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## Agriculture & Food

### **Farm gas gone wild; Tory government hasn't acted on report outlining failures in farm fuel subsidy**

The Edmonton Sun

Thu 27 Sep 2007

Page: 5

Section: News

Byline: BY JEREMY LOOME, LEGISLATURE BUREAU

The provincial government sat on a report for seven years that outlined massive failures in policing its \$100-million-a-year farm fuel benefit program, before similar concerns were raised by Alberta's auditor general in 2006.

Now it must explain how Albertans can be sure the almost \$1 billion spent on the program in that time was used wisely, said Liberal critic **Hugh MacDonald**.

"Given how long they've known about these problems and given that four different agriculture ministers have chosen to do nothing about it, this reeks of political interference," he said.

Auditor General Fred Dunn said last year the process "does not verify the information in application forms before issuing a certificate" for the program, which gives farmers a six-cent-per-litre deduction on diesel, and eliminates the tax on both diesel and gas the government would normally get.

"Nor does it have any other processes to ensure that only eligible individuals get certificates - or to identify people who became ineligible," Dunn wrote, adding that the "department has not completed a renewal process or requested confirmation of eligibility from registrants since 1997."

But the government did produce an audit of the renewal process - one year later, in 1998. And the 10-page document outlined identical concerns to the auditor's in 2006, which themselves came three years after Dunn declared the program "high risk."

The report also suggests some farmers got preferential treatment.

Others were allowed into the program through what appeared to be deception: "During the interview process it was evident that an additional cow or acre was added to make the farmer eligible where the applicant convinced staff of his or her eligibility."

It also said there was "a conscious decision" to apply separate standards to new applicants and renewals.

Following the audit's completion, the government's program services division put together a working group to ensure the problems were addressed.

The government needs to explain what happened next, said **MacDonald**.

Alberta Agriculture spokesman David Hennig said the department couldn't fix the problems over the interceding seven years, because the government didn't have the staff resources.

He did note that it made tracking easier through a new computer database, however.

"If you look back at what was happening at that time, 2001 was a very dry year and so was 2002, and the resources in those years were directed at those areas. Then in 2003 we had the BSE issue," he said.

Hennig did say the government is now going to review the program from top to bottom to ensure it's working.

But the Alberta director of the Canadian Taxpayers Federation said the program is just the latest in a long line of Alberta handouts that aren't properly monitored.

"It's all well and good to set up programs to help the public but if they're not properly monitored then we have no way to be sure they're working," said Scott Hennig. "It sounds like this is an ongoing problem that the government needs to look at much more vigorously."

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## **Children's Services**

### **Name change meant to help kids**

The Calgary Herald

Thu 27 Sep 2007

Page: B6

Section: City & Region

Source: Calgary Herald

Legislation - The province is changing the name of legislation designed to protect child victims of sexual exploitation.

On Monday, the Children Involved in Prostitution Act will be changed to the Protection of Sexually Exploited Children Act.

"Kids were telling us they avoided accessing the services because of the stigma attached to it," said Sharon Lopatka, a spokeswoman for Alberta Children's Services.

She said using the word "prostitution" did not fully recognize that exploited children are victims of abuse.

Despite the name change, the scope of the law will not change, she added.

"This new law makes us more responsive to the needs of some of Alberta's most vulnerable children by getting them the help they need without barriers or stigma," Children's Services Minister Janis Tarchuk said in a release.

"I think it's wonderful," said Mary McGregor, co-ordinator of voluntary services with McMan Youth, Family and Community Services.

"It's so much more than semantics for our kids. It reinforces that it is child abuse," said McGregor, who has seen children as young as 12 affected by the legislation. "I think we will see more kids coming forward as a result of this."

The act allows police and social workers to apprehend young people involved in sexual exploitation.

Children also voluntarily seek services under the act.

## Education

### **Calgary students do well on achievement tests; Value of exams questioned by some parents**

The Calgary Herald

Thu 27 Sep 2007

Page: B9

Section: City & Region

Byline: Sarah McGinnis

Source: Calgary Herald

Calgary students are scoring top marks in provincial exams, according to the latest results released Wednesday.

But the value of standardized tests to rate academic performance remains strongly contested among some parents and teachers.

Calgary Board of Education students consistently scored above Alberta averages on the majority of provincial exams during the 2006-07 school year, according to test scores.

On Grade 3, 6 and 9 achievement tests, the CBE exceeded the provincial average grade 83 per cent of the time.

More CBE high school students also passed their diploma exams than the provincial average in eight of 11 different subjects. The mandatory diploma exams count for 50 per cent of the student's term mark in each class.

"We see a really consistent, solid performance across all of these exams," said Linda Brost, CBE's director of accounting services. "We also know there's always room for improvement, and we're examining (scores) very thoroughly at the school and the district level to see where we can improve."

English Language Arts 30-2 was one course where CBE students slipped below the provincial average of 88.7 per cent of students performing at an acceptable level.

A high proportion of ESL students in Calgary could have contributed to the lower results.

The CBE has three times as many ESL students writing these standardized tests as the provincial average. Almost half of all Grade 3, 6 and 9 students coded as ESL learners in Alberta study at CBE schools, and most of them are passing, said Brost.

The Calgary Catholic School District also has a large number of ESL students. Those learning English might misinterpret carefully worded questions and respond incorrectly, even though they know the answer, said chief superintendent Lucy Miller.

Overall, Miller was thrilled with Calgary Catholic students' performance on provincial exams.

More separate board high school students passed their diploma exams than the provincial average in five of 11 subjects.

When it came to Grade 3, 6 and 9 achievement test scores, Calgary Catholic kids exceeded provincial averages for the number of students earning acceptable marks on 10 of 12 tests.

The separate board also saw more of its students achieve a standard of excellence on achievement tests than the provincial average on 11 of 12 exams.

"We continue to show a strong performance. I'm really pleased we're doing so well in Grade 9 math and Grade 6 social studies. We've seen especially high performance in both those areas," said Miller. "I also like the fact we did well on the diploma exams, especially since the students seem to be choosing more difficult courses and doing well at them."

The Calgary Catholic results did show room for improvement in subjects such as math, where students scored below the provincial average.

With Alberta Education providing more detailed statistics than ever, schools can investigate where their students struggled and then work to improve teaching practices to help future classes, said Miller.

As school administrators mine test scores for clues to improving outcomes, parents and teachers are questioning the value of putting so much focus on a single set of exams.

Lloyd Sciban's youngest daughter wrote the diploma exams last year at Sir Winston Churchill High School.

As an engaged parent, Sciban often reviews provincial test scores to keep an eye on how local education programs are doing. But test scores alone aren't enough information to say how well a student or a school is doing, she said.

Standardized test marks "are only part of what you see in your child. There's so many other aspects that are much more important than what the academic results are," said Sciban.

With four children in the Calgary Catholic school system, Claire Doane has also seen her share of test scores and report cards.

She said the exams are helpful to her as a parent because it shows her kids are performing well compared with other students.

That said, she has concerns about too much focus on standardized tests.

Diploma exams can put considerable stress on Grade 12 students because so much of their marks is dependent on one test, said Doane, whose eldest son is in Grade 12.

A provincial test cannot replace the in-depth knowledge teachers have of their students' skills gained by working with them daily, said David Cracknell, president of the separate board local of the Alberta Teachers' Association.

"Our students are not widgets. They are individuals with individual needs. Applying a one-shot, one-test approach doesn't work," Cracknell said.

smcginnis@theherald.canwest.com

#### 2006-07 High School Diploma Exam Results\*

Course / Calgary Board of Education / Provincial Average / Calgary Catholic School District

English 30-1 86.4 87.7 87.6

English 30-2 87.1 88.7 85.6

French Lang. Arts 30 96.9 95.6 98.3

Social 30 88.9 86.1 87.2

Social 33 86.0 84.8 83.9

Pure Math 30 84.7 81.1 80.7

Applied Math 30 80.6 77.6 76.6

Biology 30 85.8 83.5 85.9

Chemistry 30 92.0 89.3 90.7

Physics 30 88.9 86.1 87.9

Science 30 86.9 87.1 86.8

\* Percentage of students who scored 50 per cent or higher on provincial diploma exams

Source: Alberta Education

## Energy

### **Be careful not to kill Alberta's golden oil sands goose**

The Globe and Mail

Thu 27 Sep 2007

Page: A25

Section: Comment

Byline: Peter Menzies

Source: Past publisher of the Calgary Herald and a senior fellow with the Work Research Foundation

In a uniquely Canadian twist, the Alberta government may soon put an end to a royalties regime that achieved the goal of accelerating oil sands development and, in the process, turned the province's economy into the envy of the world.

That's not to say that oil sands production will cease. It won't. But if the recommendations of a provincial government-appointed review panel are adopted, it definitely will slow. Everyone is agreed on that, including the royalty review panel's chairman, Bill Hunter. The question is whether activity will ease back to a more normal and yet still healthy pace or whether it will stutter and stall as capital looks for other jurisdictions that are as out of line with the international norm as the panel fears Alberta has been.

