputes false or unavowed motives to another member; uses abusive or insulting language of a nature likely to create disorder," which we have just seen.

Mr. Chairman, if there is one thing that my colleague from Calgary-Mountain View cannot be accused of it's of not caring about the environment. He has also been accused of telling an untruth here, and I don't think that that can be substantiated. I think that certainly imputes false or unavowed motives to another member, and is certainly abusive and insulting language in my book. I'll leave it at that.

The Chair: Anyone else wish to speak on the point of order? The citation in 23(h), (i), and (j), I believe it was, making allegations – did you wish to speak on the point of order?

Mr. Boutilier: Did someone speak already?

The Chair: There was a point of order 23(h), (i), and (j), which is: "makes allegations against another member; imputes false or unavowed motives to another member; uses abusive or insulting language of a nature likely to create disorder."

Mr. Boutilier: Mr. Chairman, on the point of order I totally disagree. When I talk about political rhetoric, that I've heard it here, that's exactly what I heard, so I stand by what I said.

The Chair: The term "rhetoric" has been used in this House several times and never been considered as abusive or insulting, and I've heard it from all sides of the House. The false or unavowed motives: I'm not sure what specific comments you're relating to. If you could help me out with that, I would be appreciative.

Mr. Taylor: Thank you, Mr. Chairman. Specifically, that the minister accused my colleague of saying things that were not true.

An Hon. Member: What's your point?

Mr. Taylor: You want another point of order?

Furthermore, although I concede your point about rhetoric, I don't know whether balderdash is on the list of unparliamentary language or not. In terms of explaining rhetoric, he went on to say that the member does not care about the environment or words to that effect, and I think the minister himself knows that that is not true.

Mr. Boutilier: Mr. Chairman, on the point of order. The comments that were made from the other side were about "travesty." The implication and the intimation that was being made was as if the hon. member does not care about the environment, that this is a bad day, that it is ultimately something that is not true in terms of what we're trying to do. I am not aware that the word "balderdash" is unparliamentary. If it is, I will withdraw it, but I stand by the context of what I have said here tonight in terms of this side, in fact, supporting environmental principles.

The Chair: Obviously, the comments that were made, I will say, did create disorder because we have seen the results of that at this point. The minister has stated that he withdrew certain comments.

Mr. Boutilier: No, no, Mr. Chairman. I'm not withdrawing balderdash. If it's unparliamentary I will, but balderdash I will not withdraw.

The Chair: What did you withdraw?

Mr. Boutilier: I'm not withdrawing anything. I'm saying that if balderdash is considered unparliamentary, I'll withdraw it, but in my understanding of what I understand about balderdash when I heard it on Fred Flintstone and *The Flintstones*, it is a parliamentary word.

The Chair: Hon. members, obviously, under 23(j) if nothing else the comments that were made by the minister obviously did create disorder in the House, but if we could accept that and carry on from this point, would that be acceptable? There's a point of order on 23(j) for creating disorder. So let's proceed with the debate.

The hon. Member for Calgary-Varsity.

10:00

Debate Continued

Mr. Chase: Thank you. If current government members vote against this amendment, which is to basically restore the original government intention, then they show Albertans that they are willing to compromise the environment for the sake of immediate economic gratification rather than a sustainable smart growth, protected environment. To the Minister of Environment: how can the Environment minister, with only a half per cent of the budget, carry through with the heavy responsibility of environmental protection?

The Chair: The hon. Member for Edmonton-Rutherford.

Mr. R. Miller: Thank you very much, Mr. Chairman. I have one question, a relatively quick question, I think, for the Member for Cypress-Medicine Hat. He's indicated in debate on this particular amendment that there are perhaps only one or two sites in the province that we're discussing when it comes to managing as opposed to full reclamation.

I'm curious as to whether or not he's aware of a site in Edmonton on the corner of 105th Street and Whyte Avenue, which is the location of a former service station and is obviously prime real estate, sitting on Whyte Avenue, surrounded by commercial operations, one of the hot spots in the city, as it were, in terms of commercial activity, yet this site has now sat empty for in excess of 10 years waiting for somebody to reclaim it. In the meantime I believe it's being monitored, although I'm not sure. I'm not even entirely sure whether or not it falls under this piece of legislation. Perhaps it falls under the Municipal Government Act. But it certainly would be another example of a site that just seems to sit there, waiting for somebody to decide they're going to be responsible for it. Clearly, the government isn't willing to put the money forward to look after it. I understand that there are questions over who should be responsible because the land changed ownership several times over the years before the service station operation finally ceased operating.

I think it's at least, then, the third example of exactly what we're talking about here, on a much smaller scale than perhaps some of the other ones but a very visible example in that it is, as I suggested, located in a prime location in a major commercial district, which has literally thousands if not tens of thousands of people walking in the vicinity every day of the year. So it's very relevant to this particular amendment, and I'd be curious to know whether or not the member has any comments in relation to that specific location.

Thank you.

The Chair: The hon. Member for Cypress-Medicine Hat.

Mr. Mitzel: Thank you, Mr. Chair. Yes, in fact, I'm well aware of that particular site, and that was one of the reasons why this amendment is here. The Minister of Environment has spoken to the mayor about this, and this amendment will help that site. This site is privately owned. It's owned by Imperial Oil. It is being monitored and contained. As I said, this amendment will help with the remediation, being able to put this site back into commercial use. That's exactly why this amendment is here.

The Chair: Anyone else on amendment A3? Ready for the question?

Hon. Members: Question.

[Several members rose calling for a division. The division bell was rung at 10:05 p.m.]

Dr. Swann: We can use two minutes, Mr. Chairman.

The Chair: Too late.

