

Title: Wednesday, May 11, 2005 Public Accounts Committee

Date: 05/05/11

Time: 8:30 a.m.

[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like on behalf of all members of this committee to call the meeting to order this morning. I would like to welcome everyone in attendance, and again I would note that the agenda packages for today's meeting were mailed out very ably by Corinne Dacyshyn, our committee clerk.

Before we get to any further items on the agenda, perhaps it's appropriate at this time to introduce ourselves.

[The following members introduced themselves: Mr. Bonko, Mr. Chase, Mr. Danyluk, Mr. Eggen, Mr. Griffiths, Mr. Johnston, Mr. Lindsay, Mr. MacDonald, Mr. Oberle, Mr. Prins, Mr. Rodney, Mr. Rogers, and Mr. VanderBurg]

Dr. Swann: Good morning. David Swann, Calgary-Mountain View.

[The following staff of the Auditor General's office introduced themselves: Mr. Dunn, Ms Hayes, and Ms White]

[The following departmental support staff introduced themselves: Mr. Churlish and Mr. Pickering]

Mr. Coutts: Dave Coutts, MLA for Livingstone-Macleod, Minister of Sustainable Resource Development.

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

The Chair: Before we seek approval of the agenda, I would like to note that some of the follow-up items from last week, in particular a response from the Auditor General in regard to a question asked by Dr. Morton, are included in the meeting package.

May I now have approval of the agenda, please? Moved by Mr. Chase that the agenda for the May 11, 2005, meeting be approved as distributed. All in favour? Any opposed? Thank you very much. Carried.

May I now please go to item 3 on the agenda, approval of committee meeting minutes. Mr. Danyluk, thank you. Moved by Ray Danyluk that the minutes of the April 6, 2005, Standing Committee on Public Accounts meeting be approved as circulated. All those in favour? Thank you. Opposed? Carried.

Now, on behalf of everyone again I would like to welcome the Hon. David Coutts and his staff. Mr. Coutts is the Minister of Sustainable Resource Development. Before you get to your brief overview of your ministry, Mr. Coutts, are there other staff members that you would like to have sit at the table with us? They're welcome to do so if they would like.

Mr. Coutts: They're an unruly bunch. Maybe we'd better keep them back there. You know, the fish and wildlife guys and the public lands guys: rough, tough guys.

Let me ask them. Hold on a second. Are you happy where you're at?

Unidentified Speakers: We're happy.

The Chair: Okay. That's fine.

Mr. Coutts: They know that if they're needed for any details or any expertise in any of the answers, we will get them to the microphone that's provided, and we thank you very much for that consideration.

The Chair: Okay. Thank you, and please proceed.

Mr. Coutts: Well, thank you very much, and good morning, everyone. It's good to be here to talk about Sustainable Resource Development's 2003-2004 annual report, the Auditor General's report, and the annual report of government. In talking with my very capable staff – even though I do sometimes give them a tough time, they're very, very professional, very, very capable. I'd like to take a moment, if I may, Mr. Chairman, to introduce the people that have joined me here today: my executive assistant, Jamie Curran; to my immediate left, Brad Pickering, my deputy minister; and to my immediate right, Stew Churlish is the assistant deputy minister of strategic corporate services and a senior financial officer.

With the very capable and very dedicated people that are behind me, as I say their names, I'll ask them to stand so you can identify who they are. We have with us today Craig Quintilio, our assistant deputy minister of public lands and forests division. We also have Cliff Henderson, assistant deputy minister of our forest protection division. We have Jerry Sunderland, our acting assistant deputy minister of strategic forest initiatives division. We have Ken Ambrock, assistant deputy minister of our fish and wildlife division. With us today we have Daphne Cheel, our executive director of policy and planning, and Brady Whittaker, our chair of Natural Resources Conservation Board. In addition to those folks, we have Donna Babchishin, our director of communications, and Paul Leeder, executive assistant to the deputy minister. We're pleased to be here today.

It's my ministry's job to ensure that Alberta's natural resources are sustainable and, more importantly, responsibly managed for the benefit of future generations. To do this the ministry has to strike a balance between resource development and conservation. Our staff do an excellent job in maintaining this balance, and they're to be congratulated. We do this balance by considering all of the economic, social, and environmental values that Albertans cherish.

The ministry consists of the Department of Sustainable Resource Development and three quasi-judicial boards. The 2003-2004 annual report presents the department's and the Natural Resources Conservation Board's performance. The Land Compensation Board and the Surface Rights Board provide their annual reports to me separately as defined by the Surface Rights Act. These annual reports were tabled in the Legislature on April 14, 2005.

In 2003-2004 the ministry spent \$327 million and received \$185 million in revenues. These revenues mainly come from timber royalties and fees from grazing and other land use rentals. The 2003-2004 fiscal year presented a number of challenges for the ministry, among them being drought, disease and pests, and more than 1,100 wildfires, that forced the evacuation of thousands of Albertans from their communities. We also had trade issues, such as the softwood lumber issue, and, of course, Alberta's booming economy, which challenged our ability to respond to industry demands for access to the resources.

