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## Agriculture & Food

### 17 family farms honoured as pillars of their communities

The Edmonton Journal

Tue 06 Nov 2007

Page: B2

Section: Cityplus

Byline: Francois Marchand

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON -- Seventeen family farms from central and northern Alberta have been recognized for their commitment to their communities and for showing leadership in the farming industry.

"Farm families built this province from the ground up," Premier Ed Stelmach said at the 2007 AMA Farm Family Awards, which took place at the Agricom over the weekend. "I can see that spirit is still alive. Your pride as farmers and Albertans is apparent in everything you do."

Garry and Lynn Burnett of Fort Saskatchewan were among the honourees. The couple has been growing grain and raising cattle for 68 years.

"I'm very proud of my parents," said son Greg, 42, who is taking over the family business. "They worked very hard."

The Burnett family farm was founded more than 100 years ago and now occupies 900 acres of land.

"My granddad settled there in 1902 and it's been in the family ever since," said Garry, 68, "and now it's going to Greg."

While Stelmach noted the farming families were a model of self-reliance and a great support for their communities, the Burnetts recognize their way of life is changing.

"Farms are getting bigger and farmers are getting less," said Garry, adding he always enjoyed the freedom his work brought him. "It's just the way it is."

For Greg Burnett, being able to continue a tradition and a passion that dates back over a century means just as much as seeing his parents receive a plaque recognizing their years of labour.

"It's an honour just the same as the award," said Greg. "It's what I do: I'm a farmer. At the end of the day, you can be happy with what you've done."

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## Children's Services

### **Social agencies welcome cash but call for long-term solution**

The Edmonton Journal

Tue 06 Nov 2007

Page: B5

Section: Cityplus/Alberta

Byline: Darcy Henton, with files from Jason Markusoff

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON -- Alberta's social agencies say the province has thrown them a \$26-million lifeline to help retain employees in a tight labour market, but more has to be done to keep their ship from sinking.

The agencies say the province's red-hot economy is burning out their workforce -- increasing the workload and luring away staff -- and a long-term strategy is required to address the issue.

Bill Moore-Kilgannon of Public Interest Alberta says some agencies are facing staff turnover rates as high as 40 per cent. "Twenty-six million dollars is a lot of money, but what does it translate into? Will it resolve the crisis? No. Is it a lifeline? It's at least a step in the right direction."

He said "everyone appreciates the cash, but we're looking for long-term solutions."

Organizations were looking for \$80 million to bring employee wages more in line with wages paid to people doing similar jobs for government agencies.

Bob Greig, president of the Alberta Council of Disability Services, said the new cash will mean an extra 30 cents an hour to the 17,000 people employed by the network of agencies he represents.

"It isn't going to do a whole lot, but it's a recognition on the part of the government that we do have a definite human resources issue around recruitment and retention of staff," he said.

He said agencies were seeking "somewhere in the neighbourhood of \$2 an hour in increased funding" in order to compete with the private and government sectors for front-line workers.

"We do appreciate that all kinds of employers are having difficulty getting staff, but we just aren't able to close our doors," he said. "That sets us apart from a Tim Hortons or McDonald's."

Premier Ed Stelmach said the issue is "of great concern" to his government.

"That's why we've listened and are making an additional investment to help contracted agencies attract and keep staff."

Children's Services Minister Janis Tarchuk wouldn't say if the increase will be built into the base funding for the organizations because the budget is still being planned, but she was confident the increase in funds this year will help the agencies keep their staff.

"I think it's a good injection," she said. "It's a good start and it's an indication we heard what they said ... For an in-year injection, this is pretty good. And I look forward to talking with the contracted agencies on how it does impact them."

Jan Reimer, executive director of the Alberta Council of Women's Shelters, said she's been advised that the money will be built into the base funding so agencies can increase their employees' wages without having to worry about having to impose cutbacks next year.

Women's shelters will get \$850,000, which will translate into a five-per-cent wage hike for staff, but there's a \$17,000 gap between contracted agency wages and government wages, she said.

Reimer said agency front-line jobs top out at about \$40,000.

John Meston, executive director of the Alberta Association of Services for Children and Families, says he considers the funding to be "a patch" to prevent agencies from losing ground, but he's optimistic government recognizes the need for a long-term plan.

"I just get a sense that government has got a better understanding of the crisis we're in and is looking at ways to try to address it," he said.

But Liberal children's services critic **Weslyn Mather** says some people working for social agencies "are almost on welfare rates. ... They can't afford to take care of their own families. They've got two or three jobs in some cases. And they're doing invaluable work and they need to be recognized for that."

NDP Leader Brian Mason said there's a need for better planning.

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## Energy

**'No billions missing'; 'Royalty system good' - Tories**

The Edmonton Sun

Tue 06 Nov 2007

Page: 4

Section: News

Byline: BY JEREMY LOOME, LEGISLATURE BUREAU

Relax, Albertans, your \$1 billion or \$2 billion per year was well spent by big oil.

That was the message yesterday from Premier Ed Stelmach and cabinet as the first day of the fall session of the legislature evolved into an emergency debate on royalties - and the need for immediate legislation to govern raising them.

Opposition members, meanwhile, said it's time for the government to admit it developed bad energy policy that hurt the public interest.

#### UNCOLLECTED ROYALTIES

The premier, along with Energy Minister Mel Knight and Health Minister Dave Hancock, stated that Alberta didn't lose billions of dollars over the last seven years from uncollected energy royalties, despite reports from internal government staff as early as 2000 that, due to the high cost of oil, Alberta could hike revenues to match other jurisdictions without hurting the industry.

Those suggestions were later confirmed by the province's auditor general, as well as an independent review panel, both of which confirmed the province hasn't collected the public's fair share of revenues for years.

But Stelmach, in repeatedly refusing to answer when he first knew that was the case, suggested Alberta was well-served by the royalty structure because companies reinvested that money into the economy.

"The money was reinvested in Alberta, not only for developing the resources but it also created opportunity for many other Albertans, and gave them a much better quality of life in terms of health care and education, right here in this province," said Stelmach, who did not participate in the emergency debate.

"When I look at this province, I can't see where this province of Alberta was short-changed."

That was followed up by Energy Minister Mel Knight, who said there were no "billions of dollars missing from anyplace.

"Those dollars remained in the province of Alberta, were invested, were a magnet for additional dollars," Knight said, adding he thinks the old royalty regime was "very good policy."

Hancock, meanwhile, suggested the province couldn't raise royalties during that period because of the lower cost of oil.

Alberta Liberal Leader **Kevin Taft** said the unwillingness of Stelmach's government to address the issue in the house - prior to the debate being forced - was "a demonstration of evasiveness seldom seen in this assembly.

"This is a question of profound importance. How long has this premier known that the current system was shortchanging the people of Alberta out of billions per year?"

TORIES 'DID NOTHING'

NDP Leader Brian Mason, who forced the emergency debate, said Energy Minister Mel Knight knew energy revenues were low but did nothing, and even misled the legislature by suggesting there were no references in a report tabled in the house that they could be raised.

That's an accusation also made by the Liberals in a procedural point expected to be ruled on tomorrow.

"Mr. Premier, the minister has knowledge that you could have raised royalties years ago and raised billions of dollars without hurting the industry.

"He did not tell Albertans that and by evading the question you are condoning that behaviour. Why is that minister still in your cabinet, Mr. Premier?" Mason asked.

The government does not plan to introduce legislation governing its new regime until next year.

#### WHAT THEY SAID

Some key statements from yesterday's emergency legislature debate on oil royalty revenues. Premier Ed Stelmach did not participate:

"There was a document produced by the department that talks about 'well, you could raise (royalties) if you thought that was the right policy to proceed with. That's like listening to the maintenance janitor say 'well, I think the tenants could handle a little higher rent, so you might as well raise it.' - Advanced Education Minister Doug Horner.

"What in the world would possess a minister in a democratically elected government to not go forward on the advice of his own department to collect further billions of dollars that rightfully belonged to the taxpayers? The crucial evidence here is that for seven years, this government has willingly forgone billions of dollars, has willingly and deliberately overruled its own officials. And we need to get to the bottom of this. We need to understand why." - Alberta Liberal Leader **Kevin Taft**.

"In order to fully understand the share that Albertans have received from this resource we need to take into consideration the fact that this industry has generated thousands and thousands of jobs for Albertans, very high-paying jobs." - Energy Minister Mel Knight

"What the opposition doesn't seem to comprehend is that simply because something could or perhaps even should be done, that it is the responsibility of the government to dictate the policy, to determine the policy, to have that in-depth discussion." - Environment Minister Rob Renner.