[Ten minutes having elapsed, the committee divided]

[Mr. Marz in the chair]

For the motion:

Chase	Martin	Swann
Flaherty	Miller, R.	Taylor

Against the motion:

Ady	Goudreau	Mitzel
Amery	Hancock	Ouellette
Boutilier	Johnson	Prins
Brown	Knight	Renner
Calahasen	Liepert	Rogers
Cao	Lougheed	Stelmach
Cenaiko	Lund	Stevens
Coutts	Magnus	Webber
Doerksen	McFarland	Zwozdesky
Ducharme	Melchin	

Totals:	For – 6	Against – 29
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[Motion on amendment A3 lost]

Chair's Ruling

Divisions in Committees of the Whole House

The Chair: Hon. members, before I recognize the hon. Deputy Government House Leader, Standing Order 32(2.1) states that "when a division is called in Committee of the Whole or Committee of Supply, a member may request unanimous consent to waive suborder (2) to shorten the 10 minute interval between division bells." It's been customary in the past to ask for the motion prior to because we've got members' offices that are farther away than 10 minutes. So although the Standing Orders can be interpreted to accept the request by the hon. Member for Calgary-Mountain View, that's the reason I didn't accept it at the time. But I would accept a motion, and I'll recognize the hon. Deputy Government House Leader on this particular point now.

Debate Continued

Mr. Stevens: Well, thanks, Mr. Chairman. I would move that we do in fact reduce the time between division bells to two minutes for the balance of this evening.

The Chair: Would that be two minutes between the bells?

Mr. Stevens: That would be two minutes between the bells.

[Unanimous consent granted]

The Chair: From this point this evening in committee the time between the bells will be two minutes.

Okay. Are you ready for the question on Bill 29?

Hon. Members: Question.

[The voice vote indicated that the motion on the clauses of Bill 29 carried]

[Several members rose calling for a division. The division bell was rung at 10:20 p.m.]

[Two minutes having elapsed, the committee divided]

[Mr. Marz in the chair]

For the motion:

Ady	Goudreau	Mitzel
Amery	Hancock	Ouellette
Boutilier	Johnson	Prins

Brown	Knight	Renner
Calahasen	Liepert	Rogers
Cao	Lougheed	Stelmach
Cenaiko	Lund	Stevens
Coutts	Magnus	Webber
Doerksen	McFarland	Zwozdesky
Ducharme	Melchin	

Against the motion:

Chase	Martin	Swann
Flaherty	Miller, R.	Taylor
Totals:	For – 29	Against – 6

[The clauses of Bill 29 agreed to]

[Title and preamble agreed to]

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

Hon. Members: Agreed.

The Chair: Opposed? That's carried.

Bill 35 Fuel Tax Act

The Chair: The next bill for consideration is Bill 35, the Fuel Tax Act. The hon. Member for Calgary-Nose Hill.

Dr. Brown: Thank you, Mr. Chairman. I'm pleased to speak again to Bill 35, the Fuel Tax Act. I appreciate many of the comments that were made at second reading by hon. members, including the hon. Member for Edmonton-Rutherford and the hon. Member for Edmonton-McClung and the hon. Member for Edmonton-Beverly-Clareview.

For the most part the debate revolved around the taxes that the province collects on the fuel, and I would have to say that this is not really one of the reasons why this legislation was introduced. In fact, it does not deal with that particular aspect of the fuel tax. The fact is that Alberta's gasoline tax is the lowest of all provinces at 9 cents per litre, and it hasn't increased over the last 14 years. So the rising fuel prices that were alluded to in debate on second reading are not affected in any way by this bill, and Alberta certainly doesn't receive any additional revenue when the pump prices go higher. The tax remains the same per litre.

As I mentioned in second reading, this bill would replace the existing Fuel Tax Act, which is outdated. It no longer reflects how the tax is actually collected. So the bill is technical in nature. It doesn't change the fuels that are taxed. It doesn't change the tax rates, nor does it change tax policy in any substantive way. So while the matter of the amount of the fuel tax was of some interest to members, obviously, it is not the subject of the act.

I would like to address a couple of particular issues that came up at second reading. One was relating to the difference in the collection process and the amounts that would result. It's important to remember that the process of collecting fuel tax in Alberta is the same as it has been for a number of years. This process has never been legislated, and currently the government of Alberta uses collector agreements to collect fuel taxes. There are over 30 of these for the gasoline and fuel tax. These are agreements with ultimate remitters who remit the tax to the government of Alberta. It's necessary to have a contract with each of those remitters. This is not

a very efficient process, obviously, because every time there's a reorganization of a corporation or any time there are changes to the collection process, these agreements have to be changed and renegotiated. So this bill will set out a collection framework clearly and make the process legislatively mandated.

At second reading I mentioned that the bill provides for a multistage direct tax. That is a tax where the highest person in the supply and distribution chain will collect the tax and remit it to the Crown, and then every person in the chain would pay the tax but recover the tax from the next person down the chain. So it is the end consumer of the fuel that ultimately pays the fuel tax. Having the highest person in the chain collect and remit the tax, obviously, is the most efficient way for industry and consumers to fulfill their tax obligations. It's also the most efficient way for the government to collect the tax.

The amount of tax collected will not change with this bill. The legislation will not see more tax dollars flow to the province, but it will see an improved method of administering and collecting the fuel taxes. The bill provides a taxation framework, including who pays the tax, the tax rates, how the tax is collected, when the tax is to be paid, and the assessment, collection, and enforcement provisions. However, the administrative details for eligibility for refunds, rebates, exemption, registration, reporting, record keeping, et cetera are provided through regulations. By providing the details in the regulations, it also allows for flexibility to deal with changing industry practices. The regulations are currently being developed, and they will work in harmony with the bill.

Mr. Chairman, in closing, I hope these comments are helpful in clarifying the issues before the Assembly.

Thank you.

10:30

The Chair: Is there anyone else who wishes to speak on the bill? The hon. Member for Edmonton-Rutherford.

Mr. R. Miller: Thank you very much, Mr. Chairman, and thank you to the Member for Calgary-Nose Hill for his explanation this evening and clarification as we begin debate of Bill 35, Fuel Tax Act, in Committee of the Whole. The first question I would have for the hon. Member for Calgary-Nose Hill as we go through this bill section by section is page 8 of the bill. It talks about the international fuel tax agreement. I'm wondering if we can have a little more detail on that agreement, in particular why Alberta is a member of the international fuel tax agreement. What would be the advantages and disadvantages of membership, and why isn't Alaska a member? As near as I can understand, Alaska is not a member of this particular consortium. Given that both Alberta and Alaska are energy-producing jurisdictions, is there something, perhaps, that we might be able to learn from Alaska; as an example, the fact that they manage to set aside 25 per cent of their natural resource revenues into a savings fund?