In terms of our public lands, the ministry witnessed first-hand the impact of Alberta's vibrant economy. In 2003-2004 the volume of disposition applications on public land increased by a whopping 24 per cent to well over 15,000 from the average of about 12,000 from the previous year.

Over the years there has been a substantial increase also in off-highway vehicle sales in Canada, and that trend is expected to continue. As a result, we're seeing increased user conflicts and impacts on public lands. The responsible management of Alberta's 100 million acres of public land has always been one of the ministry's top priorities. Albertans have told us that they want to benefit from public land in a way that recognizes and adapts the changing needs of the land base.

8:40

Given these challenges, the ministry brought forward and implemented some innovative programs to deal with public land management in 2003 and 2004, among them being the access management plans that helped reduce the impact of development activities. The Bighorn plan was in its first successful year, and we started consultation on the Ghost-Waiparous. New access regulations under the Public Lands Act increased co-operation and respect between the leaseholders and the people enjoying the outdoors. We also launched the respect the land education program, which encourages stewardship among recreational users on the landscape. Many of these efforts are ongoing and today we continue to develop our provincial land-use framework, that will build a sustainable land legacy for all Albertans.

Mr. Chairman, I'd like to go on to rangeland management. As part of our efforts to manage our important rangeland resource, the ministry continued to develop and implement range health assessments in 2003-2004 to measure stewardship and sustainability of Alberta's rangelands. The ministry also started work with the beef and the timber industries to better integrate livestock grazing in the working forests.

In terms of forest protection the ministry continued to focus on wildfire prevention and early detection and response when new wildfires were sparked. Extremely dry conditions throughout the province in the summer of 2003 fuelled a number of large and very costly wildfires. Two of those wildfires, the Lost Creek fire and the Fort MacKay fire, threatened a handful of communities and forced the evacuation of more than 3,000 Albertans from their homes. As the MLA for Livingstone-Macleod I saw first-hand the impact of the Lost Creek fire on communities and individuals and their families.

When the ministry wasn't busy fighting wildfires, it kicked off FireSmart initiatives in a number of high-risk communities. It undertook prevention activities which issued several fire bans and forest closures and used the opportunity to educate Albertans about the risk of wildfires. It also continued to implement the municipal wildfire assistance program with Alberta Municipal Affairs.

On the forestry front we held important discussions with our federal and provincial counterparts as well as industry partners to find workable solutions to the softwood lumber dispute. We also helped build upon the Alberta advantage by strengthening the long-term stability of our forest industry by promoting a value-added approach. Today we continue to pursue this strategy to ensure that Alberta receives a higher dollar return out of every tree that is cut.

In 2003 Alberta's forests faced a major threat from the mountain pine beetle. The department took immediate action by joining forces with a number of agencies to stop the spread of the pine beetle in the Bow Valley. Our efforts to contain the spread of this devastating forest pest continue to this day through a number of proactive initiatives.

Moving on to fish and wildlife, another key management responsibility of the ministry, these resources support more than 20,000 jobs in Alberta and generate in excess of \$1 billion a year to the provincial economy. We recognize the importance of managing this valuable resource over the long term. In 2003-2004 the ministry launched some important initiatives to manage these resources. We developed the barbless hook policy, we took additional steps to protect grizzly bears and substantially reduced the spring grizzly bear hunt, we increased the maximum penalty for poaching grizzlies to \$100,000 or two years in prison, and we responded to the West Nile virus threat through an extensive program to collect and test birds from the crow family for the virus.

Over the year fish and wildlife staff were alerted to more than

11,000 public complaints related to wildlife. More than 1,800 of those incidents involved direct human conflicts.

To further strengthen Alberta's fisheries the ministry continued to reduce the number of commercial fishing operators. The total number of Alberta operators was reduced to 317 at the end of 2003-2004, down from 579 the previous year.

Moving on to one of the quasi-judicial boards that fall under our ministry's umbrella, the Natural Resources Conservation Board conducts independent public reviews of projects that could affect Alberta's natural resources. The board's mandate was also expanded in 2002 to include regulation of Alberta's confined feeding operations. Some of the board's highlights in 2003-2004 include an important public hearing on the Agrium gypsum stack expansion in Sturgeon county and 111 independent decisions regarding confined feeding operations around the province.

Switching gears, I'd like to speak briefly to the ministry's highlights in the 2003-2004 Auditor General's report. I'm pleased with the Auditor General's comments about the progress that the ministry is making on outstanding recommendations. Previous recommendations that have been implemented include integrating our firefighting costs into our budget and approaching the Legislature when additional spending is needed and improving how we do operational planning for fish and wildlife management.

I also welcome the additional recommendation put forward by the Auditor General in his 2003-2004 report that relates to improving the Natural Resources Conservation Board compliance and enforcement function. As I mentioned earlier, the board took on the province's patchwork of confined feeding operations in just the year 2002, and that was a major undertaking. The Natural Resources Conservation Board is committed to meeting the needs of Alberta's livestock industry, and the board is working to implement the Auditor General's recommendations.