The panel's report, embraced by some and branded as irresponsible by others, indicates that Albertans, as owners of the resource, have not been getting enough and should - at current prices - be taking in \$2-billion more annually in royalties. It recommends:

Increasing the people's take from oil sands revenue to 64 per cent from 47 per cent;

Hiking royalties after payouts on development costs to 33 per cent from 25 per cent, plus a price-sensitive tax on each barrel of production from startup;

Banning "grandfathering" of current projects and energy developments;

Increasing price-related royalty caps to reflect current oil and gas prices.

Premier Ed Stelmach, who recently described how difficult it had been to "give away \$10-billion" to his municipalities, says he will decide in a matter of weeks on how much of this, if any, he will

implement. His promise that he will not be intimidated is a pretty clear indication, however, that he is going to at least adopt parts of the package. The "problem," according to the review panel, is that Alberta's royalty structure has been far more beneficial to private industry than is the case elsewhere. (This has prompted serious people to weigh Alberta's merits against socialist and recovering Communist jurisdictions such as Angola, Venezuela and Russia - apparent examples of where the people's interests are more paramount).

These differences have inspired opposition politicians and, for instance, the respected left-leaning Pembina Institute to point to the panel's report as proof that Albertans have been shortchanged over the past decade.

Finding the appropriate balance is always important in these matters. Yet, it does seem a bit of a stretch to imagine that Albertans, who live in a deficit- and debt-free jurisdiction, with multibillion-dollar budget surpluses, have somehow been ripped off.

Alberta has experienced close to the most rapid economic expansion, job growth etc. in the world in recent years. Workers making \$100,000 in Alberta take home \$5,000 a year more on average than Canadians in most other provinces, pay relatively modest property taxes and zero provincial sales tax. It is perhaps the most prosperous society in the course of human history, one in which the biggest problem facing its government hasn't been money but what to do with its massive surpluses (tax cuts oddly having been ruled out).

If Albertans have been harmed by past public policy, well, what can you say other than what does a fellow have to do to get in the queue to be so victimized? Regardless, it is apparent that the leaves are falling from the boom-town tree. Already this year, drilling has slowed significantly. Low natural gas prices have combined with weak equity markets and massive cost increases so that the province's take from land sales is expected to do little better than \$1.4-billion this year, compared with \$3.43-billion in 2006 and \$2.26-billion in 2005. The Canadian dollar's rise against its U.S. counterpart makes it likely that, despite rising oil prices, companies will be hard-pressed to increase profits beyond what they are today other than through cost containment (and we all know what that means).

The review panel has placed the people's hands firmly on the throat of the golden goose. Much will be determined by how hard they squeeze.

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### **Spending overruns chronic in Alberta**

The Calgary Herald

Thu 27 Sep 2007

Page: A21

Section: Q: Queries - Quibbles - Quirks

Byline: William Robson

Source: For CanWest News Service

The release of Our Fair Share by the panel studying Alberta's oil and gas royalties has prompted a loud debate. No surprise, with the panel recommending that the province boost its energy-related levies by almost \$2 billion annually.

The panel's message that Albertans should get more from their fossil-fuel resources has overshadowed its proposals to rationalize and rebalance energy taxes and royalties, while an industry already struggling with escalating costs in the oilsands naturally views the prospect of higher levies with alarm.

Premier Ed Stelmach has promised a response to the Royalty Review Panel's recommendations by mid-October. Before the provincial government acts, however, it needs to answer a question that the controversy over the panel's report risks obscuring: what would it do with the extra money?

The yo-yoing of provincial spending in Alberta as fossil fuels boomed and busted in the 1970s, 1980s and 1990s underlines this question's importance.

It is all very well for the report to emphasize that Albertans own their sub-soil resources. The fact is they can only exercise their rights as owners through their provincial government.

While the ways the province might use these extra dollars -- further increases in provincial programs, tax relief in other areas, or saving to prepare for a leaner future -- was not part of the panel's mandate, they matter greatly for the report's ultimate larger impact.

Those who recall Alberta's misadventures with its Heritage Fund and its deep fiscal retrenchment of the mid-1990s will know that Alberta has always had trouble handling resource revenues adeptly. Experience since the mid-1990s provides a fresh lesson. In successive budgets since 1996, the provincial legislature has voted spending increases averaging less than two per cent annually.

But the final figures for each fiscal year showed actual spending increases averaged almost seven per cent.

These chronic overruns had a huge cumulative effect. Rather than the cumulative spending increase of \$4.5 billion anticipated in budgets, provincial spending ballooned more than \$15 billion over the period.

The cumulative overrun of \$10.5 billion is equal to all of the province's budgeted health-care spending last year.

While all Canadian governments have had trouble living up to their budget commitments over the past decade, the record of Alberta's legislative assembly is uniquely bad. The tendency for resource revenues to outpace projections, and for in-year or end-of-year spending surprises to absorb most of the extra money, has been a driving force behind this breakdown of fiscal accountability.

The 2007 budget anticipated no less than a 12 per cent jump in spending for the current fiscal year -- even before overruns, that would make provincial spending almost double what it was at the beginning of the decade.

Raising the province's take from the energy industry by one-fifth, as the panel recommends, amid an energy boom, will add fuel to the fire, increasing the prospects for yet another sizeable overrun -- and for a painful mix of tax hikes and spending cuts as demographic pressures and the resources boom's inevitable fade squeeze Alberta's budget in the years ahead.

This prospect highlights an obvious point: Some potential uses for any extra energy revenue are clearly smarter than others.

Lower corporate income tax rates would enhance Alberta's attractiveness to all kinds of business -- and mute the impact of new levies on the energy industry.

More personal income tax relief would help Alberta attract and develop the human capital that can sustain growth beyond the current energy boom.

Saving the funds and investing them in a diversified portfolio outside Alberta would also prepare the ground for a future with less resource revenue.

None of these options, however, is likely to appear as compelling as more spending. The resource boom has created many legitimate needs for more infrastructure and public services in the province. Less happily, it has also fuelled a sense among many Albertans that resource wealth entitles them to the best of everything.

Pumping more government money into a red-hot economy will further push up costs and inflame expectations -- setting Alberta up for an even more painful fall when the cycle inevitably turns.

For this reason, the provincial government should make a fiscal plan for any extra revenues resulting from the panel's recommendations a precondition for their implementation.

Although a long delay would be terrible for energy investment in the province, no long delay is needed: Another panel will be making recommendations on how Alberta might set resource wealth aside for the future before year-end.

A few extra weeks would help in sorting out some individual royalty and tax recommendations -- not to mention exploring some of the panel's more difficult proposals about long-term stewardship and upgrading incentives.

And importantly, it would set the royalty review recommendations in a vital wider context -- as a step toward ensuring that the current energy boom reinforces Alberta's future economic and fiscal base -- and alleviate the pressure to take more revenue now, and think about how to spend it later.

Those who think the debate's "fair share" rhetoric demands faster action should take a fresh look at the numbers. The Royalty Review Panel put the revenue impact of its recommendations at just under \$1.9 billion annually through the end of the decade.

Even if the depressing effects of the new levies themselves reduce the take, we are talking a lot of money.

Yet spending overruns since 2003 alone have absorbed three times that much! When extra money vanishes so quickly, how strong is the case for more?

William Robson is president and chief executive of the C.D. Howe Institute. This article first appeared in The National Post.

**Canada looks to join 'nuclear renaissance'; Don't bet against entrepreneur Wayne Henuset and his bold effort to bring the first nuclear power plant to Alberta**  
National Post

Thu 27 Sep 2007

Page: FP4

Section: Financial Post

Byline: Jon Harding

Dateline: CALGARY

Source: Financial Post

Series: Seismic Shifts

CALGARY -A fuel bundle from a nuclear reactor seems wildly out of place inside the rustic lobby of Calgary's Willow Park Wines & Spirits. Courtesy of Atomic Energy Canada Ltd. (AECL), the cylinder sits beside a display case containing some of the world's finest wine and scotch.

It is a serious juxtaposition in the chalet-like business office of Canada's largest private liquor store, which now doubles as the home of Energy Alberta Corp.

Wayne Henuset disputes the interpretation that the foyer's two centerpieces are an odd pair. Agreeing would perhaps be akin to acknowledging how far his latest endeavour veers from his business roots.

The entrepreneur, who successfully built small businesses in liquor retail, oil-field services, land development, real estate, and automotive sales, has a new challenge: he and 50% partner Hank Swartout, the founder and executive chairman of Precision Drilling Trust, want to bring atomic power to Alberta. Energy Alberta's plan is to build a \$6.2-billion nuclear power plant in the province's rural northwest.

Mr. Henuset says he wants to pull Alberta into the global "nuclear renaissance" and while there are hurdles -- financial, political and more recently competition from Areva, the French nuclear conglomerate --business associates say it would be a mistake to underestimate Mr. Henuset, who will spend \$50-million himself over the next two years funding his private company's regulatory work in anticipation of the twin CANDU reactors, bought from AECL, churning out power by 2017.

"I would never bet against him on this," said Tom Wood, Mr. Henuset's business partner for a half-dozen years at Roundup Well Servicing Inc., which they sold in 1997.