The next one, Mr. Chairman, on page 9, section 6, talks about the tax payable on liquefied petroleum gas. At this point I do have an amendment that I would like to introduce in relation to section 6. I have those ready for distribution now, so if it's all right, I'll just wait a minute for that amendment to be passed around to the members.

The Chair: We will refer to this amendment as amendment A1.

You may proceed, hon. member.

Mr. R. Miller: Thank you very much, Mr. Chairman. The amendment that I'm introducing this evening would strike section 6 from the Fuel Tax Act. That is the section that, as I referenced earlier,

deals with the tax payable on liquid petroleum gas when it's used as a motor fuel. Currently that amount charged is 6.5 cents per litre.

I was attempting today, in preparation for tonight's debate, to get more accurate figures than what I have. Unfortunately, I was unable to get a response back from Alberta Finance in time for tonight's debate, but as near as I can understand, the fuel tax on propane at this point generates about \$6 million in tax revenue to the province on an annual basis. Approximately \$1.8 million of that amount is rebated annually to distributors for having made sales of liquefied petroleum gas that are for uses other than motor vehicle fuel and, thereby, would be exempt from the tax. Mr. Chairman, the first point of this amendment is that it's a relatively small amount of tax that is collected each year, not a significant amount, really, in terms of the overall income of the province. That's important to note when we look at the reasons why I'm moving this particular amendment.

The fact of the matter is this: propane, or liquid petroleum gas, is one of the cleanest burning fuels that we have available to us. I think it's imperative upon us in this day and age to look at clean-burning fuel alternatives whenever possible. I know that this government and, particularly, the Premier talked an awful lot about coal as a clean fuel alternative. Despite the assurances of the Premier as far as I'm aware, Mr. Chairman, the Premier has yet to find a way to operate motor vehicles on coal. As a result of that, I think it's appropriate that we look at other alternatives to gasoline, and certainly propane is one that has been used effectively over the years. It has a long history, actually, of being used in an efficient manner to operate motor vehicles.

I referenced in second reading that the Propane Gas Association of Canada had been in a couple of weeks previous to speak to both government members and opposition members on the merits of propane. Coming out of the information that they shared with us that day is the fact that if you go back to 1992, there were approximately 220,000 vehicles in Canada that were operated on LGP. Due to a number of factors, partially because the various government incentive programs to switch vehicles to propane have been moved away, partially because taxes have increased on propane, and partially because there, quite frankly, just wasn't an awful lot of take-up from the manufacturers of motor vehicles to present propane fuel as an option, since that time we're down to only approximately 60,000 vehicles using liquid gas propane across the country. The Propane Gas Association of Canada informs me that about 15 per cent of those, or approximately 9,000 vehicles, would be operating in Alberta.

Clearly, we've gone backwards instead of forwards in terms of promoting the use of propane as a viable alternate fuel for motor vehicles, and the fact that we collect 6.5 cents per litre on that fuel certainly doesn't help that situation any but, in fact, would indicate to me that it would be a deterrent to promoting that.

Now, the other thing that I noted with some interest, Mr. Chairman, is that the Canadian Federation of Independent Business in one of their surveys of their membership recently asked the question: should fuel taxes be reduced to control rising energy prices? Not surprisingly, small businesses and medium-sized businesses in this country were overwhelmingly in support of taking such a move. In Canada country-wide the results showed that 74 per cent of small- and medium-sized enterprises would favour such a move, and certainly in Alberta the number was even higher at 80 per cent. Now, that particular survey was not propane specific, of course, but was looking at all motor vehicle fuels.

Here is an example, clearly, that it is a factor in terms of decision-making when it comes to small business. Again, most of the vehicle conversions that were done to propane were done by fleet services,

not necessarily individuals, but small, medium, and in some cases large corporations were moving their fleets over to propane.

So, again, if we can do anything to encourage them to consider doing so again in the future, I think that would be worthwhile. Clearly, 6.5 cents per litre is an example of one way we might encourage them to do so.

10:40

The other thing to point out, too, is that by removing the 6.5 cent per litre tax on propane as an auto fuel, it actually gives an even bigger benefit to the consumer at the propane pump because, of course, the federal GST is tacked on top of the price. The 7 per cent GST currently collected by the federal government is tacked on top of the 6.5 cents per litre that the provincial government collects. So if you remove that 6.5 cents per litre tax on auto propane, then you're removing the 7 per cent GST that is collected on that as well. Again, an even further incentive for business and individuals to consider converting their vehicles to propane.

So I think I've outlined, Mr. Chairman, some of the benefits of considering making this move. I'm not so sure that there is a lot of downside to making this move. As I suggested, the amount of tax collected by the province is not big in terms of the overall income of the province. In fact, if it's only 9,000 vehicles in Alberta currently that are using propane as an auto fuel, one has to wonder what the regulatory burden is to the province in terms of collecting that and whether or not the number of civil servants involved in collecting the tax and the amount of time and effort that goes into collecting that \$4 million are even justifiable. I don't know what that cost would be, but I suspect that it's a relatively high cost based on the relatively small amount of revenue that is generated from it.

Certainly, another point, Mr. Chairman, would be the regulatory burden on the distributors that have to collect this tax, and then, it would appear, according to the numbers that I've been able to get today, approximately a third of what's collected is rebated, which means there's an awful lot of time and effort spent on the part of small- and medium-sized businesses doing the paperwork to get that rebate. It was suggested to me today by the folks at the Propane Gas Association of Canada that they believe there is an even higher percentage of propane that is sold for uses other than as a motor fuel, but the tax is not rebated because many of the small distributors, in particular, find the task of completing the rebate application too onerous. Rather than taking the time and the effort to do the application for the rebate, they just let it go because it's more time and effort and, ultimately, more expense to their business than it's worth to collect it back.

So I think, again, that if reducing the regulatory burden to small businesses is, in fact, something that this government believes in, as they've certainly indicated it is – and in fact the Minister of Restructuring and Government Efficiency has even struck a committee to look at that – I would hope that one of the issues that they'll be looking at is the cost to propane distributors to collect this tax and then fill out the various paperwork that would be required for them to collect a rebate on the amount of propane that they sell that is not, in fact, sold as a motor fuel.