Mr. Chairman, this is a brief snapshot of some of the complex issues that Sustainable Resource Development faced in 2003-2004. We have been doing a very good job in ensuring that Alberta's fish, wildlife, land, and forest resources are well managed. But that doesn't mean that we're going to become complacent, and that doesn't mean that we can't do better. We're going to continue to move forward, developing new ideas and finding innovative solutions. The ministry is guided by the principle that we want to develop a province where Albertans of all ages can live on the land, labour on the land, and leisure on the land, both now and in the future. It's a challenge that we're ready to tackle head-on.

I thank you for your attention this morning, and I'd welcome questions from the committee members. Because this is a historical document that we're dealing with today, in the event that I am unable to answer the questions, we have the expertise on both sides of me and behind me here. I can call upon them at any time and have them supplement any of the answers or give the outright answer. In addition, anything that we can't answer, we will provide in writing.

8:50

The Chair: Thank you very much, and we would appreciate those written responses through the clerk to all members, please.

Mr. Coumts: Absolutely.

The Chair: Mr. Dunn, do you have any comments in regard to your 2003-04 annual report?

Mr. Dunn: I'll be very brief and just pick up what the minister has mentioned. Last year our major work was on the NRCB's system

for regulating the confined feeding operations. As most of you would appreciate, the confined feeding operations are the fenced off or the concentrated enclosed areas that hold the livestock. These operations need to be regulated because there's a risk that improper manure storage and disposal may lead to contamination of surface or underground water systems. We had examined those systems last year. As the minister mentioned, the act only came into play the year previous. We found that they met some but not all of our criteria, and there were areas for significant improvement.

In our opinion, recommendation 28 is a critical recommendation because if the board does not complete its highest priority compliance activities on a timely basis, it may not minimize the health and environmental risks posed by the confined feeding operations. Also, the board may misallocate its resources to areas that pose less risk to the public.

Those are my opening comments, today, Mr. Chairman. Certainly, I and my staff will also answer any questions that are directed to us. Thank you.

The Chair: Thank you very much.

There is quite a long list developing today of people eager to ask questions of the minister and his staff, so we will proceed with Mr. Bonko, followed by Mr. Rogers. If you could keep your preambles brief and concise so that more hon. members can participate, the chair would be very grateful. If we could contain our questions to the fiscal year 2003-04, the government of Alberta's annual report, the annual report from the ministry, and the report and recommendations from the Auditor General's annual report, the chair and the vice-chair would be very grateful.

Please proceed, Mr. Bonko.

Mr. Bonko: Thank you, Mr. Chairman. On page 36 of the annual report under Performance Measure: Species at Risk it states that the government is developing management plans for species at risk. It lists 16 species classified at risk, including the woodland caribou, which is on the quarter, as you know, the peregrine falcon, the burrowing owl, as well as the grizzly bear. Can the minister explain what these management plans are to protect these species?

Mr. Coutts: What page are you on again?

Mr. Bonko: That was in the annual report on page 36.

Mr. Coutts: And the question being again – I'm sorry.

Mr. Bonko: What are the management plans doing to protect these species at risk?

Mr. Coutts: Well, we have a number of management plans. We have a number of recovery plans that were put in place during the year 2003-2004, mainly the recovery plan for grizzly bears. From that recovery plan a number of actions began immediately, before the recovery plan was actually even put in place, because of the expert work that is being done by our staff in our Hinton office on our grizzly bear recovery plan in the foothills model forest.

Particularly, when you mention grizzly bear, we looked at immediately shortening the season by two weeks. We looked at taking areas where our DNA testing showed that there were less grizzly bears, actually putting a moratorium on those areas, such as highway 1 south to the Montana border and west to the B.C. border. We also took a look at the Willmore area and put a moratorium there. Grizzly bear poaching was a problem in previous years, and as a result of the recovery plan actions in 2003-2004, there were

absolutely no grizzly bears poached at all. I think the \$100,000 fine and the two years in jail certainly contributed to that. In addition, DNA testing and tracking our grizzly bears is really, really important through the foothills model forest.

When you talk about other plans, the caribou plan has been worked on for a couple of years. It was initiated in, I believe, 2002-2003. We've been working with industry and our stakeholders. That plan, of course, will come forward in the future, but industry is presently working on caribou habitat rehabilitation and doing a very good job of it. The report – and we shouldn't get into this – will be coming through to me for implementation in the future.

With other species at risk, of course, we work very, very closely with the federal government and their species at risk committees and our own species at risk committees to identify species at risk in our province and take the appropriate measures. I have to say that in 2003-2004 there was much work done on that to help protect Alberta's natural resource in wildlife.

Mr. Bonko: Okay. My second question, Mr. Chairman. I appreciate the answer, but how can Albertans be assured that the government will act to protect these species when it's already allowed for the sport hunt on the grizzly, and we talk about protecting others when it talks about one?