"We're all kind of from that can-do generation, and while it's a big task and he's going to need a lot of help, he's already come a long way with this. Wayne isn't someone to let many roadblocks stop him."

Mr. Henuset's eureka moment came after hurricanes Charley and Ivan threatened to plough through a home he built on Florida's Gulf Coast to host his son's wedding in 2004.

A chance chat with a nuclear physicist at a Florida airport in the wake of his own determination that fossil fuels were the cause of global warming -- and more hurricanes -- made for a serious about-face for the Albertan, whose father was a major player in the oil and gas pipeline business.

"[The nuclear physicist] said [nuclear] is cleaner, safer, more reliable, dependable and stable, and he pointed out that 'you guys in Alberta' have these crazy power prices that go up and down because one day your gas is costing this much and the next, it's way up here," Mr. Henuset said in an interview.

"How can anyone run a business with that instability? He made a strong case."

Mr. Henuset would toss the idea around in his own mind before approaching AECL in early 2005 to sign an exclusivity agreement to deal only with Energy Alberta within the province.

Late last month, the company finally announced it had selected a site for the plant near the town of Peace River and had filed its initial application to prepare the land for development. The news made front-page headlines, but since then public confidence has been put to a test in Energy Alberta, which lists 'total transparency' on literature that spells out the firm's guiding principles.

At the Aug. 28 press conference to announce the site for the plant, Mr. Henuset claimed a single buyer was lined up to purchase 70% of the facility's 2,200 megawatts of electricity.

As a crop of nuclear opponents readied to pounce on the buyer, Mr. Henuset said a confidentiality agreement prevented him from naming the company, but added the company would likely reveal itself within the next year.

Later in the news conference, he raised more doubts with an awkward response to a question from an activist in which he denied Energy Alberta was in talks with oilsands giant Royal Dutch Shell PLC.

Mr. Henuset has since backtracked, saying there are as many as eight potential large off-takers lined up to buy his firm's power, and that it is more likely the plant's electricity will feed the provincial grid than go to a single player, or consortium, in the booming oilsands.

Mr. Henuset now says the 70% figure came from a requirement to have that percentage of output sourced through power purchase agreements (PPA) in order for the project's debt financing to come through.

"We're dealing with eight confidentiality agreements, from electrical contractors to oil companies to pulp and paper guys and we're not going to tell you, or anyone else, who those people are until we have signed power purchase agreements," Mr. Henuset said. "There are customers out there that would take it all, but I'm not going to tell the world who my potential customers are before they've signed PPAs."

Alberta's Conservative government, meanwhile, which was cold on nuclear in the past -- likely in an attempt to protect the province's natural gas sector -- seems to be warming to the idea; it recently invited Mr. Henuset to address the Tory caucus, following which Premier Ed Stelmach said the government will form a policy on nuclear energy after consulting Albertans.

The Opposition Liberals have also asked to hear a presentation from Energy Alberta.

"This government, I think, understands nuclear better than previous provincial governments did," Mr. Henuset said. "I think they have people in their caucus that have been around nuclear and understand it. It's positive."

jharding@nationalpost.com

### **Energy Board fires security staff**

Fast Forward Weekly

Thu 27 Sep 2007

Page: 7

Section: News

Source: Fast Forward

William Tilleman, the recently appointed chair of the Alberta Energy and Utilities Board (EUB), has fired the board's two-person security unit after it got caught hiring private investigators to spy on landowners. "What this says is 'Albertans, just watch us. We're fair. We take your best interests to heart,'" says board spokesman Tom Neufeld. However, the landowner group the investigators spied on in Rimbey says the axe is falling in the wrong place. The Lavesta Area Group wants Premier Ed Stelmach to kick Energy Minister Mel Knight out of cabinet. The group is also calling for a public inquiry into the spying. The province plans on splitting the EUB into two separate regulatory bodies January 1, 2008. (JK)

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### **Research facility rides oilsands wave**

The Calgary Herald

Thu 27 Sep 2007

Page: E5

Section: Calgary Business

Byline: Shaun Polczer

Source: Calgary Herald

A Swiss-based research firm is hoping to take technology outsourcing to another level with Alberta's first oilsands research and testing facility near Fort McMurray.

Geneva-based SGS had three Canadian employees 15 months ago, but now employs 150 in one of the company's fastest growing global business units, worldwide CEO Chris Kirk said in Calgary on Wednesday.

"It's been very successful. The plant is almost fully booked to the end of next year," he said.

SGS is the world's leading inspection, verification, testing and certification company and is involved in diverse industry segments such as mining and agriculture.

The company, which employs more than 48,000 people around the globe, tests everything from consumer products to wireless networks. Earlier this month, the company claimed rudder testing helped the Alinghi sailing team win the 2007 America's Cup.

Although oil and gas has been a significant component of its business, this is the first time it has ventured into oilsands.

The company has spent about \$15 million to date and plans to spend about \$25 million by the end of next year.

Chris Bennet, SGS's oilsands director, said the testing plant allows companies to build process models at a much smaller scale than a comparable 200,000-barrel-a-day operation such as Syncrude or Suncor.

The facility is even looking to model "mini" upgraders to replicate the entire production process.

"It's fully modularized so you can test whatever unit operation you're looking at," Bennet said.

SGS won't compete with government-funded research institutes, but could provide an outlet to help develop ideas they generate in the lab.

"That's where we kick in. It's not a pure research facility at all; it's all applied research and deployment of technologies."

Oilsands provides a growth platform in other areas of environmental certification and compliance -- the facility could be used to predict, measure and certify emissions, for example.

Every piece of equipment that is fabricated and installed in the oilsands needs to be tested and independently certified to meet specifications. In addition, operations have to be continually monitored to meet performance standards.

Kirk says it's a huge untapped opportunity. "Our board just loves the oilsands," he said. "They just want to continue to invest, like we do."

The Fort McKay facility allows operators to bypass the costly process of building and testing pilot projects before proceeding with full-scale commercial development, saving potentially hundreds of millions of dollars.

The first customer, the Northern Lights partnership led by Synenco Inc., hopes to use information gained from the testing to optimize the design for its proposed \$4.4-billion oilsand mine, which is currently in front of the provincial regulator.

The first batch of bitumen ore will be processed later this fall with a second batch early next year.

"This is the pilot," said Scott Ranson, Synenco's public affairs manager.

"We need to work through a good, solid third party to move from lab scale to pilot scale and they have a very good worldwide reputation. We're pretty excited about it."

spolczer@theherald.canwest.com

### **Public offerings of petroleum and natural gas and oil sands rights in Alberta**

Cochrane Times

Wed 26 Sep 2007

Page: 34

Section: News

**Byline: BY MEL KNIGHT, MINISTER OF ENERGY**

Column: Guest column

Alberta's open and competitive system for leasing petroleum, natural gas and oil sands rights is the foundation of the successful energy industry in our province.

The first step in the long-term plan for the exploration and development of our energy resources is the public offering or sale process.

Acquiring mineral rights allows companies to start their long-term plans for the future, but does not guarantee that exploration or development will proceed.

There are two owners of property in Alberta. The surface-title holder owns the surface land and substances such as soil, sand and gravel. The mineral-title holder owns minerals found on and under the property, such as oil, natural gas and coal.

In Alberta, 81 per cent of the mineral rights are owned by the Crown -- in other words, by all Albertans. Our prosperity and a high quality of life is, in large part, due to the development of these energy mineral resources.

Upon request by a company or individual registered to do business in the province, Alberta Energy determines whether the mineral rights are available, and if so, refers the proposal to the Crown Mineral Disposition Review Committee.

This cross-government committee consists of representatives from the Alberta Departments of Sustainable Resource Development; Environment; Agriculture and Food; Tourism, Parks, Recreation and Culture; Municipal Affairs and Housing; Energy; and the Alberta Energy and Utilities Board.

The committee reviews all requests and recommends whether or not mineral rights are granted, and with or without access restrictions.

As part of the process, the committee assesses major surface or environmental concerns that have been previously identified, and which may affect surface access for exploration and development.

Industry is responsible for assessing any potential restrictions by municipal governments, public interest groups or private landowners.

If the requestor wishes to proceed, the rights are offered for sale and posted on the Alberta Energy website eight weeks before the sale.

The highest bidder in the sale wins the right to develop the resource for a set term, but may do so only after all environmental and other regulatory approvals are received.

All information related to the sale, including the purchaser and the amount paid, is published on the Alberta Energy website.

Prior to and during any exploration or development of resources, a number of government departments and agencies provide checks and balances to ensure that it occurs in a safe and environmentally responsible manner.

All Albertans reap the rewards from the public offering of resource rights, with \$2.4 billion in land sale bonuses collected last year alone.

Like royalties, these funds are critical to delivering priority programs and services in this province, such as health, education and infrastructure development.

**Alberta opens gate to wind power**

The Globe and Mail

Thu 27 Sep 2007

Page: B4

Section: Report On Business: Canadian

Byline: Richard Blackwell

Alberta has removed a cap on wind power production that industry players said was slowing down the shift to green electricity in the province.