With that, Mr. Chairman, I will look forward to hearing others speak to this amendment, and I would certainly encourage the government to do the right thing and adopt this as a measure to encourage the use of a cleaner burning fuel, a more environmentally friendly fuel, and certainly something that will help small business along the way.

Thank you.

The Chair: The hon. Member for Calgary-Nose Hill.

Dr. Brown: Thank you, Mr. Chairman. I recognize the hon. Member for Edmonton-Rutherford's commendable objectives in suggesting that the tax on liquefied petroleum gas would be eliminated. It is a very clean-burning fuel, and for that reason it does have some advantages environmentally. But to speak against the motion, I would say that there are certainly some limits to the utility of LPG with respect to a number of factors. Safety is certainly a factor. There are many parking structures and other building structures to which LPG vehicles are not allowed access. From an engineering standpoint there are certainly problems with respect to the fact that this pressurized gas has to be accommodated, usually in the trunks of passenger vehicles.

I would also say that there is probably some difficulty with respect to supply. There would not be, in my view and to my understanding, adequate supplies of LPG to fuel all of the vehicles that we have. So to the extent that there were some LPG vehicles that were driving around without paying tax while the other ones with liquid fuel were paying tax, I think that it would create an imbalance in terms of competitiveness of both the producers of the fuel and the ultimate consumers. If they were doing it on a commercial basis, certainly.

Lastly, I would say that if there was an elimination of the LPG fuel tax, there would certainly be a resulting loss of revenue to the government, and it would have to be made up, presumably, in some other way. So I would speak against the amendment.

The Chair: The hon. Member for Calgary-Varsity.

Mr. Chase: Thank you. I speak in favour of the amendment. Both our provincial government and the former federal government, while they disagreed on the Kyoto protocol, did agree on the importance of cutting down on greenhouse gases and emissions. Both the federal government and the provincial government saw the value in providing incentives for furnace retrofitting, for example, which was good for fuel efficiency and environmental support. A neighbour of mine invented a device called the Furnace Buddy. He sought government approval for this. It demonstrated cost-efficiency and required very little installation.

I see this propane in the same light. That \$6 million collected would be an investment in clean air, and it's necessary for the government to provide some type of incentive in order for individuals to afford the cost of retrofitting their vehicle. Without some kind of a carrot or incentive individuals aren't likely to take this step, and \$6 million is a very small price to pay in terms of our environment's future.

The savings. We've been speaking a lot tonight in terms of long-term savings, and the money that would be saved in terms of our environment would well be worth that investment price.

Also, the hon. mover of the bill talked about the availability of fuel, and particularly in Alberta availability of propane is not a problem. A lot of agricultural vehicles going back into the '80s and so on used propane as an alternative because it was less expensive. In order to encourage that cheaper fuel and the availability of it, particularly for agricultural use, this is one way of achieving it. Farmers are having a hard enough time operating, and any incentive that we can have not only to regular vehicle users, fleet vehicles, and so on but also taking into account the agricultural benefits of reduced fuels, would go a long way to helping out.

That is why I speak in favour of using the money that we collect, turning it around, and investing in a clean-burning fuel that will have future ramifications and positive outcomes as of the present.

The Chair: The hon. Member for Edmonton-Rutherford.

10:50

Mr. R. Miller: Well, thank you very much, Mr. Chairman. Just a couple of points in response to comments made by the hon. Member for Calgary-Nose Hill. He asked about the safety of propane. In fact, according to the Propane Gas Association of Canada, propane is much safer than most people believe. Just a couple of examples: only 6 per cent of incidents involving the transport of propane result in a fire. I think there's a common misconception out there that if anything happens to a vehicle that's transporting propane, there's going to be some sort of a major catastrophe. Some of this, quite frankly, Mr. Chairman, is born out of some very high-profile incidents that have taken place over the years, but they're very, very few in number and statistically virtually insignificant. The risk of getting killed by propane is the same as the risk of being hit by a crashing airplane as you walk down the street. There are many more facts provided by the Propane Gas Association, but I think it's safe to say that the elevated risk is a perception much more than it is the reality.

The other thing that I'd like to address is that the Member for Calgary-Nose Hill talked about the creation of an imbalance if we allow users of liquid propane as a motor fuel to be exempted from fuel tax. In fact, Mr. Chairman, all that I'm asking for with this amendment is to treat propane exactly the same way as we now currently treat both ethanol and natural gas. Both of those fuels are completely exempted from the collection of fuel tax, and all we're saying is: "Here's another example of another clean-burning fuel. Why not give the users of propane the same benefit that we currently give to the users of natural gas and ethanol as motor vehicle fuels?"

So in terms of creating an imbalance, certainly there would be an imbalance in comparison to gasoline. In fact, there already is, as the hon. member already knows, because we collect 6.5 cents per litre as opposed to 9 cents per litre on gasoline. So the imbalance exists now, and it exists to an even greater extent with natural gas and ethanol. All that we're asking with this amendment is to treat users of propane exactly the same as we currently treat the users of those other two alternate fuels.

The Chair: Are you ready for the question on A1?

[Motion on amendment A1 lost]

The Chair: The hon. Member for Edmonton-Beverly-Clareview on the bill.

Mr. Martin: Thank you, Mr. Chairman. Just a few comments and more questions than anything else. Maybe I misunderstood the hon. Member for Calgary-Nose Hill. In a quick perusal of the bill – I admit that I haven't gone through it top to bottom – my understanding was that the bill would move somewhat in the opposite direction. I wonder if I heard him right on where it's taking this legislation. I think we would all admit that it's outdated the way it's collected. Did he say that we would be putting this into regulation? In a quick look at it, I thought that we were actually doing something a little differently than we do usually, that we were putting much of this into legislation rather than cumbersome regulation and individual contracts. Maybe I misheard the member, and I'd like him just to comment on that if he could.

Mr. Chairman, there are just a few questions, though, that I'd like to follow up on. One is section 10. It deals with the duty of the vendor to pass on the benefits of tax exemption and the farm fuel distribution allowance to the consumer. Well, obviously, that makes sense, and we absolutely agree that this ought to be included in the

legislation. Any benefit to which a consumer is entitled ought, rightly, to be given to him or her.