Mr. Coutts: Is that a policy question, Mr. Chairman?

Mr. Bonko: Okay. We could talk about circumventing its designation of the grizzly bears as a species at risk.

Mr. Coutts: Well, let me answer the question this way, Mr. Chairman. Part of our responsibility in fish and wildlife is to make sure through proper conservation and monitoring of all species, whether they're species at risk or whether we have wildlife that is plentiful on the land, that we do the proper thing with the numbers and provide the experience that Albertans are looking for and needing. We would never ever – I mean, we have historically never ever taken a species that we see as at risk and tried not to protect it. I think that that's what you're trying to get at here.

Our policy is to conserve, and in conserving, there are many management tools that we use. Those management tools are used in different places in different parts of the province under different landscapes, taking into consideration the amount of industrial activity, the lack of industrial activity, whether or not the species is thriving in smaller parts, or whether its not thriving in other parts. So what we do is take a look at the information that we have through the monitoring that we have, and that's what we use to make our decisions.

Those decisions can be disputed by other people, and they have been disputed by scientists, but we have many, many years of good, sound data that we can use to make the decisions that we do. We don't take these decisions lightly. When we give out tags and make the decisions on the number of tags, whether it be for sheep, whether it be for elk, whether it be for moose, whether it be for white-tailed deer, whether it be for mule deer, whether it be for grizzly bear, or whatever it might be, those tags are directly proportionate to the numbers of animals that we have on the ground. It's all about sustainability, and that sustainability is based on the historical record and our monitoring.

So we would not put any species at risk just for the thrill of the hunt. As a result of that – we mentioned grizzly bears – only 73 tags were given out last year, in 2003-2004, of which there were six grizzly bears registered: four were male; two were female. Of course, this year the hunt isn't finished yet, so we don't know

exactly what's happening this year. That's a 42 per cent decrease in 2003-2004 over the amount of tags that were given out in 2002-2003.

9:00

The Chair: Thank you very much.

Mr. Rogers, followed by Mr. Chase.

Mr. Rogers: Thank you, Mr. Chairman. To the minister. Mr. Minister, on page 85 of the final numbers, line 7.2.1, the NRCB, there was a substantial supplementary budget allocation throughout the year, and the final was significantly over budget as well. I'll just combine my question. Could you enlighten us as to what the major activities involved there were and why there was such a significant variance at the end of the year?

Mr. Coutts: Yes. With the NRCB being brand new in 2004 and taking on the confined feeding operations and working with the standards that were put in place under Agriculture and us being, sort of, the enforcement side, and the board taking on that.

Now, recognizing that this is a quasi-judicial board, their decisions have not and should not be scrutinized by the politicians, but the process by which they make those decisions is set out in our department and is very capably done. They're brand new at what they do. Certainly, we didn't know exactly how many applications would come forward with this new organization, so its budgetary allotment really didn't reflect its expanded mandate. What we found is that we needed the dollars in there to sort of go with the maximum.

Presently we have, as I understand, about 50 employees. Let me just confirm that.

Mr. Whittaker: About 46.

Mr. Coutts: It's just been confirmed that we have 46 employees.

As we go through the hearings and as we go through the applications and as we go through sort of the process and, of course, taking into consideration the Auditor General's recommendations on enforcement and those types of things, it's important for us to know whether or not we've got the kind of dollars so that we can actually deliver that service. If we find that we've got more money than we actually needed to deliver the service, then some of the dollars come back to government. Basically, it's done on the amount of applications and the amount of service that is provided, and anything else comes back to the government.

The Chair: Mr. Rogers.

Mr. Rogers: Thank you, Mr. Chairman. A follow-up to the minister. Again, Mr. Minister, I accept, as you have said, that this being a quasi-judicial body, there's a certain amount of latitude under which they operate. But you're not suggesting by any means that we would not be vigilant in terms of keeping track of the expenditures, the dollars?

Mr. Coutts: Absolutely. We have to be very accountable for the dollars. I believe, as we go forward, we'll also have sort of a historic record. As I mentioned in my comments, we had 111 applications and decisions that were made by the NRCB on confined feeding operations last year, 2003-2004. We see in the future, '04-05, '05-06, those numbers increasing. Whether or not we need the extra dollars or we have got more efficient in our operation and in our process and we don't need all the people on the board, on the

enforcement side, et cetera, and things are going efficiently, well, then we should be directly accountable to the people of Alberta and make sure that those dollars are spent wisely and directly proportionate to the number of applications. If we can find some efficiencies and we're still providing the service, then I think that that's one of the mandates.

As a result of that, part of that is the review that's going on right now. It's a very young organization and fulfilling, you know, a very useful role. Certainly, any organization that started up in 2003 and regulating an industry that, you know, hasn't been regulated before except at the local level and trying to put provincial standards to that: it certainly has its challenges. We continue to monitor it, and you're right: if we don't need the dollars, we'll make sure that it gets back, in the spirit of accountability. But still, at the same time, as I said twice before, providing the service in an efficient way.