"If oil goes up a dollar under the government proposal, less than half of that will come back to us, the owners of the resources. So Mr. Speaker, I'd say it's pretty clear that this government has caved in to big oil. It has surrendered the position of this province. It has sold the people of Alberta out." - NDP Leader Brian Mason.

**One wild goose chase; Memo to **Kevin Taft**: There are no missing billions in royalties**

The Edmonton Sun

Tue 06 Nov 2007

Page: 7

Section: News

Byline: BY NEIL WAUGH, EDMONTON SUN  
Column: THE PROVINCE

Somewhere out on Winterburn Road - or maybe it's MacLeod Trail South - there's a self-storage locker.

And if you dig behind the discount warehouse furniture with cigarette burns and the old snow tires, you might just find Kevin Taft's missing royalty billions.

I don't know this for a fact. But I know someone whose uncle said he may have seen the pile of cash that the Alberta Liberal leader says is missing.

Taft compared it yesterday, before the fall legislature session kicked off, to the Enron meltdown or Conrad Black's troubles with the U.S. securities authorities.

His finance critic - the usually sane and sensible Rick Miller - ratcheted it up to "the biggest financial scandal in Canadian history."

Taft then warned darkly: "if this was a publicly traded corporation it could very easily be criminal.

"We have discussed the possibility of bringing in the police," Taft snapped.

After that he warned Premier Ed Stelmach: "we will drive this issue relentlessly."

The Liberals did just that, burning up almost every chance they had in question period to toss out questions on the Missing Billions.

"The people of Alberta need an explanation of where the dollars went," Taft blasted.

#### OUT STICK-HANDLED

Then he hilariously got out stick-handled by Brian Mason's tiny NDP caucus who asked for - and got - an emergency debate on resource royalties.

But if this is where Taft is headed until the session winds up sometime in December, then it's going to be a long, boring five weeks.

And at the end of the day, Taft's poll problems will be no better than when he embarked on this dubious course.

There are no missing billions. And if the Liberals ever did call the Mounties, they would laugh them out of K-Division.

Sure, there is a former premier who once said he didn't give a "tinker's damn" about royalty rates. His complacent energy ministers chose to ignore internal department recommendations to raise royalty rates.

Plus, there have been concerns largely raised in this column going back several years that the penny-on-a-dollar oilsands royalty was "goofy" when the oil price hit over \$40 a barrel.

Now it's trading above \$90 a barrel.

Back then **Taft** was No Show Kevin. And he mysteriously sat out almost the entire debate earlier this fall after Bill Hunter released his independent panel's Our Fair Share report that recommended a modest tweak in royalty rates.

**Taft** only revealed his party's official stand on the eve of Stelmach's historic royalty decision.

Mason, of course, tried to link **Taft**'s silence to the large cheques the Liberal bagmen have been cashing from Big Oil as they desperately try to shed the debt mountain that Nancy MacBeth built.

The debate at times turned into a hissing match between the Liberals and NDP over who is tougher on royalty reform.

"The Liberals have been AWOL," Mason poked. "The heavy lifting has been done by the NDP caucus."

The reality is, it was Ed Stelmach who hired Hunter. And it was the premier who announced the royalty changes in Calgary two weeks ago.

"I promised Albertans a fair share on the resources we own," he told **Taft**. "And we delivered on that commitment."

You can argue like Mason that the PC's didn't go far enough.

But there's no denying that Stelmach did it.

The premier also pointed out the \$22 billion in debt payments.

#### ROYALTIES WERE COLLECTED

So it's not as though any royalties weren't collected from the oilpatch.

Just not enough given today's inflated oil prices.

And the Missing Billions are at best theoretical billions, which Stelmach has now decided to claw back as his most important and decisive act since becoming Alberta's unlikely premier almost a year ago.

For some bizarre reason, known only to the Liberals, they have gone after Stelmach's strongest move so far with a phoney issue.

And if this is the best **Taft**'s got, the fall legislature session may already be over almost before it has begun.

#### **Manning takes Stelmach to task**

National Post

Tue 06 Nov 2007

Page: A4

Section: Canada  
Byline: Kevin Libin  
Column: Kevin Libin  
Source: National Post

When Preston Manning speaks, Albertans listen. And when Peter Lougheed speaks, they listen, too. But in recent days, watching two titans of Alberta politics clash over one of the most controversial issues of the day can only leave the current PC government wondering which of the two elder statesmen Albertans will believe.

Of the two, Mr. Manning, founder of the Reform party, has been unsparing in his criticisms of Premier Ed Stelmach's decision to rearrange Alberta's resource royalty regime. In a recent article, he wrote that Mr. Stelmach's "tearing up previously signed agreements" with oilsands developers has created "long-term uncertainty ... about the competence of his government to lead on major energy issues." He told the Calgary Herald the Premier had failed "to demonstrate that we have a grasp of the big picture," meaning his province's role as an emergent global energy powerhouse, and again raised questions of the Premier's "competence." This weekend, on a CTV political show, Mr. Manning predicted the provincial Tories risked electoral disaster over their bungling of the royalty file.

As the province's first Progressive Conservative premier, who racked up four majorities of his own, Mr. Lougheed knows a thing or two about winning elections. After Mr. Stelmach unveiled his new royalty measures on Oct. 25, taking \$1.4-billion more from Alberta's energy producers, Mr. Lougheed said the plan "struck the right balance" between the interests of industry and Albertans. The fact that both industry and plenty of Albertans complained, well, that was only proof that Mr. Stelmach had found the perfect compromise. "When you make a major announcement and you've got both extremes distressed with you, you say to yourself, 'Maybe we got this right,' " he told CanWest News.

But that was before polls gauged the popularity of Mr. Stelmach's announcement. And judging by the results, Mr. Manning has the better sense for the direction of the political breeze. Tory popularity is, today, lower than ever, at 33% (when Ralph Klein left to make room for Mr. Stelmach, the Tories were at 53%). Roughly 47% of voters say they like Mr. Stelmach's plan; 39% don't. Mr. Stelmach may have distressed folks on both sides of the royalty-raising divide. But since 31% of those surveyed in the Leger Marketing poll say the new royalties make them less likely to vote Tory, and only 16% say they are more likely to do so come the next election, it's clear that while the Premier's new policies may have sufficiently pleased Mr. Lougheed, they haven't done the rest of the party good.

With all his talk of the Tories' competence deficit, Albertans will naturally wonder whether Mr. Manning might be plotting a return to politics. Last spring, he briefly flirted with the idea of running for the provincial PC leadership, but eventually declined. He was too busy, he said, setting up his brand new think-tank, the Manning Centre for Building Democracy.

But Mr. Manning is fond of pointing out the big, unmistakable trend in Alberta politics: "long periods of one-party government, then a major upheaval, with the ruling party ... replaced by a new group with new ideas," as he reflected in Maclean's in 2005. He is also careful to add that no government has lasted more than 36 years before getting tossed -- the exact age of the government Mr. Stelmach has inherited.

So far, none of Alberta's main opposition parties has captured any support from the Conservative party's losses (besides, both the Liberals and NDP think Mr. Stelmach didn't hit Big Oil nearly hard

enough). But the Liberals, at 14.5% and the NDP at 8%, don't need gains in order for the Tories to lose. The last time Mr. Klein took Albertans to the polls, 130,000 of his supporters were depressed enough over excessive spending and a lack of government focus, that they simply stayed home, costing the Tories 11 seats. The same Tory no-show lost the government Mr. Klein's longtime riding in Calgary-Elbow in June. The current Premier, meanwhile, still unelected, is under pressure to hold a vote soon. And with the Leger survey showing nearly one-third of Albertans unmoved by any of the three major parties, Mr. Manning predicts "dozens and dozens of seats up for grabs."

When Alberta's Progressive Conservatives found themselves in the federal political wilderness in the late Eighties, it was Mr. Manning who created the Reform party, giving alienated Westerners a party to call home. When asked by CTV host Craig Oliver on Sunday if he was reconsidering his decision not to enter provincial politics, Mr. Manning said he wasn't. The Manning Centre, he said, is where he can "make the biggest contribution." But even if he chooses not to become the agent of political transformation himself, Mr. Manning may prove its prophet. And what he's telling Albertans is that, unless something big changes, the PCs in this province likely don't have many years left in power.