Yesterday, Alberta Energy Minister Mel Knight announced the 900 megawatt "threshold" has been lifted.

"Alberta is ready to integrate more wind power into the grid," Mr. Knight said at a press conference.

The limit was put in place last year by the Alberta Electric System Operator, or AESO, because of concerns over the stability of the province's electrical system. AESO's studies showed that because wind is intermittent and can stop at any time, pushing wind power beyond 10 per cent of Alberta's generating capacity could cause problems.

Now, however, the AESO has conducted further planning and feels the province will be able to move beyond the threshold, thanks to more accurate wind forecasting, geographic diversification of wind farms, and the installation of controls on wind turbines to avoid power surges when the wind is too strong.

The province is also planning new transmission lines to link wind farms in the southern part of Alberta to the main grid, said AESO chief executive officer Dale McMaster.

About 500 megawatts of wind power is now produced in Alberta, with another 500 megawatts set to be added by year end. Far more is on the drawing board.

Mr. Knight said he'd like to see as much as 3,000 megawatts of wind power in the province, or up to 15 per cent of total electricity production.

Robert Hornung, president of the Canadian Wind Energy Association, said dropping the cap sends an important signal to firms planning investments in wind power, that "now there are opportunities for further expansion in the Alberta wind market."

But the move will have an impact beyond Alberta, Mr. Hornung said. "Every jurisdiction in Canada is looking quite seriously now at how much wind can be integrated. What this shows is that initial assumptions about the level of wind integration can be changed, with experience and knowledge. Experience matters, and tools are available to help facilitate wind."

John Keating, CEO of Calgary-based Canadian Hydro Developers Inc., one of Canada's biggest wind power developers, said the removal of the cap is "a great thing."

He said the cap was essentially a temporary "time out" to assess the impact of Alberta's fast wind growth on the electrical system.

Dropping the cap will also help add momentum for the needed expansion of new transmission lines in the province, he added.

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### **Alberta's grid ready for more wind power**

The Calgary Herald

Thu 27 Sep 2007

Page: E5

Section: Calgary Business

Byline: Geoffrey Scotton

Source: Calgary Herald

Alberta Energy Minister Mel Knight officially lifted the cap on wind power generation in Alberta Wednesday, launching what could be a \$12-billion building spree to harness wind energy and return the province to the No. 1 spot in Canada.

"The 900-megawatt threshold on wind power generation in the province of Alberta is gone," Knight said at a press conference that was, ironically, delayed by high winds at Calgary International Airport. "Alberta's ready to integrate more wind power into the grid and with this action Alberta continues as a leader in wind generation in Canada," Knight added.

Alberta now has about 500 megawatts of wind power generation out of a total 11,500 megawatts of generation in the province, or four per cent of the total, about four times the national average.

Knight and Robert Hornung, president of the Canadian Wind Energy Association, said there are as many as 5,500 megawatts of planned or proposed wind power projects waiting to come online, with 3,000 megawatts expected to be added relatively quickly.

"What we see in the short term here is a potential in the neighbourhood of 3,000 megawatts," said Knight. "There's a tremendous amount of anticipation that there will be some major developments in Alberta."

Hornung cited an industry rule of thumb of \$2.2 million per megawatt for wind power generation that could see Alberta in line for a \$12.1 billion surge of wind projects -- with nearly \$7 billion in the near term.

"There is tremendous interest in taking advantage of Alberta's very, very good wind resource. At the end of the day we're looking at significantly enhancing the amount of wind that's coming forward," said Hornung. "There's 3,000 megawatts that's fairly far along in terms of the development process."

Since 2006 when the cap was put in place, the wind power industry and the Alberta Electric System Operator have been working together to find a longer-term solution to the challenges of wind power, which revolve around wind's variability.

Emerging improvements to transmission, including a planned \$300 million upgrade in Alberta's southeast, along with better wind forecasting, specialized market rules, operating policies and system controls -- known as the Market and Operational Framework -- have allowed Alberta to remove the cap.

"(It) better enables us to predict what's going to happen on the system with respect to day-to-day, minute-to-minute wind generation and how we'd react to it," said AESO president and chief executive Dale McMaster.

gscotton@theherald.canwest.com

### **Suncor ordered to cut oilsands emissions; Energy firm seeks clarification from AEUB**

The Edmonton Journal

Thu 27 Sep 2007

Page: E7

Section: Business

Byline: Dina O'Meara

Source: Calgary Herald; CanWest News Service

Alberta energy regulators have locked down the \$2.1-billion expansion of Suncor's Firebag expansion project until the oilsands giant cleans up its emissions.

The Alberta Energy and Utilities Board issued the order in response to ongoing air quality problems at Suncor's oilsands operation.

"Until Firebag is in compliance with AEUB requirements, no operational enhancements to the project will be permitted," the regulator said.

Last week, Alberta Environment ordered the immediate reduction of hydrogen-sulphide emissions from the Firebag site near Fort McMurray after testing in August revealed excessive levels of the noxious chemical in the air.

The order could affect expansions being completed on Firebag stages 1 and 2 which are expected to boost Suncor's production capacity by 35 per cent to 350,000 barrels per day when completed in mid-2008. Firebag was delay earlier this year due to the 50-day shut down of one of its two upgraders, which cut production 121,000 bpd.

Suncor disputed the order will shut down work at the oilsands project. The company has been meeting with the AEUB, and needs more clarification before discussing its possible impact, spokeswoman Patti Lewis said. "We're asking them exactly what that means, and what the impact to our business will be," she said.

The AEUB's order could add costs to the expansion if it drags out for a long time, analyst Chris Feldon with Tristone Capital Inc. said.

"A delay in Firebag production will obviously impact their near-term production growth," Feldon said. "In terms of overall economics, it doesn't have a huge impact on the net-present-value by having a small delay."

In most cases, the energy regulator would shut down operations until emissions dropped to acceptable levels, spokesman Bob Curran said Wednesday. "That would be par for the course for running afoul of the AEUB. But with a site of this size and scope, and the risks involved in shutting it down, this is as close as you get to doing that."

Below-ground oilsands operations, such as Firebag, require up to six months to heat the ground and melt the tar-like bitumen to enable recovery. Shutting down the operation could damage the formation and potentially reduce how much bitumen could be recovered, according to the AEUB.

In the meantime, Suncor will be required to submit monthly status reports to the board, including daily gas balances for the operation, emission readings for hydrogen sulphide and sulphur dioxide, as well as bitumen production levels. Until the problem is rectified, emissions will have to be kept at or below monthly average rates for May of this year.

The company also was ordered by Alberta Environment to develop an interim action plan by Friday and a comprehensive plan by Oct. 22 detailing long-term compliance plans.

### **When to call a spy a spy?; Word wars over the EUB's hiring of private investigators**

Fast Forward Weekly

Thu 27 Sep 2007

Page: 5

Section: News

Byline: Jeremy Klaszus

Source: Fast Forward

"The rule of good writing is this: Write in the fewest possible words," wrote the Calgary Eye Opener's Bob Edwards in 1911. How, then, should one describe what the Alberta Energy and Utilities Board (EUB) did to landowners in Rimbey and Redwater? Covert intelligence gathering? Information collection for security purposes? Or, more concisely, spying? At only six letters, "spying" follows Edwards's rule most closely. Most news organizations, including Fast Forward, have recently described the EUB's hiring of private investigators as a "spying scandal." Even Toronto's Globe and Mail headlined an editorial: "Alberta's spy games." However, in a government-commissioned report, retired judge Del Perras suggests "spying" is too strong a word. He says media are using the word spy "opprobriously." (Incidentally, no one in the Fast Forward office knew what the word "opprobriously" meant, nor did most people contacted for this story. "Opprobrious" means: "severely scornful; abusive.") The EUB also thinks "spy" is the wrong word. "We would agree, of course, with (Mr. Perras's) comments," says Tom Neufeld, an EUB spokesperson. "We've talked about it in terms of being security, because it has been security." Davis Sheremata, another EUB spokesperson, has also avoided "spy" or "spying." "That's not a word I've ever used at any point in this process either internally or externally," says Sheremata. "I've said all along that this was a security firm that we contracted." (Another report recently issued by the province's privacy commissioner suggests the EUB's use of the word "contracted" might be a stretch, however. The report says the board hired the private investigators over e-mail "as opposed to a formal contractual agreement.") Jim Cunningham, a journalism instructor at SAIT, has been following the EUB news closely. Like Edwards, Cunningham says it's important for media to use direct language instead of "completely unoffensive and meaningless" words and phrases. The CBC used the word "spy" when it broke the story in June. Since then, the province has launched two investigations into the EUB's actions. "You could argue that the use of some direct language has helped to bring that about," says Cunningham, adding that it's important to make sure the facts back up the use of the word. Canadian newsrooms follow the definitions given in the Canadian Oxford Dictionary, the official dictionary of the Canadian Press. That dictionary defines a spy as "a person employed by a country or organization to collect and report secret information on esp. the military activities of an enemy or hostile foreign state, or on the activities of a rival organization." In his report, Perras noted the landowners and EUB weren't opposing parties. "In this matter there was no intent to capture information from a hostile party for the purpose of advancing