The Chair: Thank you.

Before we proceed with Mr. Chase: Mr. Coutts, if you have very detailed, lengthy answers, could you provide them in writing through the clerk to all hon. members, please.

Mr. Coutts: I'm sorry. I'll do that. Thank you very much. I'm passionate about my work.

The Chair: Mr. Chase.

Mr. Chase: Thank you. My question has to do with land-use disposition management. The reference point is page 41 of the annual report under land-use disposition. There it states that the ministry will ensure that "dispositions for the use of public lands [will be] issued in a timely, effective manner with the appropriate and relevant conditions." My question has to do with concerns over public land conservation management versus the sale of public lands. Does the ministry register, in other words publicly publish, all Crown resource dispositions so that Albertans can know how their land is being managed and who is using it?

Mr. Coutts: In keeping with the chairman's caution, the short answer to that is yes.

Mr. Chase: Thank you. I'll have to ask you where and when and how afterwards.

Why does the ministry only consult with directly involved stakeholders and not conduct full public hearings that give interested persons status to the members of the public who want to be involved in the process, sort of like what the Alberta Energy and Utilities Board does?

Mr. Coutts: Basically, I'm going to ask our assistant deputy minister to come up and, given the chairman's comments, outline a bit of the process for that. Historically he's had that. I don't have the full details on that kind of consultation. Let's ask Craig Quintilio to come up if that's all right, Mr. Chairman. I'll ask him to be brief.

The Chair: Please.

Mr. Quintilio: Good morning. Maybe I can just answer quickly the question on the registration of the dispositions. All of the dispositions that we issue are registered on a system called LSAS. It's the land disposition system within the province. So they're recorded there.

As far as consultation, for the most part the oil and gas companies – when we issue a disposition for a well site, for instance, they're

usually routine applications, and they go through fairly quickly. If there are serious concerns, then through the EUB process they're handled, and the public and concerned members can have their voice through the EUB process.

The Chair: Thank you very much.

Mr. Prins, followed by David – where is he? He's still here? Yeah. Mr. Eggen.

Mr. Prins: Thank you, Mr. Chairman. Again, on page 39 of the annual report it says that the SRD ensures that "Alberta's public rangeland resources were managed with future users in mind." I've got a couple of short questions on this. Why does the department have to audit these leases, and how do they do this to determine if they're in good standing? Who does the actual audit, and what are they looking for?

9:10

Mr. Coutts: Well, we use a variety of criteria to define range health. Basically, we look at plant communities as well as indicators of natural processes such as the structure of plant communities, the erosion, the water, the nutrient cycles, and all of those types of things. More importantly, I think the thing that rural Albertans and rural Alberta MLAs really realize is the influx of weeds.

We know that Albertans really have an expectation on the managing of public lands for sustainable use. Livestock producers, we have found, are great stewards of the land, and under good management they've looked after the resource in a sustainable way. It's a perfect example of sustainability of our rangeland over the last 125 years.

To talk about how we assess, our SRD staff actually go visit the land. We talk to the leaseholder. We talk about grazing practices. We talk with them a lot about the health of their rangeland. We do an assessment of it based on those processes that I talked about earlier. Basically, what we do is make sure that we take into consideration the weather conditions in making that assessment about the health and the viability of the grass. So it's basically done in consultation between SRD staff and the disposition holder, and generally we get very, very good compliance. If we don't, there's quite a process to take a lease away from someone, but it has been done when there's noncompliance. We continue to monitor and enforce that on a daily and a weekly and a yearly basis.

Mr. Prins: My next question has been partly answered. I'm thinking that in the last few years we've had some drought. We've had some overgrazing due to, you know, the numbers of cattle increasing due to BSE, lack of markets due to BSE. What are we actually doing to ensure that any damage on these leases is repaired or not getting worse?

Mr. Coutts: Yeah. Mr. Chairman, we try to provide technical information to the best of our ability. Of course, we work with Agriculture as well. We work very closely with Agriculture on technical information regarding the sustainability of the grass and the resource. We try to look at best practices, new methods, even to the point of using technology to help us promote sort of a fast recovery of the resource.

We know the difficulty that ranchers are certainly having with BSE. We also know and we understand the pressure that the rangeland has from wildlife. We use that as part of our monitoring. I mean, there's nobody better to know how many elk or white-tailed deer are on some grassland than a rancher. So we have the two. Even though public lands and fish and wildlife are two different

parts of our department, there's a constant dialogue between both of those because sometimes overgrazing just isn't necessarily on the cattle side. It can be the influence of elk, so then you make the decision of how you get rid of the elk. Maybe you do some harvesting or maybe you try to move them around a little bit. So we use best practices and technical information and, again, a continued dialogue with the leaseholder.

Thank you.

The Chair: Thank you.

Mr. Eggen, followed by Mr. Johnston.