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### **Full-court press on royalties; Where are the missing billions? Liberals, NDP demand to know**

The Edmonton Journal

Tue 06 Nov 2007

Page: A3

Section: News

Byline: Archie McLean

Dateline: EDMONTON

Source: The Edmonton Journal with files from the Calgary Herald

EDMONTON - The fall session of the Alberta legislature started with a bang on Monday, with calls to fire the energy minister and suggestions a criminal investigation may be needed to determine why the government failed to collect billions of dollars in royalties.

The Liberals and NDP both demanded Premier Ed Stelmach sack Energy Minister Mel Knight for insisting earlier this year there was no evidence the government wasn't collecting an appropriate amount in resource royalties.

Liberal Leader **Kevin Taft** said the Conservative's royalty behaviour verges on criminal.

"If this kind of behaviour occurred in the publicly traded corporation, it's very likely that it would be criminally culpable," **Taft** said as he entered the legislature.

"We have discussed the possibility of bringing in the police. We would prefer the minister come forward with their own internal information so all Albertans can judge."

Auditor General Fred Dunn said it's unlikely a criminal investigation is needed into the government's royalty collection in past years because it's a discretionary decision on the part of a minister and government.

The province was never actually "owed" more on royalties because it set a policy to collect a certain amount, regardless of whether it was perceived by some to be too little.

"The minister exercises the authority to determine the public policy," Dunn said. "Was anything criminal? No."

Taft pressed Stelmach on when the government knew it was "shortchanging the people billions of dollars a year."

Stelmach rose several times without answering the question. Instead, he talked about his government's record in other areas.

"He's trying to make the assumption that there are missing billions. Well there are. There's missing billions. Twenty-two billion dollars of missing debt -- that's missing, that's paid off," Stelmach said. "We see the best quality of life here in the province of Alberta compared to anyone in the country of Canada and yet they seem to be the doomsayers of tomorrow."

Alberta Alliance Leader Paul Hinman said Stelmach should have left the royalties alone. NDP Leader Brian Mason implored Stelmach to fire Energy Minister Mel Knight.

"The auditor general said that this minister had access to information showing that royalties could be raised without hurting the industry and he denied it in this house. How can you condone that, Mr. Premier?" Mason asked.

During the day's debates, government members argued it is futile to guess at numbers from the past. If they had raised royalties years ago, the province may not be in such a sound financial position now. What's important, they say, is that the premier has acted now and he got it right for the future.

"There are no missing billions," Knight said.

"Those dollars remained in the province of Alberta, were invested, were a magnet for additional dollars. There are literally hundreds of billions of dollars that have been invested in this province over the period of time that these members speak about. It was very good policy."

The NDP won a small battle when it convinced Speaker Ken Kowalski and a sizable portion of Conservatives that the legislature's normal business should be suspended for an emergency royalty debate, which lasted for about 21/2 hours.

"This issue has dominated Alberta politics for the last several months," Mason said afterwards. "We were able to put on the record our view, which is that Stelmach has not delivered."

Such debates are rare. The last one happened in 2005 when the NDP forced a debate over the treatment of long-term care patients.

The Liberals also filed a motion in the legislature claiming Knight misled the house when responding to a question last spring about the department's royalty reviews.

"There is nothing in any of those documents that indicate to anybody that we have not collected a fair share of royalties for Albertans," Knight said.

But a pair of recent high-profile reports -- from an independent review panel and from Dunn -- appear to contradict Knight. They said the province has missed its own royalty targets for some years now and the minister knew it.

Kowalski said he will make a decision on the Liberals' motion later in the week.

Royalties -- how much the province takes in exchange for the right to extract its oil and gas -- were a simmering issue in Alberta until February, when Stelmach fulfilled a PC leadership campaign promise and appointed a panel to review the situation.

The panel delivered its report in September. It recommended raising royalties by about 20 per cent, or about \$2 billion a year.

That report was compounded by Dunn's annual report, which said the

energy department was aware as early as 2000 that it was missing internal targets for royalties, but chose not to act.

After more than a month of debate, Stelmach released his own plan last month. It raised royalties sharply, but almost \$500,000 less per year than the review panel recommended.

Royalties are not on the agenda for the rest of the session, but opposition parties have vowed to keep pressing the government anyway.

with files from the Calgary Herald

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### **Energy policy hot topic in legislature; Premier fields debate on royalties and public interest**

The Calgary Sun

Tue 06 Nov 2007

Page: 5

Section: News

Byline: BY JEREMY LOOME, LEGISLATURE BUREAU

Dateline: EDMONTON

Relax, Albertans: your \$1 billion or 2 billion per year was well spent by big oil.

That was the message yesterday from Premier Ed Stelmach and cabinet as the first day of the fall session of the legislature evolved into an emergency debate on royalties -- and the need for immediate legislation to govern raising them.

Opposition members, meanwhile, said it's time for the government to admit it developed a bad energy policy, which hurt the public interest.

The premier, along with Energy Minister Mel Knight and Health Minister Dave Hancock, said Alberta didn't lose billions of dollars over the last seven years from uncollected energy royalties.

This, despite reports from internal government staff as early as 2000 that, due to the high cost of oil, Alberta could hike revenues to match other jurisdictions without hurting the industry.

Those suggestions were later confirmed by the province's auditor general, as well as an independent review panel, both of which confirmed the province hasn't collected the public's fair share of revenues for years.

But Stelmach, in repeatedly refusing to answer when he first knew that was the case, suggested Alberta was well-served by the royalty structure because companies reinvested that money into the economy.

"When I look at this province, I can't see where this province of Alberta was shortchanged," he said.

Liberal Leader **Kevin Taft** said the unwillingness of Stelmach's government to address the issue in the House -- prior to the debate being forced -- was "a demonstration of evasiveness seldom seen in this assembly."

### **It's a wake up call for review backers**

The Calgary Herald

Tue 06 Nov 2007

Page: D1 / FRONT

Section: Calgary Business

Byline: Deborah Yedlin

Column: Deborah Yedlin

Source: Calgary Herald

Anyone who didn't believe Canadian energy companies have investment opportunities beyond Alberta's borders learned otherwise Monday morning.

Natural gas giant EnCana Corp. announced it was buying out its joint venture partner, Leor Energy, in the Deep Bossier basin in Texas for a whopping \$2.5 billion US.

The deal comes several weeks after the company's president and chief executive officer, Randy Eresman, warned EnCana would be pulling \$1 billion from Alberta in the wake of proposed changes to the provincial royalty regime, particularly as it pertains to natural gas.

At the time, many people suggested Eresman -- and others who made similar announcements in the following weeks -- was fear mongering.

Monday's announcement should put that sentiment to bed.

While it's true EnCana had been looking to put this deal together for a number of months, the fact it comes so soon after the royalty changes underscores the argument that the new regime will act as a disincentive for companies to risk big dollars going after prolific natural gas targets in the province.

Start with the fact that there is a 10-year production tax holiday afforded to deep natural gas wells drilled in Texas, add in lower operating and capital costs and a higher price because of market proximity and pipeline infrastructure, and it's easy to understand why EnCana decided to buy out its partner.

The combination of these factors means that EnCana nets back a higher dollar per thousand cubic feet produced, leaving more to reinvest in other ventures.

The opposite is true in Alberta. Prices are lower, pipeline infrastructure is not as easily accessible, operating costs are higher and royalties are going up. Investing a dollar in Alberta yields a lower netback and leaves less to put back into other projects.

EnCana paid a handsome dollar for the 56,000 net acres, reserves estimated between 1.3 and 1.8 trillion cubic feet and reserves per well between eight and 13 billion cubic feet. It boosts the company's drilling locations from 200 to 370 on a net basis and will see production increase from the current 75 million cubic feet per day to 355 mmcf/d by year end 2008. Wells like these don't exist in Alberta.

Even better, it's sweet gas -- which is easier to process than the sour variety. These factors, in addition to the size of the wells, means that the economics are more than compelling compared with what can be had in Alberta -- an important fact when dealing with a commodity whose pricing has been soft these past 12 months.

At current production levels, the price paid works out to \$204,000 per flowing barrel of oil equivalent but when exit rates are factored in, the price drops to \$93,000. Of course, it doesn't hurt that EnCana will save about \$200 million right off the top, thanks to the Canadian dollar trading well above that of the U.S. greenback.

No matter how one chooses to look at it, those are big dollars for what is a counterintuitive bet on natural gas.

As the winter gas season got underway last week, the picture wasn't exactly rosy.