However, section 10 specifies that if the vendor is found to not be passing on the savings, so to speak, the vendor must “pay to the Crown an amount equal to the benefit the vendor was required to pass on to the consumer.” I wonder how that works because there’s no mention made of the payment to the consumer. I would take it that the money should be going to the consumer rather than to the Crown. I wonder how that works. Realizing that it might be difficult to track down the consumer or consumers in question in order to repay them the benefits they are owed, this raises a question of how the Crown might track whether or not such savings are, in fact, being passed on. Would the member, if he could, explain how this might be tracked and if it is advisable and possible to reimburse the consumer the same amount payable to the Crown. This might also serve as more of a deterrent for those vendors who would otherwise simply pay their dues should they be caught. In other words, I’m wondering how foolproof it is.

This raises another question about deterrents as several sections – I think it’s sections 18, 19, 20; pages 15 to 18 – of the proposed bill specify that should the vendor sell tax-exempt fuel to a consumer who does not qualify or sell reduced-price fuel to someone who does not qualify, that the vendor and consumer are jointly and severally liable to pay the Crown two things: the tax on the true value of the fuel and the difference amounting to the true value of the fuel. Additionally, sections 56 to 61 provide for penalties over and above the repayment of proper tax and benefits.

I wonder, though. In most cases there’s an appeal procedure. As the member, being a lawyer, knows, there’s usually a provision for appeal. I guess the question I’m asking is: are there such provisions and regulations to allow for that leeway? Simply as a matter for clarification, we’re trying to find out how prevalent fuel tax fraud is in our province, the reason we’re doing it. Is this a big business? Is that why we’ve come to this in this bill? Is there any idea about how much of this is going on?

Mr. Chairman, I think most of Bill 35 makes sense, but if the hon. Member for Calgary-Nose Hill could answer just a few of those questions, it would be appreciated.

Thank you.

The Chair: The hon. Member for Calgary-Nose Hill.

Dr. Brown: Thank you, Mr. Chairman. I’m not sure that I have a full answer to the hon. Member for Edmonton-Beverly-Clareview regarding the obligation of the vendor under section 10, but obviously the sanctions that are there are serious sanctions, and I think that’s the way that the provision is enforced.

Just with respect to the comments of the Member for Edmonton-Rutherford regarding the international fuel tax agreement, I might be able to very quickly explain my understanding of that fuel tax agreement. He mentioned the exemption of Hawaii and Alaska from that agreement. The international fuel tax agreement is a rather complicated agreement which is meant to distribute the revenue from fuel taxes to the provinces in which the fuel is consumed. So, for example, if a trucker is based in the province of Alberta, then that trucker would only file the fuel tax forms and remissions within the province of Alberta. They would remit only in Alberta, and then Alberta would distribute the tax pro rata according to where the fuel was expended. For example, if it was a carrier based in the city of Edmonton and they made a run down to California to the vegetable produce territory, each of the states in which they travelled would get a proportion of that fuel tax. If they had the fuel purchased in one province or one state, it would then be distributed pro rata.

So they do calculations based upon where the fuel is actually consumed by the trucker. It’s just an administrative way to do it. Why is Alaska not included in it? I can only infer that because of the huge distances involved most of the fuel that’s purchased in Alaska is also consumed in Alaska or perhaps in the Yukon or the adjacent territories. Hawaii, obviously there aren’t any trucks passing across the border there, so that explains it. In a nutshell that’s my understanding of it. It’s just a way to distribute the fuel tax pro rata according to where it’s burned.

11:00

The Chair: The hon. Member for Edmonton-Rutherford.

Mr. R. Miller: Thank you, Mr. Chairman, and thank you to the Member for Calgary-Nose Hill for further muddling my understanding of the international fuel tax agreement although I guess I understand a bit more about it. I am curious, though, whether or not there would be penalties for exiting that agreement, if you know that or not, and what restrictions or barriers there might be for withdrawing from that agreement if we were ever to choose to do so.

We discussed a little bit earlier tonight the fact that Alberta’s fuel tax is collected at a lower rate than anywhere else in the country and, particularly, lower than our neighbouring provinces. Based on the way you just outlined that agreement, I’m not so sure that the agreement is favourable for those provinces. It sounds to me like truckers might well choose to remit in Alberta and then have that tax at a lower rate redistributed as opposed to remitting in other provinces, and I’m not sure that I understood that fully. Perhaps you can clarify it for me because the way you described it, I’m not so sure that other provinces will be very happy with us.

The Chair: The hon. Member for Calgary-Nose Hill.

Dr. Brown: Mr. Chairman, if I could just briefly. My understanding is that the way that the tax is remitted is according to the tax regime in each of the jurisdictions in which the fuel is actually expended. As to the consequences of withdrawal from the agreement, it would mean that Alberta truckers would be forced to file and remit in each of the states or provinces in which they were carrying. So there are certainly some great advantages to the administrative simplicity for any truckers in Alberta.

As to the issue of Alberta’s taxes being lower, that is quite correct. I would suppose that that’s part of the Alberta advantage, and if we could encourage truckers to be based here – and many large trucking firms are based here in Alberta, including Canadian Freightways, Mullen Trucking, Trimac, and some other large trucking firms – that would certainly be one of the advantages, that they can file the tax, as I said, only once here in Alberta and then remit only in Alberta as well. So I think there are great advantages, and there’s a huge disincentive for us to pull out of that international agreement.

The Chair: The hon. Member for Edmonton-Rutherford.

Mr. R. Miller: Thank you, Mr. Chairman. I’m wondering as well about section 13, which refers to a special account. It says:

The Minister may require a direct remitter to deposit the amount of tax to be remitted to the Minister into an account in the name of the Minister or an account in trust for the Minister at a financial institution specified by the Minister.

I’m wondering if the Member for Calgary-Nose Hill can enlighten me as to how many of these special accounts exist. Is it just one? Are we talking many? Tens or perhaps a hundred or more? Where

do they show up in Alberta Finance's fiscal plan? Because I've looked and I couldn't find any reference to those accounts in the fiscal plan.

The Chair: The hon. member? Anyone else? Are you ready for the question on Bill 35, the Fuel Tax Act? Obviously not.

The hon. Member for Edmonton-Rutherford.