Mr. Eggen: Thank you, Mr. Chairman. My question has to do with the Auditor General's report on page 296, specifically to do with confined feeding operations. In his audit Mr. Dunn pointed out that there were some serious compliance and enforcement concerns in regard to the inspection of confined feed operations. The inspectors were spending most of their time responding to complaints rather than making inspections, and I would just like to, well, actually ask Mr. Dunn if he could expand on exactly what the problem was and what this lack of inspection led to. Are we not keeping pace with the expansion of confined feeding operations in this province? You know, what's SRD to do to get in line with the reality?

Mr. Dunn: Mr. Chairman, if I may. Yes, there are, as we've set out in our background, over 2,000 confined feeding operations, and of course we're most familiar with, as we hear in the media, the cattle feedlots, but there are also hog and other ones. As you might have read also in the media related to some other jurisdictions, when the manure disposal is not treated appropriately and you get a rain and a runoff, it can go into your rivers. In fact, there are some rivers back in Atlantic Canada that were significantly impacted because of the excess flow.

In the three areas which were laid out on the page you referenced, Mr. Eggen, we're very concerned about the postconstruction audits. When these confined feeding operations come in and they have a closed structure, they have to have, of course, an appropriate flooring so that you can scoop the manure up and physically move it about and spread it out. You have to have room to spread it out. So you want to make sure that your construction is thick enough and appropriate there. As we reported here, there were 100 postconstruction audits awaiting to be completed. That's a fair number of construction audits that have come into play.

Also the compliance audit. Few of those have been undertaken because the complaints and postconstruction audits were taking priority. So you're supposed to be following up to see what is happening.

Then the special projects. There was a review of 12 possible leaking lagoons. You can envision a large lagoon, and potentially with some excess rain or that type of thing, it can run off.

But you have the chairman of the board here too, Mr. Brady Whittaker, and he can maybe supplement what we're talking about. But, indeed, those were the reasons why we looked into this matter and then said at the end of the day that there were a number that had to be caught up on.

Mr. Eggen: Mr. Whittaker, could you supplement?

Mr. Coutts: Would it be appropriate, Mr. Chairman, to have Mr. Whittaker supplement?

Mr. Eggen: I would like you to if that's okay.

The Chair: Yes.

Mr. Whittaker: Good morning. Certainly. Would you like to be more specific as to what information you require, sir?

Mr. Eggen: Yes. Well, you know, considering that there seems to be a discrepancy between sort of the ability of SRD to inspect the operations as compared to the amount of operations that require some observation, have you got a handle on it now? Do you know what the current number of confined feeding operations is in this province? What's the appropriate capacity of inspecting that you should have there, and have you met this shortfall that this Auditor General has pointed out in his report from 2003-2004?

Mr. Whittaker: Certainly. We presently have approximately 2,400 confined feeding operations in the province. Sorry to correct you, Mr. Dunn. We were doing inspections through compliance on facilities that were newly constructed since AOPA. That's the new legislation that came to be.

There are 450 new facilities since this legislation was introduced. We were inspecting all of those, which Mr. Dunn referred to as postconstruction audits. The issue was the other CFOs that were constructed prior to this new legislation, that incorporated great environmental protection within the legislation. The AG's office recommended that rather than just respond to complaints, which we have received over 3,000 from Albertans, let's be proactive and do some inspections on these facilities that were pre AOPA. We have started that process. I'm happy to say that we expect to have all facilities inspected prior to the end of this fiscal year. So, hopefully, Mr. Dunn, we'll be two years ahead of your projection.

Hopefully, that answers your questions, sir.

9:20

Mr. Eggen: Yes, it does. Thank you.

Mr. Whittaker: Thank you.

Mr. Eggen: A supplemental to that. I know that there were a number of CFOs that were grandfathered; the conditions were grandfathered. These were CFOs that were approved by municipalities. I'm wondering when that grandfathering clause is going to change to bring all of these CFOs into compliance with the new rules.

Mr. Coutts: Well, that's somewhat . . .

The Chair: Mr. Coutts, I believe the gentleman would like to supplement.

Mr. Coutts: Sure. You betcha.

Mr. Eggen: Would you answer that one for me too? That would be great.

Mr. Whittaker: Great question, sir. It's a difficult one. In the new legislation there was an amendment, I believe, last year. There was a concern with industry, with municipalities, and some of our other stakeholders to clarify grandfathering. An amendment was made to AOPA to identify exactly that, what facilities are grandfathered and to what degree.

I'm happy to say that there's presently a team still looking at that particular issue, but I can assure you that when it comes to environmental issues, to groundwater, or to any resource in this province with respect to CFOs, no facilities are grandfathered with environmental issues. That's clear in the legislation, and that will be

maintained, I hear from the present review committee. So if that was your concern, be at peace that that is not something that the board, our compliance division, or ASRD are entertaining at all.

Mr. Eggen: Thank you.

The Chair: Thank you.

Mr. Coutts, have you got something to add?