Most investment firms are forecasting natural gas prices to average \$7 per thousand cubic feet through 2007 -- with any uptick in 2008 entirely dependent on a colder-than-normal winter heating season. According to First Energy Capital Corp., industrial demand in the U.S. isn't growing at a rate sufficient enough to boost prices and with hurricane season over, the possibility of supply-related disruptions leading to an uptick in prices is gone.

If anything, increased natural gas production in the U.S. -- where rigs have not stopped drilling -- could have a negative impact on pricing if the winter is warmer than expected. Finally, there is the added variable of liquefied natural gas; last year, LNG imports meant lower withdrawal volumes from storage, contributing to the current price weakness.

For all those naysayers who didn't believe there would be a downside to the proposed royalty regime changes, the announcements of the last few weeks -- Canadian Natural Resources pulling back on its natural gas drilling activities, Talisman pulling assets off the sale block and curtailing its spending plans and the force majeure clauses invoked on farm-in agreements -- should be a big wake-up call.

The natural gas segment of Alberta's energy business was already hurting before the government came forward with its new royalty scheme, which has produced great uncertainty in the industry amidst weak commodity pricing and high costs. As a research note by ARC Financial points out, natural gas pipeline receipts are 1 bcf/d lower than they were at their high in April 2006, well licensing activity is down and gas well completions are at a five-year low.

EnCana's move is an excellent illustration of the fact that capital is mobile and companies will allocate resources to where returns justify risk and investment. It won't be the only Canadian energy company to do so.

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### **Royalty changes worry junior sector**

The Calgary Herald

Tue 06 Nov 2007

Page: D4

Section: Calgary Business

Byline: Lisa Schmidt

Source: Calgary Herald

Alberta's royalty changes are casting a pall over an already suffering junior oil and gas sector, even for companies that are relatively unaffected, executives said Monday.

Smaller energy firms are still weighing the impacts of the provincial government's new royalty framework, but company officials presenting at an investment forum in Calgary said the sector was already feeling pressure from lower natural gas prices, high service costs and lingering effects of the tax changes in the trust sector, traditionally a big shopper for juniors.

"To the average investor, this is another element of uncertainty that they didn't plan on when they invested in the oil and gas business," said Cameron McGillivray, chief executive of Endeavour Energy Inc.

"They will be more reluctant to put their money into the industry -- it will have that negative effect."

The Calgary-based junior produces about 4,000 barrels of oil equivalent in Alberta and Saskatchewan and said the changes appear to be roughly "a wash" on its production, which includes both shallow gas, which will see lower royalties, and higher producing wells now charged higher rates.

The royalty changes, which were introduced last month and take effect in 2009, raise rates on oil and gas development as commodity prices and production increase.

"This is consistent with the government's approach which is not to harm the economics of marginal wells, but to take more out of better wells, which we believe creates some disincentives to explore -- which is the cornerstone of the junior market," said Don Rawson, vice-president of institutional research at Tristone Capital.

"If you have the flexibility to invest elsewhere, most likely Saskatchewan, you'll do so, but some other companies focused on high-productivity light oil in Alberta, you may be the sacrificial lamb," he added.

Several junior oil and gas firms have already warned of lower cashflows, a key measure of how much money the company has available to reinvest in new projects.

Some of the biggest hits have come on the "star exploration companies," said Gary Leach, executive director of the Small Explorers and Producers Association of Canada, which organized the investment forum.

"There is a major disincentive in the way the royalty structure is going to impact them to make it less economically rewarding to go after some of the high-impact exploration that we still need in the province," he said.

The association will be making the point to the provincial government that the impacts on exploration may be an "unintended consequence" of the changes that requires further discussions.

Other executives presenting at the conference said even though the royalty changes may have little to no impact on the company, the impacts will still be felt.

Lorne Swalm, chief executive of Reece Energy Exploration Corp., said his company sold off the last of its Alberta prospects two weeks ago and is now entirely based in Saskatchewan.

"We were contemplating it prior (to the royalty changes) and that was enough to say: 'We're done,' " he said.

The company, based in Medicine Hat and producing just under 1,000 barrels a day, may now actually become more valuable because it is located in Saskatchewan, Swalm said.

"We'll probably be benefitting from it, but it's still not good for Canada," he added.

The changes may open up some opportunities for tiny start-ups such as Blackdog Resources Ltd., which currently has about 100 barrels of production and is focused on farm-in exploration instead of acquiring land.

"There will be more companies that won't be able to raise enough internal capital to drill their prospects, so they will be looking to farm out those prospects and they will be farming out better prospects and they will be giving companies like Blackdog better rates," said chief executive David Corcoran.

"From our perspective, it's good. Overall, for the industry it's bad . . . there's going to be very little drilling -- there wasn't going to be much because of the soft gas prices -- but now the industry will be totally paralyzed."

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**EnCana invests \$2.5B in East Texas gas field; CEO insists buy out unrelated to royalty review**

The Calgary Herald

Tue 06 Nov 2007

Page: D1 / FRONT

Section: Calgary Business

Byline: Shaun Polczer  
Source: Calgary Herald

The head of EnCana Corp. said Monday he remains committed to Alberta even as the company bought a multibillion-dollar natural gas field in Texas.

The Calgary producer anted up \$2.55 billion US for Houston-based Leor Energy LP, a privately held partner in the Amoruso gas field in the eastern part of the state.

"These assets are a seamless fit with our existing production and operations, and they hold tremendous growth potential in the near and longer term," CEO Randy Eresman said in a statement.

Eresman rattled Alberta's royalty debate in Sept. by threatening to chop \$1 billion out of the province if it went ahead with rate hikes.

But Monday he downplayed the timing of the deal, insisting that the transaction was the culmination of more than two years working the Deep Bossier geological trend, which has become one of the fastest growing natural gas areas in North America.

"This has nothing to do with EnCana's future plans as they relate to the Alberta government's new royalty framework. . . . It's a normal strategic event," he told analysts.

"It's not at all related to what's occurred in Alberta in any way," added spokesman Alan Boras who insisted that negotiations with Leor began in the spring before the royalty review became headline news. "The main driver is fundamentally the geology."

But analysts weren't so sure Monday's announcement was anything but extraordinary given its scope and size.

"EnCana had hinted at acquisitions in existing core areas although this was larger than we had expected," noted UBS analyst Andrew Potter, who estimated the deal would increase the company's cash flow by three cents per share.

Steve Calderwood with Raymond James said it's not clear the acquisition was motivated by the government royalty hikes that take effect in 2009. But he suggested Alberta has dropped a notch on the company's depth chart.

"They would have done this deal anyway," he said. "I don't think the timing is about the Alberta royalty (review recommendations). But do I think \$2.5 billion US in Texas comes with a corresponding cut in Alberta? Yes, I do."

In recent weeks EnCana has made a series of high profile spending announcements, including approval for the \$700-million Deep Panuke gas project offshore Nova Scotia and continuing expansion of the ConocoPhillips refining joint venture south of the border. By coincidence Conoco is also a large player in the East Texas gas fairway.

In addition, EnCana is ramping up in the U.S. Rockies and other fast growing gas basins in Wyoming and Colorado. The company's other big Canadian resource play, Cutbank Ridge, is located in British Columbia.

"None of them are Alberta," Calderwood pointed out.

In the conference call, Eresman said Amoruso has the potential to become EnCana's top core area.

EnCana releases its capital budget in about a month and Boras said it's still too early to tell what impact the Alberta royalty changes will have on the company's spending plans.

"Each project is judged on its economic merits. All those factors are taken into account."

EnCana boasted that two of the largest wells drilled in the Lower 48 over the past five years have been in the Amoruso field.

The most recent Amoruso well is currently producing 65 mmcf per day, EnCana said. The company plans to increase the number of rigs working the field to 10 by the end of the year.

EnCana said it is hoping to recover up to 3.3 trillion cubic feet (tcf) from its Texas assets, including 1.8 to 1.3 tcf associated with the Leor acquisition.

All told, EnCana is buying the reserves for about \$3 per thousand cubic feet in the ground.

EnCana shares lost 81 cents or 1.2 per cent in a broad-based sell off in Toronto on Monday, to close at \$66.96.

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#### Encana's East Texas History

- Entered East Texas in 2004 through the acquisition of Tom Brown Inc.
- Acquired additional Deep Bossier land in 2005, including Amoruso acreage.
- Increase Amoruso WI to 50% in 2006
- Grew gross Amoruso Field production, as operator, from 0 MMcf/d in 2005 to 215 MMcf/d currently.