Mr. R. Miller: Thank you very much, Mr. Chairman. A couple more questions – and I sense some impatience on the other side, but I think these are important questions to ask. As you know, committee is the time to ask these questions section by section, line by line.

The Chair: Yes. I recognize that, hon. member, but when the opportunity arises, the chair expects you to rise quickly.

Mr. R. Miller: I had risen, Mr. Chairman. I had.

As I say, it's appropriate that we ask these questions now because once we get to third reading, of course, then we're talking the effects of the bill, and we don't have an opportunity to examine the bill piece by piece, as it were.

I'd like to clarify with the Member for Calgary-Nose Hill page 16 of this new Fuel Tax Act, where it talks about the prohibited sale. What it says exactly under 18(5) is that it talks about a consumer buying marked fuel. Now, you'll remember that we talked the other night about what we call purple gas. It's no longer purple gas. It's actually currently red gas. So we refer to it as marked fuel. It talks about: a consumer buying "marked fuel for farming operations in Alberta at the reduced price shall not sell that marked fuel to another consumer for a purpose or use other than farming operations in Alberta." So I'm taking from that that one farmer can sell to another farmer marked fuel and do so legally.

I'm not sure about the implications as far as pricing and whether or not he could sell it for a different price than what he purchased it for and whether or not there may be some tax implications there or whatever and why another farmer might wish to buy it at a different price. I suppose there would be situations where, given a fluctuation in price, maybe one farmer could sell it at a greater price than he purchased it for, yet that might still be less than the current price given the volatility in the market today. I don't know, but I'm curious about that.

Also, under the duty of vendor section on page 11, Mr. Chairman, I'm curious how many vendors there are in Alberta and whether or not the Auditor General has examined the processes that are described in this new Fuel Tax Act to ensure that vendors have appropriate tax systems in place. Again, I'm not sure that the member would have this information available at his fingertips tonight, but perhaps we might be able to get this in advance of third reading. That question would be: how many times in the year 2004-2005 had a vendor actually contravened the Fuel Tax Act? How many times was this an issue that caused concern to make sure that it's described in this new bill as we see it here tonight?

The Chair: Are there others?

Are you ready for the question on Bill 35, the Fuel Tax Act?

Hon. Members: Question.

[The clauses of Bill 35 agreed to]

[Title and preamble agreed to]

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

Hon. Members: Agreed.

The Chair: Opposed? Carried.

Bill 20
Freedom of Information and
Protection of Privacy Amendment Act, 2006

The Chair: We are considering amendment A2. The hon. Member for Edmonton-Beverly-Clareview.

Mr. Martin: Thank you, Mr. Chairman. As I said before, I brought in this amendment that the Freedom of Information and Protection of Privacy Amendment Act, 2006, be amended by striking out section 4. Now, this is one of the really bad parts of this particular legislation. This section exempts ministers' briefing notes and backgrounders from FOIP.

You know, what's frustrating about this, Mr. Chairman, is that we stand in the House and we ask for information. There are two ways you can try to get information. One is that you can pay the money and go through FOIP and try to get that information. It's very hard to do it. It's time consuming. It takes a long time, as we noticed, asking to deal with some of the health FOIP. The deadlines come and go, and there seems to be no penalty for it. But that's one way to do it.

The second way to do it, Mr. Chairman, is to bring through written questions or motions for returns here in the Legislature. Well, almost inevitably, if it's any information other than something that the government wants to give out because it may make them look good, we're turned down. Usually they say that it's for third-party reasons or whatever reason. Now we're tightening up FOIP. It was difficult enough before. Now we're tightening it up more. One of the worst parts of it is that it exempts ministerial briefing notes and backgrounders.

11:10

This was so serious that Alberta's Information and Privacy Commissioner, Mr. Work, commented on this particular section, and he certainly was concerned. He didn't seem to be concerned by many of the others. His press release on March 8, 2006, says that the Commissioner, however, cannot support a proposal to exclude Briefing Books from application of the Act. "This has never been an issue for this Office in the past. This amendment could be a very significant exemption to disclosure. We already have a section of the Act which quite clearly establishes the ability to withhold advice given by officials and this particular amendment is not necessary." Now, Mr. Chairman, this is coming from Alberta's Information and Privacy Commissioner, and he's saying that this is unnecessary.

You know, briefing notes are precisely that, briefing notes. There are two sections. They have to do with new ministers and what they're going to say and the briefing notes that eventually come. Surely, when the ministers speak in the Assembly, they're saying some of those things that came from those briefing notes. Again, like Mr. Work I cannot understand why we need to go in this direction.

Being ever helpful, which we are on this side, we attempt to improve the legislation, Mr. Chairman, and that's why in this particular amendment we've asked that we just strike this out. If we struck out section 4, we'd be doing precisely what Alberta's Information and Privacy Commissioner has suggested. If we're not going to do that, I would certainly like somebody in government to explain why we're going so far with this particular amendment.

Mr. Chairman, the amendment was handed out I think a week ago, on Monday, so I know that all members have rushed out and looked

at it and are now convinced of the error of their ways. I'm sure that the government is doing the right thing and, being the transparent, open government that they are, will now see that they agree with the opposition and the Privacy Commissioner and will support this particular amendment by striking out section 4. So I'd at least like to hear from the government: if they're not going to do it, why not?

Thank you, Mr. Chairman.

The Chair: The hon. Member for Red Deer-North on amendment A2.

Mrs. Jablonski: Yes. Thank you, Mr. Chair. Referring to the amendment and to section 4, this part of the amendment act will only limit the right of access to briefings provided to the minister when he or she assumes a portfolio and when he or she is preparing for a session of the Legislative Assembly. So those are the only two places that they'll limit access to their briefing notes.

The FOIP Act was never intended to cover records relating to the workings of the Legislature. Nevertheless, after five years these records become fully subject to the act. The five-year time period was chosen because it restricts records prepared for a legislative session only for the life of the Legislature. So, once again, it only refers to the briefing notes provided to the minister when he or she assumes a portfolio or when they're preparing for a session, and in five years they will be available.

So, Mr. Chairman, I would reject this amendment.