the interest of an opposing hostile party," he wrote. "The EUB was a neutral party operating a quasi-judicial panel whose role was to determine the issues raised by the application before the panel." However, the Canadian Oxford has more to say. To "spy on," says the dictionary, is to "maintain a close and secret investigation or observation of a person or group." That's exactly what the EUB-hired investigators did, says Mount Royal College political scientist Keith Brownsey. "They're playing with words," says Brownsey. "They're playing with semantics here. It was, for all intents and purposes, spying. The Alberta government was spying on Alberta citizens." Joe Anglin, the landowner who exposed the private investigators, agrees it was spying. "Sometimes we throw out words that are far stronger because of emotion," says Anglin. "But the reality is, sometimes we're accurate and we just need to... call a spade a spade." Anglin says he could tell the private investigators were spying when they showed up at the Rimbey Community Centre in May. "What they were doing was trying to position themselves behind me and my computer where I sat next to my lawyer," he says. "They followed me very closely." But because it was planting season and the landowner group at the centre was mostly elderly ladies, the investigators stood out. "Big 245-pound guy looking just like he's ex-RCMP, eating all the cookies," recalls Anglin of one investigator. "It was right out of a cartoon." While the different sides debate the appropriateness -- and opprobriousness -- of the word "spy," Cunningham says the most important thing is that the public has the information it needs to decide for itself. "Readers can make up their own minds," he says. "Whether it was spying or something else, something has obviously happened."

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### **Cap blown off wind power; Generation of eco-friendly source of electrical power expected to quadruple**

The Calgary Sun

Thu 27 Sep 2007

Page: 61

Section: Business

Byline: BY BILL KAUFMANN, CALGARY SUN

The province hopes to nearly quadruple the share of wind-generated electricity in Alberta.

In announcing the end of a 900-megawatt cap on the generation of wind power, Energy Minister Mel Knight said an unfettered free market breeze could now blow the proportion of wind energy from 4% later this year up to as much as 15% by 2025.

Today, the national average among the provinces is 1% wind power.

"The 900 megawatt threshold was never meant to be permanent," said Knight.

"The removal of the threshold is good news for consumers, for communities and for the environment."

A \$1-million study of wind forecasting puts the province in a better position to generate wind power reliably and with greater stability, rendering the cap moot, said the energy minister.

The move is a huge step in breaking the bottleneck of generation proposals that now total about 5,500 mw, said Robert Hornung, president of the Canadian Wind Energy Association.

Currently, about 450 mw are produced by turbines in the province.

"There is tremendous interest in taking advantage of Alberta's wind resources," said Hornung.

He also said most of the generation will be done in the province's breezy south.

But he said the construction of transmission lines remains a hurdle in realizing that potential.

"It's not going to be a situation where you'll see thousands of megawatts installed overnight," said Hornung, adding some proposals will fail.

"But we can begin to look forward to that future."

In the shorter, more realistic term, said Knight, 3,000 mw of wind energy is likely.

The government, he added, won't involve itself with industry incentives.

And with the cap removal, the province should regain its absolute lead in producing wind energy megawatts, though it now generates more per capita than any other province, said Knight.

"We'd taken a bit of a step back, but this will put us back at the forefront," he said.

Knight acknowledged the resistance among some landowners in the province's south to having transmission lines cross their property, and vowed their concerns would be addressed.

NDP Leader Brian Mason called on the province to quickly build those transmission lines, adding the government had finally "caved in" to his party's demand the cap be dropped.

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**Industry argument 'distorts picture'; Review panel says its conclusions based on sound data provided by oilpatch**

The Edmonton Journal

Thu 27 Sep 2007

Page: A3

Section: News

Byline: Jason Markusoff

Source: EDMONTON

Alberta's royalty review panel fired back Wednesday at industry critics of its report, arguing its call to hike energy royalties by 20 per cent is reasonable by global standards and based on sound data provided by the oilpatch itself.

Since issuing its report to the Stelmach government last week, the panel led by former Al-Pac president Bill Hunter has been accused by some in the energy sector and investment community of basing its report's controversial conclusions on flawed math that doesn't reflect reality. Hunter and fellow panelists said the industry's arguments distort the real picture as they see it.

"We're not a bunch of morons, as is indicated by some of the folks who are fighting against us," Hunter said in a group interview with Journal columnists and reporters Wednesday.

Premier Ed Stelmach has promised to formally respond to the Hunter report by mid-October, after the government does its own technical analysis of the panel's recommendations and figures. This week, he named Deputy Premier Ron Stevens to meet with the industry, which has opposed major changes it fears will hurt profit margins and returns for investors, especially for the already struggling natural gas sector and high-cost, high-risk oilsands projects.

The review panel focused much of its defensive rebuttal on arguments made earlier in the week by the Canadian Association of Petroleum Producers, the leading advocacy group for oil and gas companies.

Panel members also said it's fairly predictable that the industry would protest the notion of paying more of its energy incomes to government at a time of spiralling construction and operation costs.

"In my entire 34-year career as fiscal adviser to governments, I have never had an oil executive indicating to me that it was the right moment to increase royalties," argued Pedro van Meurs, an international expert on royalties who assisted the six-member, government-commissioned review panel in producing the report, and defending it Wednesday.

Panelist Andre Plourde, head of the University of Alberta economics department, disputed critics who said the panel underestimated costs in the oilsands sector -- CAPP said by as much as half. He argued the review got its figures from Alberta government royalty filings, checked them against the data of energy consultant Wood Mackenzie, as well as regulatory sources, industry documents and reports to shareholders.

Plourde also noted some more recent cost escalations and project costs have incorporated contingencies for construction that would accommodate future oilsands expansions. However, the panel acknowledged it's difficult to get good cost estimates, mainly because there's no transparent and verified statistical report on oilsands projects -- something it has urged Alberta Energy to compile and release annually.

Greg Stringham, CAPP's vice-president, said in an interview that contingencies might well be spent if costs keep soaring, and he said older cost data is less valuable than newer and upcoming project forecasts.

"This is what we are hearing from everybody," he said.

On the oilsands side of the business, Stringham said, people are pointing to start-up costs that are reaching \$10 billion to \$11 billion per project.

To bolster its argument that its proposals are globally reasonable, the panel pointed to a new report by Wood Mackenzie. It said that Alberta's oilsands regime is currently the world's 11th most financially attractive jurisdiction out of more than 100 analyzed, while it would become 44th-ranked if the report's recommendations, such as a new oilsands surtax and higher post-payout royalties, were fully implemented. That still puts it in the top half, and leaves Alberta 10 percentage points behind the global average for government take, Wood Mackenzie reported.

That analysis also predicted a \$26-billion or 13-per-cent total drop in value for current and future oilsands plants if Alberta follows the entire report. Hunter said the panel acknowledged in its report some slowdown in oilsands expansion would result -- even if the media hasn't widely repeated that.

Van Meurs said most Albertans already believe there is an uncontrolled boom in development.

"Putting development on a sustainable long-term track -- is there anything wrong with that? I don't think so," he said.

Hunter argued that if high costs and higher royalties make some technologically daunting oilsands or gas plays unfeasible, companies can cut costs or "leave it in the damn ground" until they are more economical.

"We have wells being explored and exploited that they wouldn't wake up for in the morning in Texas," agreed panelist Evan Chrapko, a technology entrepreneur and former internal auditor for international oil companies.

"We've made them economical," even with marginal levels of gas, he said

The report predicted that 82 per cent of natural gas wells would pay lower royalties to the government, because its proposed system would be lenient to low-producing wells. CAPP reasoned that while that was the case at low gas prices, all wells would actually pay greater royalties at a higher "break-even price," which would exacerbate the current drilling downturn.

Van Meurs said the panel's 82-per-cent assumption would cover gas wells under the current prices, and said the recommended program was designed to help out if prices drop further. Higher gas prices warrant more government take, he argued. "At that point it becomes so attractive that you can withstand a higher royalty."

Stringham said gas firms need a higher price to keep wells viable. "If prices stay as low as they are right now, we've got more to worry about than a couple of percentage points on royalties."

[jmarkusoff@thejournal.canwest.com](mailto:jmarkusoff@thejournal.canwest.com)

### **Is Ed getting cold feet?; Tories appear in retreat from royalty tough talk**

The Edmonton Sun

Thu 27 Sep 2007

Page: 7

Section: News

Byline: BY NEIL WAUGH, EDMONTON SUN

Column: THE PROVINCE

There's one compelling and disturbing thing about the Alberta government's royalty review.

It's also something that needs to be smoked out before we get too far down the road to next spring's "securing our future" election.

And that's where Premier Ed Stelmach exactly stands on clawing back the oil, gas and, in particular, oilsands royalties and restoring what Bill Hunter's royalty review panel calls "our fair share."

The premier talked tough a few days ago when he said, "I won't be intimidated" by the powerful Big Oil lobby.

(A message heard around the world - including Venezuela where Eduardo Stelmach made breakfast TV.)

However, he hasn't actually said in plain Ralph Klein English what large numbers of Albertans now expect him to say: Alberta's royalty rates must go up.