#### **Heat on Tories during emergency royalty debate**

The Calgary Herald

Tue 06 Nov 2007

Page: A1 / FRONT

Section: News

Byline: Jason Fekete, with files from Archie McLean, Legislature Bureau

Dateline: EDMONTON

Source: Calgary Herald

An extraordinary day in the legislature Monday saw MLAs -- including an overwhelming number of Tories -- launch into an emergency debate on the government's new royalty framework.

There was no shortage of drama on the first day of the fall session, with calls for the energy minister to be fired and suggestions a criminal investigation may be needed into why the government failed to collect billions in royalties.

But the most surprising twist followed question period, when members from all four parties in the legislature agreed to an NDP motion for an emergency debate on the new royalty plan -- which has been panned by industry and the opposition.

"The (Tories) sold Albertans out to Big Oil. I think they wanted a chance to fight back," NDP Leader Brian Mason said about government support for his motion.

"It would look bad for the Conservatives to deny debate on royalties."

With the Stelmach government's new royalty framework set to take effect Jan. 1, 2009 -- and no legislation on it to be debated in the fall session -- Mason argued an emergency debate on the issue was needed.

Mason asked that ordinary legislature business be adjourned so MLAs could discuss an urgent public matter -- "the failure of the government to promptly introduce and pass royalty legislation to prevent the loss of billions of dollars to the public treasury as oil prices rise dramatically."

Surprisingly, about three-dozen Tories supported the motion and voted to hold what's thought to be the first emergency debate in the legislature in more than two years.

But Energy Minister Mel Knight wasn't one of them. A fiery Knight insisted Albertans have always collected a fair share of royalties and voted against the motion.

"There was never a point in time, there wasn't in history, there wasn't in recent history, there isn't now and there won't be going forward when we did not receive a fair share for Albertans," Knight said.

Premier Ed Stelmach left the assembly after question period and wasn't present for the vote, which saw about a dozen Tories reject the motion.

The royalty debate carried on for well over two hours, ending around 6 p.m., with dozens of MLAs being granted up to 10 minutes each to offer their comments on the issue.

While many Tories agreed to the emergency debate (a few of them even thanked the NDP for the motion), they said ramming through legislation on the royalty policy would be irresponsible.

Stelmach's new royalty strategy is expected to collect an additional \$1.4 billion in royalties in 2010, but it falls nearly \$500 million short of what was recommended by a government-appointed expert panel.

The plan has been assailed by the oil and gas industry, who insist it will kill thousands of jobs and drive billions of investment dollars out of Alberta.

A member of the royalty panel has said the government's plan is a "blatant deceit" to Albertans, while a world-renowned energy economist who's worked extensively with the province called the oilsands framework "a complete giveaway."

The chorus of criticism continued Monday.

During question period, the provincial Liberals and NDP both demanded Stelmach sack Knight for insisting earlier this year there was no evidence the government wasn't collecting an appropriate amount in resource royalties.

The salvo in the legislature came a month after Alberta Auditor General Fred Dunn said the government has known for several years it could have collected billions more in royalties without inflicting too much harm on the oil and gas sector.

But the Grits raised the stakes when Liberal Leader **Kevin Taft** said his party has considered calling for a criminal investigation into why the Tories ignored internal government advice dating back seven years ago -- as documented by Dunn -- to collect more royalties.

"The people of Alberta need an explanation about where those billions of dollars went," **Taft** told reporters.

"The government wants to wash their hands about it. But we didn't wash our hands on Enron. We didn't wash our hands on Conrad Black," he added. "You cannot let billions of dollars go missing and then just shrug your shoulders and pretend it didn't happen."

In his October report, Dunn said the government has known for at least a few years it could collect an additional \$1 billion or more annually from oil and gas development without "stifling" industry profitability.

That same report noted government technical staff "have held the view that Alberta has not been collecting its appropriate share (of royalties) since 2000."

But in an interview Monday, Dunn said it's unlikely a criminal investigation is needed into the province's royalty collection in past years because it's a discretionary decision by the government.

"The minister exercises the authority to determine the public policy," Dunn said. "Was anything criminal? No."

Nonetheless, **Taft** repeatedly asked Stelmach in question period how long the government has known the royalty system has been "shortchanging" Albertans, but the premier refused to bite.

"I see Dr. Doom is back from vacation," Stelmach quipped. "(**Taft**) is making an assumption . . . I can't see where this province of Alberta was shortchanged."

The premier noted the government has used resource royalties to burn a provincial mortgage that totalled nearly \$23 billion in the mid-1990s, as well as setting billions aside for savings and capital investment.

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### **City-owned Epcor posts 20-per-cent earnings gain; Exposure to subprime market downgraded to \$67 million**

The Edmonton Journal

Tue 06 Nov 2007

Page: F6

Section: Business

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - Epcor Utilities Inc. posted a strong 20-per-cent gain in earnings and revenue in the third quarter of 2007 despite ongoing exposure to the subprime debacle that has gripped credit markets worldwide since August.

Net income increased by 20 per cent, rising to \$67 million on revenue of \$930 million from a net of \$56 million on revenue of \$702 million a year earlier.

Power and water assets turned in solid performances while current investments in expanding operations promise to support continued growth, said Don Lowry, president of Edmonton's city-owned utility company.

Also in the three months ended Sept. 30, Epcor began to write off the face value of money-market paper torn by collapse of the "subprime" or high-risk home mortgage market. Epcor estimated the current "fair value" of its "asset-backed commercial paper" at \$67 million, or \$4 million less than a previously disclosed purchase price of \$71 million.

The value "may change materially" because the future of financial securities based on real estate loans remains "subject to significant risks and uncertainties," Epcor said.

All the asset-backed paper purchased had top marks from Canadian credit rating specialist DBRS Ltd., the Edmonton firm added.

Epcor's nine-month 2007 net income fell by 65 per cent, but the drop reflected once-only gains made in 2006 and not weakened operations.

This year's first three-quarters net income was \$218 million on revenue of \$2.7 billion, down \$407 million from a net of \$625 million on revenues of \$2.2 billion in the same period of 2006. The high net income last year was led by once-only gains of \$444 million, including \$327 million on selling an interest in the Battle River power station and \$117 million on a tax change.

## **Environment**

### **Greenpeace protesters let it all hang out**

The Edmonton Sun

Tue 06 Nov 2007

Page: 4

Section: News

Byline: BY SUN MEDIA

Greenpeace hung out for the start of the Alberta legislature fall sitting in protest of the oilsands.

Four protesters suspended themselves off the High Level Bridge behind the legislature building and hung large banners reading "Stop the Tar Sands."

Despite whipping winds, the protesters stayed suspended in the air 42 metres above the North Saskatchewan River for more than two hours.

"We're here to send a clear message to the Alberta government that it is time they stand up to big oil and start building a future that we want to leave to our future," said Greenpeace tarsands campaigner Mike Hudema.

Greenpeace has been calling on Alberta to phase out the oilsands, calling them one of the most environmentally and socially destructive projects on the face of the planet.

"Right now, the tarsands are already devastating Alberta's water supplies. It is set to ravage over one-fourth of Alberta's landscape, and they will single-handedly ensure Canada fails to make any type of progress in addressing global climate change," said Hudema.

Rather than do nothing about the oilsands, Hudema said the four protesters were risking arrest for their beliefs.

Edmonton police said the protesters will likely not face criminal charges but may be fined for mischief.

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

### **Aboriginal women's group calls for stable funding to address growing need**

The Edmonton Journal

Tue 06 Nov 2007

Page: B3

Section: Cityplus

Byline: Jamie Hall

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON -- With Edmonton forecast to overtake Winnipeg as the Canadian city with the largest aboriginal population, \$60,000 in federal money announced Monday won't go far, says the head of an organization representing aboriginal women.

Muriel Stanley Venne, the president of the Institute for the Advancement of Aboriginal Women, said the funding announced by MP Laurie Hawn represents about six months of administrative costs needed to run the office.

"We're encouraged by the interest this government has shown in the work we do," said Stanley Venne. "But we need funding that is real and sustaining."

She said the group needs \$500,000 a year to be able to do the work that's needed to empower women in aboriginal communities, and to address systemic violence.

"The numbers are awful for aboriginal women," said Stanley Venne. "It is the shame of this country that so many aboriginal women are murdered, with impunity."

Since it formed 13 years ago, the group has relied mostly on funding from projects and initiatives, the latest involving a fundraiser slated for December in memory of 13-year-old Nina Courtepatte, who was murdered two years ago.