Mr. Chase: The purpose of the amendment was, as the mover pointed out, to create greater transparency and accountability. When we seek to bury information for an extended period of time, it works against the whole notion of transparency and accountability. If the information with regard to briefing notes and so on is perceived as dangerous to the government, then that information should never have been considered in the first place if it has that damaging potential. So in the interests of transparency and accountability I would suggest that any information be available within a reasonable amount of time so that it can be appropriately discussed and debated rather than buried. Therefore, I speak in favour of the amendment.

The Chair: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Chairman. I'll be very brief. I rise to speak in support of the amendment that stands in my name. Bill 20, Freedom of Information and Protection of Privacy Amendment Act with its current features, the bill that's before the House, will make it much more difficult to have access to information that must be available to all members of this House and, indeed, to interested parties outside and through the media. What this bill will do will not only make it more difficult to have access to that information. That's in the public good. Remember that all these bills are supposed to serve public purpose and public good, and to put information out of reach by way of this section I think offends the very spirit of this legislation.

This legislation is about making sure that legitimate access to information is available to all in this province, not only the ministers. Ministers' briefing notes, in particular, I think are critical pieces of information, which, if available to members of this House, can help them understand the reasons behind why the departments are taking the position they are taking. Then they can be questioned on it. They can be held accountable on it. They can be challenged on those issues. But the very information on which the policy is based and on which the minister's rationale for his or her piece of legislation may be based will be denied to people who should have

legitimate access to it. It talks about members of this House. It talks about the media. It talks about other parties that may be affected by it.

What we are trying to do by way of introducing this amendment is to in fact strike at the worst part of this bill. I hope that the House will agree with this amendment. If we do that, in fact, strike out section 4, that will improve the bill, and if the bill is an improved piece of legislation, it certainly will be in the public interest to vote for this amendment. So I encourage all members of this House to support this amendment and vote for it.

Thank you, Mr. Chairman.

The Chair: The hon. Deputy Government House Leader.

Mr. Stevens: Yes. Briefly, Mr. Chairman, the information that the opposition or others may want can be asked for specifically, but the issue that I see in this particular matter is someone who says: I want the briefing book of the Minister of Justice and Attorney General for the province for this particular session. I want the list of contents, and I want everything that's in the list of contents. It's not specific to issues; it's specific to a particular type of document.

From where I sit, what's important is that if you have a particular issue and you want information with respect to a particular issue, you ask for the information relative to the issue rather than just simply saying: I want the playbook for the Denver Broncos. You don't know what's in the playbook, but you want the playbook. Well, if you want to be specific, be specific. You can ask the specific question, and you are going to get the information that you're entitled to, but you don't get to cast a broad net that is not specific to the information by saying: we want the playbook. That is essentially what I see this particular matter in large measure addressing.

11:20

From my perspective if somebody has a legitimate interest in specific information relating to a specific issue, that is most appropriate. It's not appropriate to simply say: give me what happens to be in a particular binder that has been provided to a particular minister in preparation for that new minister taking over a ministry that they have not been responsible for before and dealing with issues that happen to come up at this particular point in time. If we have other information that's available, of course you're going to be entitled to it as a result of access under the act, but you're not going to be able to get access to it by a generic, nonspecific request.

The Chair: The hon. Member for Calgary-Currie.

Mr. Taylor: Thank you, Mr. Chairman. With respect to the hon. Minister of Justice, that does not appear to be what the bill says, and if the bill is to be interpreted as the hon. minister indicates, then perhaps the bill should read that way. The bill as proposed says:

- (4) The right of access does not extend
 - (a) to a record created solely for the purpose of briefing a member of the Executive Council in respect of assuming responsibility for a ministry, or
 - (b) to a record created solely for the purpose of briefing a member of the Executive Council in preparation for a sitting of the Legislative Assembly.

It goes on through subsections (5), (6), and (7) as well, and subsection (8). It puts long timelines on the exceptions, the exemptions to those rights of access not extending five years or more in the case of a member of the Executive Council and 15 years or more in the case of a record relating to an audit by the chief internal auditor of Alberta. Perhaps I should read that.

(7) The right of access to a record does not extend to a record relating to an audit by the Chief Internal Auditor of Alberta that is in the custody of the Chief Internal Auditor of Alberta or any person under the administration [et cetera, et cetera]

Now, the hon. minister has the initials QC after his name as a lawyer of some repute. I am a mere journalist from my past life. He has a better understanding of the law than I do, perhaps. I have to say that that sounds very much to me as though it does cover specific requests for a particular record. It seems to say that the right of access to a particular record does not extend to a particular record relating to an audit by the chief internal auditor, et cetera, et cetera, or the right of access does not extend to a particular record created solely for the purpose of briefing a member of the Executive Council in preparation for a sitting of the Legislative Assembly. Under subsection (4)(b) I would think that a particular record created solely for the purpose of briefing a minister in preparation for the sitting of the Legislative Assembly may in fact be germane to a topic or an issue that we are pursuing.

So I'll invite the minister to give me a crash course in the law here, but my interpretation of the words on the paper as they read now, unamended, certainly suggest to me that we very much need the hon. Member for Edmonton-Beverly-Clareview's amendment to pass.

Thank you, Mr. Chair.

The Chair: The hon. Member for Edmonton-Beverly-Clareview.

Mr. Martin: Thank you, Mr. Chairman. The minister said that all we'd need to do is ask, that basically if there's a specific thing we request, just ask. Well, we've been asking, you know: motions for returns, written questions, blah blah blah, and very specific, but there's always an excuse not to give it to us if they don't want to. It's the third party this or the third party that or whatever reason at that particular time. So it's not quite as simple as the minister says. Again, the Member for Calgary-Currie is absolutely right. When the ministers stand up in the Legislature in question period or estimates or whatever, surely some of the briefing notes and some of the things that they're doing may have a bearing on that. The public has a right to know that. It's transparent. It's government.

The point that I would make is that it's not only us, that the top person in this area, the Privacy Commissioner, has made it very clear. He says that this amendment could be a very significant exception to disclosure. He's concerned about it, and that's somebody, I think, that the government and all of us should take into consideration. When he comes out that clearly on this particular section that I'm talking about, I think we should take a look at it. In a five-year period that could be a different government. That's ancient history by then, you know what I'm saying. Is that deliberate? It's another government, so they can't take the blame.