Mr. Coutts: A supplement because in addition to the information that has been provided, the hon. member asked for a very specific date on when grandfathering may not be part of the legislation. We can't give that guarantee of a particular date. We'll have to make sure in our work with the NRCB that we see how grandfathering has progressed in this province. Eventually, years down the road it might be the type of thing that you investigate and take a look at. We'll certainly rely on the Auditor General in his sort of analysis of the process and the number of operations that are still out there to help us in making that determination. But that's something that is for the future, and to put an actual date on it is impossible at this point in time.

The Chair: Thank you.

Yes, briefly, sir.

Mr. Whittaker: If I may. Just to be more generic for you, sir. All facilities that were approved by municipalities are grandfathered and are part of the NRCB's mandate.

Mr. Eggen: Yes. I'm aware of that. Thanks again.

The Chair: Thank you.

Mr. Johnston, please, followed by Dr. Swann.

Mr. Johnston: Thank you, Mr. Chair. If we go to page 36 of the SRD annual report, the fourth bullet from the top, my question is: does your department have an effective enforcement strategy?

Mr. Coutts: We take a strategic approach to compliance that uses prevention and enforcement but, more importantly, education in order to make sure that our fish and wildlife resources are protected. In 2003-2004, just as a comment, we didn't have the budget to go ahead and have more people on the ground to do a lot of the enforcement because the budget was frozen.

And, of course, we have an increase in population. Albertans enjoy their backcountry. They love to get out there and experience the wildlife. They love to get out there. I'm not surprised that this hon. member brings this question forward because I know his love of the backcountry too. But enforcement was not able to keep pace with the use. Of course, a year from now we'll be able to come here and talk about the additional resources that we've had through the budget, and hopefully we'll have some good results.

[Mr. VanderBurg in the chair]

But education is a huge part of our enforcement. We wouldn't need as many enforcement officers if more people understood their responsibility out in the backcountry, if more people understood the wildlife that's in the backcountry and basically what they're going into. So, yeah, we continue to do the best with the resources that we have, and I think this year you're going to see some huge advancements in on-the-ground enforcement and more education with our guardians.

Sorry, Mr. Chairman. I kind of got off onto this year, but I just had to get that plug in there for our fish and wildlife guys, that have worked so diligently under some rather difficult conditions in the past.

Mr. Johnston: Thank you, Mr. Minister. My only supplementary question is: how much did you spend on enforcement?

Mr. Coutts: The enforcement in the past: about 16 and a half million dollars for our field services in '03-04. We had about 120 to 130 officers on the ground. It's not just the officers that are required, but it's also some administrative staff for them. I mean, we have to have people there to answer the phones in case a call comes in and have our enforcement officer go from point A to point B. That could be in some cases in this province 100 miles. And, of course, you have to have decent vehicles for them, and you have to have the proper and up-to-date equipment for them. So those kinds of dollars went into our enforcement staff in 2003-2004: \$16.5 million.

Thank you.

The Deputy Chair: Thank you.

Dr. Swann, followed by Mr. Lindsay. We'll try to tighten everything up. We have a long list, and we're running out of time.

Dr. Swann: Thank you very much. On page 41 of the annual report under Land Use Disposition Management . . .

The Deputy Chair: What page? Sorry.

Dr. Swann: Page 41 of the annual report under Land Use Disposition Management. It states that the ministry will ensure that "dispositions for the use of public lands are issued in a timely, effective manner with the appropriate and relevant conditions." It strikes me as anomalous that leaseholders receive the revenue from oil and gas surface disturbances when it should really be accruing to the public benefit. So public lands, public benefit. How is it that leaseholders receive the benefits from land disturbances?

Mr. Coutts: Leaseholders rent the grass. When that grass gets disturbed by oil and gas activity, they are entitled to compensation for any damage to that grass for roads or for the four-acre plot that the well site would go on, and they get those dollars from the industry, not from government.

9:30

Dr. Swann: That's what I mean, yeah. But industry, it seems to me, should be paying it to the public purse since these are public resources. This is public land. No? Okay.

Mr. Coutts: Mr. Chairman, I'll repeat my answer. Leaseholders rent the grass, and when that grass gets disturbed by an oil company, they are entitled to compensation for that grass.

The Deputy Chair: Go ahead with your supplemental question.

Dr. Swann: In relation to the planned public sale of lands, how did you consult with the public over the decisions in land-use disposition? Has there been a public consultation?

The Deputy Chair: If you want to get into policy, Minister, you can answer this briefly, but we'll try to keep to the '03-04 budget. So briefly, if you want to answer that, but you're not obliged to.

Mr. Coutts: I'll just mention this. You're probably referring to the farm consolidated program that was put in place last year, where basically there wasn't any change to the policy of leaseholders putting their lease up for sale. The only difference to that policy that was made, Mr. Chairman, was the fact that the leaseholders at the end of the day had an opportunity to match the final bid. As a result, there was quite a concern, let's say, amongst Albertans that all of a sudden lease land would be going up for sale.