Hawn agreed the group needs more "predictable" sources of funding and promised to advocate on its behalf in Ottawa.

In the meantime, Stanley Venne said she expects the provincial government to do its part. She plans to meet with Children's Services Minister Janice Tarchuk and Employment and Immigration Minister Iris Evans.

"We plan to ask them for the full support of stable base funding for this organization," she said.

Edmonton has the second largest urban aboriginal population in the country, behind Winnipeg, but that is expected to change within the next few years.

Joann Daniels, the institute's policy analyst, said a growing number of people are moving off reserves into Edmonton, and more than 80 per cent of them are single mothers and their children.

"There's no comprehensive policy or strategy on how to deal with this trend," said Daniels.

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### **Harper sees flipside of energy boom**

The Edmonton Sun

Tue 06 Nov 2007

Page: 16

Section: News

Byline: BY JOHN COTTER, CP

Dateline: FORT MCMURRAY

Prime Minister Stephen Harper took his first tour of northern Alberta's multibillion-dollar oilsands bonanza yesterday, then heard first-hand about all the problems the massive projects are causing.

Harper and his entourage flew over the massive mining excavations by helicopter and then climbed aboard a three-storey high, heavy hauler earth-moving machine. He then shook hands with Syncrude Canada employees.

Back in Fort McMurray, community leaders met with the prime minister in a closed-door invitation-only meeting and told him about the flip side of developing Canada's energy riches.

"We need housing, we need better roads and we need better medical services," said businesswoman Francis Jean, who is also the mother of the region's Conservative MP, Brian Jean.

"People are paying exorbitant rents, making it difficult for families to move here," she said.

Other community leaders were equally as blunt.

Melissa Blake, mayor of Wood Buffalo, the municipality that includes Fort McMurray, said it is great to have the prime minister visit an area that will provide much of Canada's economic oomph over the next decade.

Blake said while much of the region's problems fall within Alberta's jurisdiction, she hopes the federal government will contribute money to help the community build the road, water, sewer, health and other infrastructure projects it will need to flourish.

The population of the Fort McMurray area has doubled to 90,000 people since 1999 and continues to grow quickly.

"It is the challenge of having a population that has doubled and is projected to triple within 15 years," Blake said.

"The infrastructure is simply not keeping pace under the regular funding mechanisms. We are looking at the possibility of sharing costs with other levels of government -- be it federal or provincial."

Just last week there were media reports of people in the area finding notices posted on their doors warning of impending rent hikes exceeding \$1,000 a month.

Harper would not speak to the media about the meeting, his tour of the oilsands or any other issue.

Jean said Harper will take the message that he heard from community leaders back to Ottawa. The MP said no promises were made of immediate federal money to help deal with Fort McMurray's growing pains. Jean said Ottawa must respect Alberta's jurisdiction.

Other community leaders also spoke about the labour shortage. Alberta estimates it will need 20,000 new workers over the next seven years just to replace those retiring or moving on.

**Boom has its stresses, McMurray tells PM; Harper tours oilsands, meets with community and business leaders, but makes no offers of help**

The Edmonton Journal

Tue 06 Nov 2007

Page: A2

Section: News

Byline: Mike Sadava

Dateline: FORT MCMURRAY

Source: The Edmonton Journal

FORT MCMURRAY - Stephen Harper may have been the first prime minister to visit Fort McMurray in more than a decade, but he made no promises to help this over-stressed city deal with its booming economy.

During his half-day tour of the area, Harper flew over the oilsands in a helicopter, toured part of the vast Syncrude site in a three-storey high "heavy hauler," and visited employees at the Syncrude control centre before meeting with oilsands executives and other business and community leaders.

Fort McMurray is one of the most

rapidly growing cities in Canada, expected to hit a population of 100,000 within five years.

But the growth has come at a cost: extremely high house prices, rent increases of more than \$1,000 in the case of one apartment complex, and a two-lane highway from the south that is clogged with slow-moving, oversized loads of prefabricated parts for the oilsands.

Harper did not talk to the media after the "round-table" meeting, but others

attending the meeting said it produced no specific help for the "energy superpower," as the prime minister has referred to the area.

Wood Buffalo Mayor Melissa Blake said consistent comments from those in the room clearly sent Harper the message that the boom has brought many challenges.

While many jurisdictions across Canada face labour and other growth pressures, "the order of magnitude is different here," Blake said the prime minister was told.

The meeting included a discussion of different levels of government working together, as well as the possibility of so-called P3 partnerships between business and government.

Blake was upbeat despite the lack of specific promises.

"The first step is awareness, and we certainly had that."

Athabasca MP Brian Jean said the provincial royalty review was brought up in the discussion. Harper pointed to last week's tax-cutting, mini-budget fiscal update and noted "that we brought corporations pretty well back to where they were before the royalty review."

"It was great news for corporations and great news for Canadians at every level of paying taxes," Jean said.

Monday marked the first time that Harper has visited Fort McMurray, at least as prime minister, and is the first time a prime minister visited the area since Jean Chretien's trip there in 1996.

Alain Moore, spokesman for Syncrude, said there was a lot of talk about the contributions of the oilsands to Canada's economy during his visit to the company's site.

Many workers came out of their offices to greet Harper when he visited Syncrude's control centre.

"A number of Syncrude employees were thrilled and honoured to have a person of that national stature visiting them," Moore said.

After his visit to the northern Alberta city, Harper was flown to Castlegar, B.C.. where he was to attend an evening meeting with Tory party members.

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## **Municipal Affairs & Housing**

### **Home sales, prices tick upwards as supply shrinks**

The Edmonton Journal

Tue 06 Nov 2007

Page: F1 / FRONT

Section: Business

Byline: Ron Chalmers

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - Edmonton home prices rose slightly in October, with more sales and less inventory.

The average price for all housing forms gained one per cent from September, to \$347,668. Single-family houses, however, slipped 0.6 per cent to \$397,198. Condominiums fell 2.9 per cent to \$262,875.

But the overall average was boosted by an extraordinary increase of 18.7 per cent among duplexes and row houses, which averaged \$367,964 -- but only 55 were sold. Total sales of 1,451 units, while up from 1,211 in September, were down 32.3 per cent from October 2006.

Carolyn Pratt, president of the Realtors Association of Edmonton, which released the figures Monday, said that figure was based on only 55 row house and condo sales and might reflect an unusual mix of units that happened to sell in the one month.

The overall pattern was not surprising -- "a softening of prices partly due to the high inventory and partly due to a quieter season," she said.

"We would be more concerned if the economy were not so good with high employment, low interest rates, and next year predicted to be excellent."

The month-end inventory remains at 9,577 homes however and "it could take six months to get a balanced inventory in the range of 5,000," she said.

She expects the inventory to continue falling as investors and speculators take their properties off the market.

Meanwhile, "about 26 per cent of (listed) single family dwellings are vacant," Pratt noted. Most of their owners have moved to other homes.

"Because the market was so good, they didn't have any concern that their homes would sell," she said. "An empty property often indicates that the seller is motivated," by having to carry two mortgages and being unable to rent the vacated home, Pratt suggested.

October prices, across all forms of housing, were up 25.7 per cent from the end of October, 2006. Over that period, the greatest gains within the city were in the central zone where prices were the lowest -- but gained an average of 37.6 per cent to \$288,529.

Similarly, in the previously-lowest priced surrounding community, Morinville, prices rose by a leading 35.9 per cent to \$389,685.

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## **Solicitor General & Public Security**

### **Stelmach to unveil new crime-fighting plan today; More police officers only one part of strategy**

The Edmonton Journal

Tue 06 Nov 2007

Page: A3

Section: News

Byline: Jason Markusoff with files from Trish Audette

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - The Stelmach government will release a new crime-reduction strategy today that promises more police officers on Alberta streets but won't specify how many, instead focusing on how police forces can co-operate better to tackle rising threats such as organized crime and youth crime.

Premier Ed Stelmach's response to his Safe Communities task force is also

expected to address criticisms the justice system is too lenient on criminals, as well as crime's root causes, such as alcohol and drug abuse.

Law enforcement will play a key role, but Solicitor General Fred Lindsay said his emphasis is on strengthening the provincewide information network, as well as multi-city teams such as the

Integrated Response to Organized Crime and the Integrated Child Exploitation Unit.

"As time goes on, we just have to do more and more of those types of initiatives because it's not just a matter of putting police on the street, it's working together more effectively and efficiently," Lindsay said Monday.