And energy companies who have been raking in massive profits must now pay a whole lot more.

Remember, this debate has been going on for nearly a year after royalties became a hot-button issue in the Alberta PC leadership campaign.

Yet it's one part of the political quarter section that Stelmach so far has refused to swath.

Why?

Sure he was sounding semi-tough in Toronto during his Empire Club speech this week where he promised "fair economic rent" for Alberta's resources.

Stelmach also reminded the Toronto and Calgary suits that "these are not the industry's resources.

"They are the inheritance of all Albertans" and the "key to my province's future."

But moments after that the rot appeared to set in.

The premier's office cranked out a release saying that instead of finally revealing where Ed stands on royalties, the Tories now want to "open communication channels" with the oil industry. While government bureaucrats will conduct a "technical analysis" review of the Hunter panel's recommendations to boost the royalty take by at least \$2 billion.

Now panel members are privately fearing a "one-sided volley" from the industry spin doctors even though Hunter's team has already sifted through an "avalanche" of energy industry submissions.

Fears that the PCs were now in full retreat went from bad to extreme when it was revealed who is conducting the "shared understanding" with the oilpatch fat cats.

Justice Minister Ron Stevens, next to Dave Hancock, is the softest target in Stelmach's cabinet.

And instead of the finance department running the numbers, the energy bureaucrats - the same guys who messed up in the first place - will be marking Bill Hunter's homework.

Ironically, they are in line for another pounding on Monday when Auditor General Fred "Get 'er" Dunn releases his annual report.

Where Albertans finally find out what happened to Klein's suppressed "Tinker's Dam" royalty review.

It got more troubling when it came out yesterday that Stevens will not only be listening to the oil industry sob stories, but issuing his own report.

If this is anything but a laundry list of who he saw, but comes with hard conclusions, some Hunter panel members are actively considering firing back with a counter-critique.

It's also just as well that former health minister Gary Mar finally got the Washington agent general's job (he's been lobbying hard), because the White House has now stuck its nose into Alberta's royalty debate.

U.S. Ambassador David Wilkins reportedly button-holed Stelmach last weekend in Banff about the key Hunter recommendation not to "grandfather" out any oilsands plants "on the grounds of fair treatment for all participants."

The second big political consideration is what happens at break-up next March.

With gas prices a third of what they were two years ago and the winter drilling season already heading for another bust, Stelmach doesn't want a bunch of angry oilpatch guys with empty bank accounts to contend with at election time.

And spiteful oil company execs who will gladly blame the slump on royalty changes.

I fear the worst.

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### **Housing advocates condemn grants; Holy Cross funds treated like 'low-interest loan'**

The Calgary Herald

Thu 27 Sep 2007

Page: B1 / FRONT

Section: City & Region

Byline: Michelle Lang

Source: Calgary Herald

Housing advocates say government grants worth \$6.6 million to build seniors housing at the former Holy Cross hospital amount to low-interest loans for the companies involved after two projects were cancelled.

In one case, a company built the housing with government cash, but cancelled the agreement 16 years early and paid the money back without any penalty -- leading advocates to call for tougher rules around the process.

"It's like a low-interest loan," said Grant Neufeld, co-ordinator of the Calgary Housing Action Initiative.

"Right now, the incentive to renege on the deal is pretty high. The profits they can make off of privatizing affordable housing is quite considerable."

Representatives with Holy Cross Centre said the companies -- Holy Cross Manor Inc. and Enterprise Universal -- fulfilled the terms of both contracts, adding the businesses won government grants, not loans.

Both companies have returned the money to the government agencies that awarded the cash and, in one case, paid interest on the grant.

"Holy Cross Manor returned all monies required by our contract with Alberta Seniors," said Pat Carroll, manager of Holy Cross Centre, in a statement.

Calgary MLA Yvonne Fritz, Alberta's associate minister of affordable housing, was not available Wednesday for comment.

The debate comes after Holy Cross Manor pulled out of a 20-year agreement with the province to provide assisted living for seniors four years after entering into the deal.

Holy Cross Manor Inc. received a \$2.1 million grant from Alberta Seniors in 2003 and built 128 supportive living spaces for the elderly at the former public hospital, located in Mission.

Last week, the company returned most of the cash to government, saying occupancy rates had fallen to unacceptable levels.

Holy Cross Manor will continue to offer supportive living to the 10 to 15 seniors who still reside in the project.

The company will explore other "care and housing options" for the empty suites.

There was no financial penalty for ending the agreement early, nor did the government contract require interest payments on the \$2.1-million grant.

The company does not have to pay back the full amount of the grant because it provided several years of service.

A second seniors housing project at Holy Cross Centre was also recently cancelled.

Enterprise Universal, the company that bought the former hospital from health officials in 1997, won a \$4.5-million federal-provincial grant two years ago to build housing for seniors that would be rented below market rates.

Governments paid about \$2.18 million of the cash to the company, but Enterprise Universal never completed the project, citing skyrocketing construction costs and Calgary's labour shortage.

Enterprise Universal has since fully refunded the \$2.18 million to government, plus \$3,947 in interest.

"They lived up to their part of the contract," said Robert Storrier, a spokesman for Alberta Municipal Affairs and Housing, in an interview this week.

But Neufeld and the Calgary Homeless Foundation say contracts should include some kind of financial penalty if organizations don't proceed with the housing projects.

Both groups say affordable housing and supportive living spaces for seniors are badly needed in Calgary.

"We're quite disappointed," said Wayne Stewart, president of the foundation. "The need is enormous. It's just going to get bigger."

Holy Cross Centre officials noted they are still providing supportive living for between 10 and 15 seniors at Holy Cross Manor.

A third housing project for seniors at the old hospital, Rouleau Manor, recently opened.

"Holy Cross Manor is still offering assisted living services and we hope that any people in need of accommodation will consider our facility," said Carroll.

Officials with Alberta Seniors, another department involved in the grants, said the situation at Holy Cross was unusual.

The department said it will review the terms of a new \$30-million program for supportive living that it recently announced.

"We're looking at the terms in those future agreements to see if there's ways we can strengthen them," said Katrina Bluetchen, spokeswoman with Alberta Seniors.

mlang@theherald.canwest.com

## **International, Intergovernmental & Aboriginal Affairs**

### **Stephen Harper's eye-popping show in the Big Apple**

The Globe and Mail

Thu 27 Sep 2007

Page: A25

Section: Comment

Byline: Lawrence Martin

Strange. The guy whose every stroke has been about winning a majority government now says don't bet on it. The same guy, a Conservative who favoured closer ties with the U.S., is now taking runs, like a big-time Liberal, at the Bush administration.

Stephen Harper's eye-popping New York show this week was a seminar on job protection. By saying a minority government was a likely result of the next election, he was reducing expectations. Don't be surprised, he was saying - and don't dump me - if I fail to take you to the promised land.

The next campaign will be his third kick at the can. If he doesn't win big, his chances of survival are slim. Will he ever find conditions more favourable? Government money falling from trees, best economy in decades, a unified country, an opening in Quebec, an opposition leader still trying to find his running gear.

Yet, the Harper government's polling numbers are only at 32 per cent. He has lost ground since the last election to Stéphane Dion's Liberals. Something's missing, which may explain his unexpected whack attack on the Bush Republicans in the Big Apple. Time to move, he likely reasoned, further into the fog of the middle.

With his prickly pronouncements on the state of the union, Mr. Harper sounded more like a Diefenbaker than a Mulroney. He lamented how U.S. discourse has been infected by "populism, protectionism and nationalism in an unhealthy sense." In a direct hit, he said the Bush administration is more "widely unpopular" than the U.S. itself. He repeated his criticisms of its stringent border policies. He suggested there was too much "unfettered capitalism" down there, saying his Canada was a happy bridge between socialism and its opposite.

It's not easy for a Conservative PM to take on a Republican president in his backyard. But, in terms of content, he was on safe ground and, politically, it was the smart thing to do. This was a message Canadians want to hear, and Mr. Harper probably didn't have difficulty in saying it. He hasn't been getting much in return for his diplomatic calm in the face of the Bush/Cheney outrages. His distaste for what they're doing and the potentially damaging effect on Canada is likely genuine. Though he is hewing too close to the halting Bush line on global warming, he is not about to do a Michael Ignatieff mea culpa on Iraq. He is making some essential differences clear.

There's a curious political environment in Canada these days. As Decima Research's Bruce Anderson puts it, incumbents aren't drawing many benefits from the good times. They are, in fact, in danger of getting knocked off. Jean Charest has experienced setbacks in Quebec, Ed Stelmach is in trouble in hyperbooming Alberta and only a mistake on faith-based schools by his opponent might save Ontario's Dalton McGuinty.

Voter indifference, says Mr. Anderson, is taking its toll. "People aren't hearing much about the good things and, when they do hear them, they tend to take them for granted." In such conditions, it takes a compelling personality to break through. In that department, our federal leaders hardly measure up.

Stephen Hubris, as someone called him, has been out front with his one-man band style of government. But there's a weird paradox at work. The more he's there, the more aloof he seems to become. Something about his eyes, the clock-like cadence of his mind.