We have not been given, Mr. Chairman, a reason why this should be excluded. I think that even if you don't want to listen to the opposition, it seems to me that we should be listening to the commissioner that's in charge of this. He sees this as a severe problem. His news release of March 8, 2006: I would at least hope that the minister or the member have looked at that and taken that into consideration.

There's got to be a better reason than what's been given. If it was as simple as just asking, we wouldn't be paying money through FOIP to get this information, right? We'd just come here and ask the minister, and he'd tell us anything we wanted to know no matter what we wanted to know. But it's not that simple, and the minister knows that. So along with the Privacy Commissioner we think that this is a backward step. For a government saying that they want to

be transparent and open, we're certainly not finding that in Motions for Returns and Written Questions, and now we're seeing this sort of blocking back in terms of the FOIP. This particular one, Bill 20, section 4, is one of the most odious.

I think the government should take a look at this particular amendment. The member said that she would not support it. So you're saying that you would not support what the Privacy Commissioner is saying about it. That's basically what you're telling us in the Legislature, that you're not going to take the Privacy Commissioner's word that this is a serious exception to disclosure. That's sad if we can't take the legislative officer, the top person here at least in this amendment, and say: well, maybe he's got a point. He's the one that administers this. Why would he be saying this if he didn't think it was important?

So I'm sorry. Again, I'm not going to hold my breath here, but I think this is a very big step backwards, Mr. Chairman. Thank you.

The Chair: The hon. Member for Calgary-Varsity.

Mr. Chase: Thank you very much. It's important for the minister to realize – and I believe he does – that the opposition does not make frivolous FOIP information requests, because we want both Albertans and the government to take us seriously. There's the second concern that the hon. Member for Edmonton-Beverly-Clareview pointed out, that generic, broad-based FOIP requests would be so cost prohibitive as to be not worth considering.

Back in the spring of last year I made a very specific request. I wanted to find out the maintenance report on the court elevators, the shafts of which Kyle Young found himself at the bottom. It was a very specific request. The government had the information, and in the interests of clarification and finding out whether it was simply a machinery fault or the fault of overexuberance on the part of the court security officers, that information would have been of benefit. Through the judicial process we learned that this elevator was short one of its pins, but the testimony of experts suggested that it would have taken a very strong push against this elevator door for it to come off its hinge and for the young gentleman to be killed as a result of the fall.

We're looking for information that the government has already collected. We're looking for very specific information, and we believe that it's in the public's best interest to have that information revealed. It's not a matter of frivolity; it's a matter of clarity and transparency.

Thank you.

11:30

The Chair: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you. Very, very brief, Mr. Chairman. I know that it's getting late in the evening. I just want to make one point. Section 4 has lots of odious subsections to it. The most important one here that we are dealing with by way of this amendment is . . .

The Chair: We're speaking on amendment A2, not on the bill.

Dr. Pannu: Yes. To the amendment, yes.

Section 4 exempts ministerial briefing notes, and that's the point. I just wanted to draw the attention of the House to the fact that in Ottawa the sponsorship scandal would not have become a scandal perhaps as big as it did and have led to public inquiries and all of that had these kinds of materials been exempted according to federal law, if they had not been accessible to the opposition parties in the House of Commons. So what's in the briefing notes of the ministers

is of consequence with respect to public interest. It is of consequence with respect to the conduct of a government in power. It is of great consequence with respect to the decisions that the minister might make. There's something to be learned from the experience of the sponsorship scandal and how that scandal needed to be aired to make the information on it public. There had to be access to the kinds of materials that are being exempted now by Bill 20, particularly section 4 of Bill 20.

That's another reason why we are asking the government to seriously consider striking this section from the bill: so that the right of the public to the kind of critical information that I've just referred to with respect to what happened in Ottawa is available here. It will serve the interest of transparency. It will certainly keep the government honest regardless of which government is in power. If those two goals are to be served by making this information available and access to it available in legitimate ways, then that should be what should be a goal of any piece of legislation. But this section in Bill 20 seems to defeat that very purpose, and that's why we have introduced this amendment and are asking the House to vote for it.

Thank you.

The Chair: Are you ready for the question on amendment A2 as proposed by the hon. Member for Edmonton-Strathcona?

Hon. Members: Question.

[The voice vote indicated that the motion on amendment A2 lost]

[Several members rose calling for a division. The division bell was rung at 11:34 p.m.]

[Two minutes having elapsed, the committee divided]

[Mr. Marz in the chair]

For the motion:

Chase	R. Miller	Swann
Flaherty	Pannu	Taylor
Martin		

Against the motion:

Ady	Goudreau	Mitzel
Amery	Hancock	Ouellette
Boutilier	Jablonski	Prins
Brown	Johnson	Renner
Calahasen	Knight	Rogers
Cao	Liepert	Stelmach
Cenaiko	Lougheed	Stevens
Coutts	Lund	Webber

Doerksen	Magnus	Zwozdesky
Ducharme	Melchin	
Totals:	For – 7	Against – 29

[Motion on amendment A2 lost]

The Chair: The hon. Deputy Government House Leader.

Mr. Stevens: Thank you, Mr. Chairman. I move that we adjourn debate on Bill 20.

[Motion to adjourn debate carried]

The Chair: The hon. Government House Leader.

Mr. Zwozdesky: Thank you, Mr. Chair. I would move that the committee now rise and report Bill 35, the Fuel Tax Act, and Bill 29, the Environmental Protection and Enhancement Amendment Act, 2006, and progress on Bill 20.

[Motion carried]

[The Deputy Speaker in the chair]

11:40

Mr. Johnson: Mr. Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports the following bills: Bill 29, Bill 35. The committee reports progress on the following: Bill 20. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

The Deputy Speaker: Does the Assembly concur in the report?

Hon. Members: Concur.

The Deputy Speaker: Opposed? So ordered.
The hon. Government House Leader.

Mr. Zwozdesky: Thank you, Mr. Speaker. It has indeed been another excellent day of progress and a particularly interesting afternoon, to add to that. On that note, I would thank all members and move that the House now stand adjourned until 1:30 p.m. tomorrow.

[Motion carried; at 11:41 p.m. the Assembly adjourned to Tuesday at 1:30 p.m.]