"And certainly more police officers will be a part of that, but the biggest part is being smarter in what we're doing."

A senior government source said that while Stelmach's action plan will pledge more officers, the government is still working through its 2008 budget plan to specify numbers.

"We need more people," said Staff Sgt. Peter Ratcliff, president of the Edmonton Police Service's union.

He noted Edmonton's police force is not alone in the need to hire more people, as Albertans expect officers to respond faster to every call.

"We're all hurting, and we're all fishing in the same pond."

Ratcliff said he'll wait to see today what exactly the premier has in store.

If there is more money promised to recruit officers, he wants to see what kind of funding is promised to maintain new officers once they are hired, and wonders if the province will promise more cash to train them and keep them on the payroll.

The difficulty in finding new officers is also a major hurdle, especially in Alberta, where there are labour shortages in nearly every sector.

Stelmach has long stated that helping Albertans feel safer is among his top priorities. In last month's TV address, he promised a "significant new strategy to reduce crime and bolster law enforcement.

"We must take criminals off our streets -- and keep them off," he said in the \$124,000 paid political announcement.

"Equally important -- we must address the factors that give rise to crime, such as drug and alcohol abuse."

Stelmach will make the announcement today alongside Lindsay, Justice Minister Ron Stevens, Children's Services Minister Janis Tarchuk and others, signalling the multi-pronged nature of the government's response.

Stevens hinted last month there will be solutions to the so-called "catch and release" system of violent or chronic offenders getting bail.

However, the province's options are limited on that front, since Ottawa is responsible for the Criminal Code and sentencing.

Former solicitor general Heather Forsyth, a Calgary Tory MLA, chaired the task force of various municipal politicians, legal experts, aid agencies and Edmonton Police Chief Mike Boyd.

The panel toured the province earlier this year, and Forsyth said she was stunned at what the task force's preliminary report called the "dark side" of the boom.

"(I learned) how entrenched organized crime is in this province, how rampant, rampant, rampant drug and alcohol abuse is in this province, right from one corner to another, how the rural areas are being affected with this. What's happening on the aboriginal reserves is devastating," Forsyth said.

The latest Statistics Canada numbers show that Alberta's violent crime rate dropped slightly from 2005 to 2006, but is still sixth-highest among the provinces.

Stevens said news headlines about drive-by shootings, random attacks and gang violence have heightened Albertans' concerns about safety.

"Those kind of things are incredibly unsettling. I think generally speaking crime trends are down, but serious and violent crime, some aspects of it are up in Alberta," he said.

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### **Youth invited to voice pain of family violence in art**

The Edmonton Journal

Tue 06 Nov 2007

Page: B3

Section: Cityplus

Byline: Amanda Ferguson

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON -- Youth Secretariat and Tory MLA George Rogers knows all too well how destructive family violence can be.

"I watched, somewhere between the age of four and 15, my mother being brutalized by (her partner)," Rogers said. "It was very traumatic."

Even when he spoke about it at a media conference Monday to announce the government's latest project to curb family violence rates in the province, his eyes welled up with tears.

"Violence is not the only way," he said. "A six-foot, 200-pound man raising his fist and pummeling a little four-and-a-half-foot woman? My God, how do you justify that?"

The government unveiled its newest plan Monday as part of Premier Ed Stelmach's broader, two-year family violence public awareness and education campaign.

The program, called The Art of Peace Challenge, encourages youth aged 14 to 20 to create works of art depicting the downfalls of family violence or bullying.

"This is a way of reaching out to young people," Rogers said, MLA for Leduc-Beaumont-Devon. "We want youth to use their own experiences, their creativity, to reach their peers."

Students aged 14 to 20 are encouraged to express themselves through music, visual arts, poems, dance, films, theatre or in a multidisciplinary approach. The finalists in each category will win up to \$1,000 and their works will be recognized at a gala showcase in 2008.

Rogers said the program is designed to target Alberta's younger generation and stop the cycle of abuse.

"It's all about the next generation," he said. "We want them to stop it because they are the adults of tomorrow. We want them to not emulate what they're seeing in their homes. We want them to stem the bullying that's occurring in their schools."

The announcement comes as Alberta recorded another year with a high number of cases of family violence. In 2006, there were about 5,000 cases of spousal assault in Alberta. A recent study revealed nearly one-quarter of all violent crimes in Canada are committed by a family member of the victim.

Victoria School of Performing and Visual Arts teacher Greg Dowler-Coltman said art has the ability to reach more kids than a typical government commercial or public service announcement.

"The arts provide a number of different languages that kids are fluent in," he said. "It's about young people finding their voice."

The deadline for entries is Feb. 29, 2008.

More information on the program is available at [www.familyviolence.gov.ab.ca](http://www.familyviolence.gov.ab.ca).

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### **Day of reckoning; Today's task force report will address crime beefs**

The Edmonton Sun

Tue 06 Nov 2007

Page: 5

Section: News

Byline: BY GLENN KAUTH, SUN MEDIA

A crime task force set to release its report today will address longstanding complaints about the justice system, panel members say.

"We heard of the prolific offenders ... that 75% of crimes are committed by 15% of offenders," Karen Venables, co-chairman of a provincial task force on crime, told Sun Media.

"We saw that we have a revolving door and we have to do something about that revolving door."

Fellow panel member Chester Cunningham said an issue that came up repeatedly was the perceived slowness of the courts. "The process should be quicker," said Cunningham, the founder of Native Counselling Services of Alberta and now a Westlock resident.

The task force, funded with a \$1.5-million budget, will unveil 10 recommendations today aimed at making Alberta safer.

The report follows weeks of consultations across the province this spring seeking public input on crime.

But while Venables hopes the report will lead to action, Liberal critic **Mo Elsalhy** criticized the task force as a "\$1.5-million road show."

"We don't need task forces," he said, adding that as a former solicitor general herself, the other co-chairman of the panel, MLA Heather Forsyth, should already have a good grasp of the issues.

The debate about repeat offenders comes as Edmonton has seen its own recent example of the so-called "revolving door" of the justice system. Police reported last week that Robert Lee Wenger, 37, was once again at large after taking off from the parole facility he had been staying at since his latest release in September. While police have since found him, it's the third time Wenger, a known gang member who is serving an eight-year sentence for a violent break-in in 1998, has been on the lam since April. A report from the National Parole Board, meanwhile, noted he had violated his release conditions seven times over the years.

For **Elsalhy**, dealing with repeat offenders like Wenger requires putting more resources, such as increased budgets to hire Crown prosecutors and judges, into the fight against crime.

Cunningham, however, wants to get more community involvement in justice matters by, for example, expanding programs like the native sentencing circles he helped establish.

"To be effective, you have to have the whole community," he said, adding that "too many people make (crime) a political issue, and it's not a political issue. It's a community issue."

## **\*Miscellaneous Government**

### **New MLAs can't get too comfortable**

The Calgary Herald

Tue 06 Nov 2007

Page: A4

Section: News

Byline: Jason Fekete

Dateline: EDMONTON

Source: Calgary Herald

Alberta's two newest MLAs took their seats in the legislature for the first time Monday, but may not have time to get comfy -- they could soon be fighting for their provincial political careers after barely getting started.

Liberal MLA **Craig Cheffins** and the Tories' Jack Hayden captured their seats in June byelections in the ridings of Calgary-Elbow and Drumheller-Stettler, respectively, after former premier Ralph Klein and senior cabinet minister Shirley McClellan both retired.

But as the two political foes tried to settle into their legislature seats on Monday for the start of the fall session, they recognized they'll likely be back out on the hustings within a few months to fight a general election campaign.

"We're ready to go. I quite enjoyed being out on the hustings," **Cheffins** said. "I really like elections and being out talking to the people. If there's more of that, that's good by me."

Premier Ed Stelmach has refused to rule out a snap fall election, and has said a vote will likely be held in the spring at the latest.

**Cheffins**, however, will likely be in a dogfight to hold onto a seat he captured by fewer than 800 votes in June, when he edged out the Tories' Brian Heninger in a riding the Conservatives had owned since its inception.

Come the general election, he will be fighting Tory candidate Alison Redford, the 42-year-old lawyer who famously challenged MP Rob Anders in the federal Calgary-West riding.

Hayden, meanwhile, may not face as fierce a challenge in his rural riding, which has long been a Tory stronghold.

Regardless, he would prefer to hold off on an election until the spring so he can get down to work.

The newest Tory MLA argued he's been in election mode for the last 18 months, having served as Stelmach's rural campaign chairman in the Progressive Conservative leadership race, then battling for the byelection and party nomination.