He'll never win on style. Best to go with competence and old-fashioned middle-of-the-road content. It's not a good idea, says Mr. Anderson, to push for big changes when times are good. In keeping, the Harperites, several sources attest, will rattle no cages in the coming Throne Speech.

Mr. Harper will try to hide in the middle of the spectrum, target others, such as the U.S., for problems, rid himself of controlling airs and, as he did this week, set expectations low. While in Canada, why not do as Canadians do?

lmartin@globeandmail.com

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### **Mar to be Alberta's man in Washington**

The Calgary Herald

Thu 27 Sep 2007

Page: A1 / FRONT

Section: News

Byline: Jason Fekete and Tony Seskus

Source: Calgary Herald

The exodus of Tory MLAs continues as Calgary-Mackay representative Gary Mar is expected to be named the Alberta government's envoy in Washington, D.C., sources told the Herald.

Mar decided a while ago not to seek re-election, said a senior government official, but he wanted to wait for the announcement of the Washington posting before publicizing his decision.

"That was why (his announcement not to run again) got delayed. No point in making two announcements," said the source, speaking on condition of anonymity.

Mar, a senior minister in Ralph Klein's cabinet, didn't return phone calls or e-mails on Wednesday.

However, International Relations Minister Guy Boutilier, whose department oversees the position, told the Herald this week the opening attracted more than 35 applicants and that a shortlist had been finalized.

"We're just proceeding with the three or four interviews on the shortlist that we've made," Boutilier said Monday. "I really would like to see it completed in the next . . . couple of weeks, if not sooner."

Another source familiar with the matter also confirmed Mar has decided not to seek re-election and is the likely candidate for the Washington office.

Mar's apparent appointment to the sought-after post comes about a month after the provincial government advertised the envoy position in Alberta newspapers and two national publications.

The assignment pays upwards of \$206,000 (plus foreign service and housing allowances) and offers the right candidate a car and an office at the Canadian Embassy on famous Pennsylvania Avenue.

"They've been doing an executive search. There was a full process to go through," said the government source.

Mar would replace former Tory MLA and energy minister Murray Smith, who just vacated the post after a nearly three-year stint to take an energy advisory position with a securities firm.

The envoy position has been a controversial one since Smith was appointed in 2004, with critics labelling it a cushy patronage posting.

The job boasts a swanky, \$8,000-a-month apartment -- where Smith hosted dinner parties costing taxpayers as much as \$11,000 -- as well as a \$42,500 government fleet car.

All told, Alberta taxpayers cough up \$1.4 million annually to run the office.

While no date has been set for an official announcement for the new Washington representative, the application deadline was set for mid-September, with candidates to be reviewed by a panel of headhunters.

Boutilier said the process has been open and transparent. It has attracted applicants with backgrounds in industry and public service, with "excellent qualifications from all corners of our province and other provinces across Canada."

Indeed, the government will want someone who can compete with the massive network of lobbyists that prowl Washington.

The right candidate, according to the job posting, will have to promote

Alberta's key interests in the United States, whether it's energy, environment, trade, economic diversification or agriculture.

Currently, assistant deputy minister Wayne Clifford is representing Alberta in Washington.

Meanwhile, the Tories continue to ready themselves for when an election is called.

Premier Ed Stelmach gave his party until the end of November to have all of its 83 nominations completed, and Alberta PC president Marg Mrazek confirmed Wednesday that 18 have already been filled.

To date, at least 11 current Tory MLAs (not including Mar) have announced they will not seek re-election, the most recent being

Livingstone-Macleod MLA Dave Coutts.

[jfekete@theherald.canwest.com](mailto:jfekete@theherald.canwest.com)

[tseskus@theherald.canwest.com](mailto:tseskus@theherald.canwest.com)

## **Municipal Affairs & Housing**

### **Bowda all candidates forum; Susan Barry Background**

Canmore Leader

Wed 26 Sep 2007

Page: 10

Section: News

One of the challenges that we have been trying to deal with over the last number of years is the long term financial plan for the Town of Canmore, and I would like to focus just a little bit on that in my two minutes.

There has been some very good news come out of the provincial government last week and it's a little bit hard to follow in the news paper. The Municipal Sustainability Initiative that Premier Ed Stelmach announced last spring was \$1.4 billion that will be coming back to municipalities each and every year. The question that has been debated all summer among municipalities is how that allocation would occur. Alberta Urban Municipalities Association very much wanted that to be allocated on the basis of per-capita and we all know that Canmore would be a big loser in that scenario. We lobbied hard all summer, and we are part of the number of municipalities that lobbied hard all summer for recognition of equalized assessment in that allocation. Last week, the provincial government, and by the way we lobbied for a 50/50 split so 50% would be based on education requisition and the other 50% would be based on population.

Last week, the provincial government announced a 48% / 48% split which is tremendous news for the Town of Canmore. And what that will really mean is that over the next 10 years, the Town of Canmore will see roughly \$70 million, in excess of \$70 million coming to the Town of Canmore for capital projects. So, a lot of those projects that we had to push off and that we had to put in the background will all of a sudden have a brand new light. It's a great program for us; it will be about \$8.5 million a year starting in 2010, ramping up to that number in 2010. So I think it's a great opportunity for the Town of Canmore to look at some of those facilities whether it will be cultural facilities or recreation. Thank you.

Q. Mayor Casey: On the assumption that you agree it is council's responsibility to lead by example, please comment on the approach taken by council to propose and in some cases enact legislation that is contrary to the provisions of the MGA. The attitude appears to be if no one objects or does not legally challenge the issue, let's proceed. This approach was taken with respect to offsite levies affecting existing developments and the primary residence rebate policy and appears to be the direction that Council is taking with respect to sustainability screening. Is it not the responsibility of our elected representatives to be above reproach in the policies adopted by council and in legislation proposed and ultimately passed by council?

A. Response: So I didn't get that in advance because you didn't have enough paper or what? I think there's a couple of things. Number one, we don't enact policy that's contrary to the Municipality Government Act. But as in any Act, there's lots of variance in that Act, there's lots of interpretation in that Act. So when we come forward, we come forward with a policy that we have an opinion on, and that opinion, very clearly gives us the ability to act and bring forward the policies that we do. So we don't do it in spite of the Act or outside of the Act, we do it with the advice from the people that we hire to give us advice. And so it's not done just out of hand, if you like.

Attending was: Ron Casey, although he was acclaimed as Mayor; Incumbent Councillors,

Andre Gareau and Jim Ridley. Corinna Dootjes declined our invitation. New Candidates: Jason Best, Pam Hilstad, Shane Jonker, Don Rees, Ward Rice & Ed Russell. Christopher Planche declined our invitation.

The candidates (including the Mayor), in various groupings, were required to answer some quick questions by raising their hands or keeping them down. They then were given two minutes to introduce themselves. Each candidate was given two questions (not disclosed in advance) with 2 minutes to answer each one. There were questions from the floor (or from prior emails) where a one minute response was required and then they were allowed one minute to sum up.

BOWDA distributed additional questions after the forum and the candidates were offered the opportunity to email us a brief response to whichever questions they chose to answer.

The forum was taped and a professional transcriber prepared the transcription available at [www.BOWDA.ca](http://www.BOWDA.ca). It was a difficult task because of the speed of the responses. Susan Barry reviewed the tape and transcription and tried to ensure it is as accurate as possible. At the very end she added material that speaks to the incumbents' record of attendance in the last Council session.

## **\*Miscellaneous Government**

### **Decision to accept pay up to MLAs**

The Edmonton Journal

Thu 27 Sep 2007

Page: A2

Section: News

Byline: Archie McLean

Source: EDMONTON

Every MLA committee should have a purpose and should report back to government on its progress, Premier Ed Stelmach said Wednesday.

But Stelmach stopped short of reprimanding government members who accepted money for their time on committees that did little or no work. He said he won't order them to pay back any of the cash.

"The MLAs will make that decision on their own," Stelmach said. The premier was responding to recent Journal articles that showed MLAs got paid for membership on committees but didn't do much work.

Tories Cindy Ady and Barry McFarland got more than \$19,000 for their membership on the Idaho-Alberta Transboundary Task Force, despite no evidence that they did any work. They were named to the committee in 2005 by Stelmach, who was then International and Intergovernmental Affairs Minister.

"This committee was struck at a time when BSE and of course the softwood lumber issue was top of mind," Stelmach said. "Now that we've seen the border opened, the committee has been abolished."

Three more government MLAs got a combined \$17,630 for spending seven months on the Legislature Grounds Renewal Committee, which met only three times. One of the MLAs pledged Wednesday to give a portion of his \$3,526 back.

Dave Eggen, an NDP MLA on the Idaho-Alberta committee, has also committed to giving the money back.

Alberta Liberal MLA **Laurie Blakeman** already paid taxpayers back more than \$3,000 for her time on the renewal committee. She did it without prodding and is hoping the rest of the committee members will follow her lead.

"Politicians are often painted with a brush that they're not honest, they're not forthright," Blakeman said. "I think it's important that we do everything we can do to be honest and up -front with people."