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### **Socreds shun Alberta Alliance**

The Calgary Herald

Tue 06 Nov 2007

Page: A4

Section: News

Byline: Tony Seskus and Jason Fekete

Source: Calgary Herald

The new leader of Alberta's Social Credit Party says there are no plans to revisit a merger with the Alberta Alliance, stressing the party will focus on its own political ambitions.

Len Skowronski, who was elected on the weekend, believes the Alliance has drifted too far right for the Socreds, which once dominated provincial politics but haven't had an MLA since the 1970s.

Social Credit and the Alberta Alliance, which has one MLA, looked at a merger last year but the idea died due to a lack of support.

"They're too far away from us," Skowronski said Monday. "They're too much (about) free, uncontrolled capitalism. They're taking the stand now that you shouldn't touch royalties at all for the oil and gas -- and that's just ludicrous."

For his part, Alberta Alliance Leader Paul Hinman said he has no interest in talking merger with the Social Credit Party, suggesting the party is not on Albertans' political radar.

"I'm not worried about the Socreds. They're so low in (popular) support," Hinman said in Edmonton on Monday, the first day of the fall sitting of the legislature.

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**\*New Premier (Stelmach)**

**PC hopeful brings a lot to the table**

The Calgary Sun

Tue 06 Nov 2007

Page: 15

Section: Editorial/Opinion

Byline: BY PAUL JACKSON

Premier Ed Stelmach has a chance to have the most internationally savvy business MLA sitting on his front benches.

All it will take is for Andrew Constantinidis to win the Progressive Conservative nomination for North Hill constituency, and then, naturally, hold the seat for the government come the next election.

Calgary North Hill is the seat repeatedly won by outgoing MLA Richard Magnus, who once took on Dave Bronconnier for the mayor's job, and it is essential the PCs hold it against any quirky Liberal surge.

Let me tell you about Andrew.

He's 46, married to wife Melody, has three children -- Nathanael, 10; Alexandra, 12, and Emmanuel, 15 -- and is chief financial officer for Eurogas Corporation in Calgary.

Constantinidis has been active in Conservative politics for 25 years -- so he's no johnny-come-lately -- and his stints range from being on the executive of the University of Calgary Progressive Conservative Club in the early 1980s, to currently being president of the Calgary West Conservative Association.

A delegate to the PC leadership convention in 1984 that fortunately ousted the hapless Joe Clark and elected Brian Mulroney as leader, Andrew later was an early member of Preston Manning's Reform party, recalling when Manning would call a Calgary-wide meeting and all the members could fit in the basement of a downtown restaurant.

Like most of us now, in retrospect he can see Mulroney's achievements in a new light -- especially the free trade agreement, and laying the foundation for a succession of balanced budgets -- but still feels Conservatism in our country needed the shake-up Manning, Stockwell Day and Stephen Harper gave it.

Don't we all?

To him, budget surpluses are straight evidence voters are being overtaxed -- let's hope that will one day sink into both Stelmach's and Finance Minister Lyle Oberg's minds -- and he believes in a no-nonsense, tough-on-crime attitude.

Yet aside from his political philosophy, this is what should really impress party members and voters.

He earned a business degree at the U of C, and got his MBA at the top business school in all of Asia, located in Hong Kong.

He then spent 11 years in Hong Kong, splitting those years between Mobil Oil, where he helped developed the company's entry strategy into mainland China, and with Citibank, and Jardine Fleming, the largest investment bank in Asia.

Then two years in Singapore with Deutsch Bank, and two years in Australia with Imbros Inc. a technology start-up company.

He started in the business world in Calgary with IBM, and when he joined Eurogas here three years ago it had a capitalization of \$30 million, which he helped move up to \$130 million.

Stelmach just doesn't have an MLA in his caucus with the kind of wide-ranging international experience and business acumen as has Constantinidis.

And, with Oberg upping spending by 17% in just one budget, and the province about to pick up \$1.4 billion extra a year from its royalty hike, the Stelmach government surely needs some tried and tested talent.

To range over Constantinidis' thoughts on any number of issues would take several columns, so let's just say he's on track on each issue.

"My knee jerks to the right," is how he capsules his philosophy. "

I like government to be small, smart and responsive. Responsible, but compassionate."

Let's hope when party members vote in the nomination meeting Nov. 16 they realize just what a candidate they have in Constantinidis.

An individual of this calibre doesn't come along often.

## Columnists

### Graham Thomson, The Edmonton Journal

#### **Round and round on royalties; Plenty of meaningless mantras as fall session opens with questions on the big issue**

The Edmonton Journal

Tue 06 Nov 2007

Page: A18

Section: Opinion

Byline: Graham Thomson

Column: Graham Thomson

Source: The Edmonton Journal

For opposition parties the beginning of the fall session must seem like Christmas Day.

For the next five weeks they have the whole session to freely thump away at the government over the biggest issue in Alberta politics: energy royalties.

The opposition members were enjoying themselves so immensely on Monday that question period should have come gift-wrapped.

"How long has the premier known that Albertans have not been getting their fair share?" Liberal Leader **Kevin Taft** asked Premier Ed Stelmach, not once but six times in just a few minutes.

"How long has the premier known that Albertans were not getting their fair share in royalties?" **Taft** asked again.

"How long? One year? Two years? Seven years? Answer."

Stelmach, of course, didn't respond directly to the question. It is not, after all, called Answer Period.

Stelmach stuck to a message about Alberta's booming economy that was as repetitious as the Liberals' questioning.

"All I'm saying is that the current policies of the government over the last number of years have been very good for the province of Alberta," said Stelmach. "We've seen tremendous growth."

And so it went back and forth, the opposition thumping away like a boxer while Stelmach responded with all the power and vigour of a punching bag.

Stelmach is not in his element on the floor of the assembly, especially when he's under relentless attack.

At one point he pleaded with the Liberals to ease up.

"Mr. Speaker, I always give the opposition the opportunity to ask a question uninterrupted. I would hope that they would find the decency and some place there to reward me with the same behavior, reciprocate. Maybe now they'll be quiet."

They weren't quiet. The opposition MLAs smell blood in the water and are as happy as hungry sharks.

The government is vulnerable on how it has handled, or mishandled, issues such as royalties, homelessness and spying at the Energy Utilities Board.

Helping the opposition's case tremendously is the ability to quote from two

reports -- one from the Auditor General, the other from the government's own royalty review panel -- saying Albertans have not been receiving their fair share for years.

It has been Christmas Day for the opposition since the review panel's report was released Sept. 18.

You have to think the government members would much rather be starting a four-week election campaign where they could be on the offensive than starting a five-week legislative session where they'll be on the defensive.

The likelihood of a fall election seems less and less likely, especially in light of the newest public opinion poll indicating Stelmach's approval rating didn't get a bounce from his new royalty regime.

Oddly enough, though, the government did manage to catch a break on Monday, thanks to the NDP.

New Democrats asked for, and got, an emergency debate on royalties, supported by many government MLAs.

On the surface, that wouldn't seem like such a good thing for the government, but the NDP's target on royalties is as much the Liberals as it is the government.

"Three years ago the NDP said Albertans were not getting a fair share from royalties," said NDP Leader Brian Mason who eagerly used his platform to attack both the government and the official opposition.

"The Liberals failed to support higher royalties while the Tories claimed the sky would fall. The Liberals will plead ignorance but the Minister of Energy cannot."

In supporting the NDP motion for an emergency debate on royalties, government members were embracing the old adage that the enemy of my enemy is my friend and so were happy to see the NDP go at the Liberals like two scorpions in a bottle and leave the government relatively unmolested.

"Albertans need to know where each party stands on royalties before they cast a ballot in the next election," said Mason. "The Liberals and Conservatives wanted to dodge the royalty question until they had a chance to boost political donations from the oil and gas sector and get through an election."

It is much easier for the NDP to take a black and white stand on royalties than the Liberals.

The NDP doesn't have any chance of forming government and therefore doesn't have to worry about implementing its policies. Its ambition begins and ends at replacing the Liberals as official opposition.

It's an understandable strategy, one leader Brian Mason has been playing for months. And it's one he'll continue to play all through the fall session.

Considering the predictability of the NDP's strategy and the repetitiveness of the Liberals' attacks, not to mention the government's meaningless mantras, anyone who closely follows the fall session will be trapped in five weeks of *deja vu*.

It's not Christmas Day. It's more like the movie, *Groundhog Day*.

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