Peace River Tory MLA Frank Oberle said he was unaware he received the extra money but has made arrangements to start paying it back.

"I think this is an isolated incident that fell through the cracks," he said.

Other MLAs defended their pay. Ady and

McFarland both say they did plenty of work to justify the money.

Calgary Tory MLA Dave Rodney said he does lots of committee work, some paid, some not.

"It's very fair to say that Albertans are very well served and get a huge return on investment for the compensation the MLAs receive."

Leduc-Beaumont-Devon Conservative MLA George Rogers has said he will consider paying back some of the roughly \$10,500 he received.

Stelmach didn't criticize his MLAs for their behaviour, but did say he hopes they will follow his lead when it comes to accountability.

"My leadership is one of work ethics, that's why I'm here as premier of the province of Alberta," Stelmach said. "I'm sure that those that are around me will see the example and follow that."

amclean@thejournal.canwest.com

#### OTHER EXAMPLES

Critics have long complained that the Conservatives use committee and task-force memberships to top up their backbencher's pay. Here are a few selected examples of committee pay from 2005-06:

- Grande Prairie-Smoky MLA Mel Knight

\$6,000 for serving on the Alaska-Alberta Bilateral Council

\$6,000 for serving on the Council of the State Governments - West Energy Committee

\$18,000 for co-chairing the Alberta Energy Research Institute

- Calgary-East MLA Moe Amery

\$18,000 for chairing the Environmental Protection Advisory Committee

\$6,000 for serving on the International Governance Office Advisory Committee

\$6,902 for chairing the MLA Review Committee on Secondary Suites

- Lacombe-Ponoka MLA Ray Prins

\$7,500 as co-chair of the Task Force on Continuing Care Health Service and Accommodation Standards

\$5,200 as chair of the Local Authorities Election Act Review Committee

- Cypress-Medicine Hat MLA Leonard Mitzel

\$9,271 as co-chair of the Ambulance Governance Advisory Council

\$18,000 for chairing the Alberta Health Facilities Review Committee

- Calgary-West MLA Ron Liepert

- \$6,000 for membership on the Trade and Transportation Committee of the Council of State Governments - West

- \$5,398 for chairing the Public Affairs Bureau Ad Hoc Committee

- \$18,000 for chairing the Alberta Film Commission

- Calgary-Bow MLA Alana DeLong

-\$4,500 for chairing the Nomination Review Committee for the Minister's Senior Service Awards

- \$18,000 for chairing the Information and Communications Technology (ICT)/SuperNet Advisory Committee

- Calgary-Foothills MLA Len Webber

- \$9,000 for chairing the Private Investigator and Security Guard Legislation Review Committee

- \$18,000 for chairing the Healthy Aging and Continuing Care in Alberta Implementation Advisory Committee

## **Columnists**

**Graham Thomson, The Edmonton Journal**

**Stelmach is waiting to take your call; Premier has made it easy to leave comments on royalty review, via automated lady**

The Edmonton Journal

Thu 27 Sep 2007

Page: A16

Section: Opinion

Byline: Graham Thomson  
Column: Graham Thomson  
Source: The Edmonton Journal

For anyone who doubts Premier Ed Stelmach is serious about hearing your opinions on royalties, go pick up the phone.

Go on. I'll wait.

In Edmonton, dial 427-0265. If you're phoning long distance, first dial 310-0000, then 780-427-0265. That'll give you a direct line to the government. That's a free call. The government will pick up the tab.

Stelmach is making this so easy he might as well come over to your house and dial the phone for you.

Okay, now that you're on the line, you'll notice immediately the warm reception from the lady who answers, "Thank you for contacting the department of energy's public information centre."

She is unfailingly warm and polite no matter how many times you call.

A cynic might say that's because she's a pre-recorded answering machine but I like to call just to hear somebody in government be nice to me.

Next she'll tell you that if you have questions about utility rates to call another number.

Now, at this point you might be distracted and want to call that number to give somebody a piece of your mind about your power bill going through the roof over the summer, but let's stay focused. One complaint at a time, please.

Okay, when the nice answering machine is finished talking, press "0."

After about 15 seconds and four rings you'll hear, "Thank you for calling Alberta energy's public information centre."

You might at first think you've gone full circle and are back with the first answering machine, but notice how this machine refers to "Alberta energy" while the first machine said "department of energy."

Two completely different recorded greetings. The government has spared no expense when it comes to listening to your concerns.

Take a moment to collect your thoughts as the message continues: "Our hours of business are Monday to Friday 8:15 to 4:30 Mountain Standard Time. If you would like energy-related information or if you would like to share your comments on the royalty review report, please leave a message." Beep.

You're on!

I'd recommend keeping your comments short and to the point. Stelmach doesn't have all day to listen to meandering messages plugging up his answering machine. He's a busy man.

Opposition party skeptics are saying the energy department's hotline is merely window-dressing, that it's as meaningless as a dead-letter box and that the passion of Albertans' concerns will be reduced to a briefing note passed around between bureaucrats.

These are no doubt the same skeptics who say the Alberta government has systematically botched the whole royalty process and shortchanged Albertans by \$1.9 billion in royalties last year alone.

Those skeptics would argue the government can't be trusted to respond to the work of the royalty review panel -- work that is so critical of the government in the first place.

Skeptics are also outraged the government is inviting energy companies to meet Deputy Premier Ron Stevens behind closed doors to argue against a royalty increase.

Average Albertans who own the oil and gas -- that'd be you -- are not offered the same invitation.

But, hey, you've got your own hotline to phone.

Energy company executives have to go to the trouble of travelling all the way to government offices in Edmonton or Calgary and then go to the bother of sitting down with government officials face to face.

And before the meeting begins somebody will have to take the effort to get up and close the door so nobody outside hears what they're talking about.

In a news release this week, Stelmach called this "governing with integrity and transparency."

Skeptics will have other words to describe it, none that I would want to repeat here.

Non-skeptical government officials say Albertans should let the premier go through the process and present his response to the royalty review panel in mid-October.

As part of that process Stelmach says he really wants to hear what you think. Hey, you can call him.

You can call the opposition politicians, too. You can call them skeptics.

[gthomson@thejournal.canwest.com](mailto:gthomson@thejournal.canwest.com)

## **Don Braid, Calgary Herald**

### **Auditor could end great debate**

The Calgary Herald

Thu 27 Sep 2007

Page: A8

Section: News

Byline: Don Braid

Column: Don Braid

Source: Calgary Herald

The great royalty debate could very well be over by noon next Monday, about two hours after Auditor General Fred Dunn releases his annual report.

Dunn's document, already printed, will ask if Alberta's royalty review systems are adequate and if they operate as well as they should.

The highly charged answers, government sources tell me, are no, and no.

Dunn will find that Alberta is not receiving enough from current royalties. He will identify flaws in the system. And some of the blame will fall on Ralph Klein's ancient regime for having this information in hand, but claiming that all was well.

Dunn will not contradict the broad findings of the recent "fair share" royalty review. Rather, he'll support them where the issues intersect.

For Premier Ed Stelmach, as he inches the government toward higher royalties, this will be pure gold.

He'll have two independent reports to wave at industry critics who charge that Hugo Chavez, with the ghostly Pierre Trudeau riding at his side, is seizing Alberta. And Stelmach can also use this two-sided hammer to subdue his nervous caucus.

The ill winds will continue to blow out of the executive suites. The industry Bluster-Meter might explode as desperation sets in. But hardliners will increasingly be talking to themselves. The debate will be decided; a slam dunk, courtesy of Fred Dunn.

It isn't clear whether Dunn will specifically criticize former Energy Minister Greg Melchin, who said an earlier internal royalty review found that Alberta was getting enough from the system.

When the study itself was obtained under Freedom of Information, it showed that if oilsands royalties are not increased, government revenue will stay flat even as production rises.

But it really won't matter whether Dunn delves into those messy details. The report, I'm told, will be plenty clear enough to show that changes have to come.

With many Albertans leaning toward higher royalties already, Stelmach will have political authority to act. Indeed, he won't have any choice. The status quo is becoming the route to political suicide.

Although it isn't yet publicly obvious, the industry itself is uncertain and divided. Even the review's call to eliminate grandfathering of royalty deals isn't uniformly condemned, for a fascinating reason. Everybody agrees in principle that old deals should be respected -- but what if changing the deals actually helps the companies?

That's exactly what this ingenious review proposes to do, by lowering royalties on many thousands of existing, marginally profitable wells.

To quote the report: "57 per cent of Alberta's 15,931 conventional oil wells will pay lower royalties, as will 82 per cent of the 117,951 natural gas wells.

"The bulk of the decreases will be enjoyed by low-production wells. Additional revenue, which will more than make up for the decreases, will come mostly from high production rate natural gas and conventional oil wells."

So this review (you know, the one written the authors of the National Energy Program) offers royalty relief for the vast majority of conventional oil and gas wells.

And the province will still reap more revenue than it does now, by raising royalties on highly profitable wells.

The attacks on the report look more desperate every day, and by noon next Monday, they'll seem even weaker. It was a nice debate while it lasted.

dbraid@shaw.ca