Let me report and put on the record that about 10,000 hectares of lease land traditionally goes on sale every year. Let me just say that since the farm consolidated program has been put in place, less than 8,000 hectares have gone up for sale because the individual who was leasing the land does not have the ability under these present economic circumstances to match that bid. So you're seeing less land go up for sale.

To answer the question: was there public consultation on that particular program? Maybe not the kind of public consultation that the hon. member is thinking of or asking. Consultation amongst leaseholders was definitely taken into consideration because they've always had the ability – they've always had the ability – as leaseholders to offer that land up for sale.

One other quick item is that the majority of the land that has gone up for sale and has been successful in sale has been north of highway 16 in the very northern part of our province.

The Deputy Chair: Thank you.

Mr. Lindsay, followed by Mr. Bonko.

Mr. Lindsay: Thank you, Mr. Chairman. To the hon. minister: my question is in regard to the conservation of fish and wildlife resources and the effects that aboriginal and Métis year-round harvesting may have on that resource. Page 36 of your annual report indicates that there were 97,000 hunters and 221,000 anglers who purchased recreational licences. To put that in perspective, do we know how many aboriginal and Métis were actively harvesting in Alberta last year?

Mr. Coutts: I'm sorry, what . . .

Mr. Lindsay: It's on page 36 of your annual report. Right in the middle it talks about 97,000 hunters and 221,000 anglers. I assume that's the number that would have purchased recreational licences.

Mr. Coutts: I'm going to ask Ken Ambrock, our fish and wildlife assistant deputy minister, to come up and answer the question. I believe you want to know how many Métis . . .

Mr. Lindsay: Métis and aboriginal if you could . . .

Mr. Coutts: . . . and aboriginal would be part of that total?

Mr. Lindsay: Yeah. The reason I ask is because there's concern around, you know, the conservation of wildlife.

Mr. Coutts: Certainly.

Mr. Lindsay: If their number is 10 per cent, 20 per cent, whatever.

Mr. Coutts: Mr. Chairman, is it appropriate to have our fish and wildlife . . .

The Deputy Chair: Yup.

Mr. Ambrock: Thank you. With respect to Métis hunters, we don't precisely know the number out there. We have estimates that there are about 60,000 Métis in the province, of which about 30,000 are registered, of which about half are female, a number of people living in urban areas. So we don't precisely know how many are out there in terms of actual hunting. The question refers to this year in the context of hunting, and we're in the process of monitoring it. We expect that when our officers check anybody out there, it will be recorded in our ENFOR system, which is a computer system to record all contacts with Métis hunters. So we'll hopefully have a better idea next year after we've been through the process of monitoring.

With respect to aboriginal hunters I don't precisely know the number. We would have to get back to you on that issue.

Mr. Lindsay: Okay. Thank you. My supplemental would be in that same regard. Do we know what per cent of fish and wildlife harvested were harvested by those groups?

Mr. Ambrock: At this point we don't know. Again, we're in the process of monitoring the situation around Métis hunting. We will require that registration occurs, for example, if it's a trophy sheep or elk, grizzly bear or cougar, but at this point we don't know. Again, we're referring to issues that have recently occurred with respect to Métis hunting. I can tell you that we have recorded seven trophy sheep, about eight elk, and one cougar from the period of September up till about now, and we're looking at more information. But, again, that refers to this year. We had no monitoring system in place two years ago.

Mr. Lindsay: Thank you.

Mr. Coutts: Just to supplement briefly. Since the Métis harvesting agreement came in place in September or early October of '04 – your question is a good one, and it's something that we continue to monitor – we haven't had a full fishing season, and as soon as we have a full fishing session, we do our creel checks. We do our monitoring. Métis have to have a fishing licence. They have to have a domestic fishing licence, and they have to have a commercial – well, everybody has to have a commercial fishing licence. We'll make sure that that monitoring gives us an idea of the kinds of effects that it's having on the resource. In the meantime, our additional enforcement officers this year should help us, and our additional guardians will help us get that information.

The Deputy Chair: Thank you.

Mr. Bonko, followed by Mr. Danyluk.

Mr. Bonko: Thanks, Mr. Chairman. On page 47 of the annual report under goal 2 it says that the annual allowable cuts in harvest – it states that the goal is to “enhance the economic, environmental and social contributions of Alberta's forests and forest lands to Albertans.” Can the minister tell us if the reforestation of these areas is proceeding on time and if there are adequate forestry officers available to ensure that industry is complying with reforestation requirements.

Mr. Coutts: Adequate forestry officers, definitely. Not only do we have forestry officers that work with the industry on their annual plans; we make sure that we're constantly working and in dialogue with forest managers to make sure that their annual allowable cuts are within the acceptable limits as based out in their plan.

In terms of reforestation, we have a delegated authority that looks

after reforestation in this province. With forest fires, with the amount of cutting that was going on, and particularly with our small producers back in the early '90s, there wasn't a requirement for our small mills, our small timber allocations, to do any reforestation. FRIAA is going back and looking at how we can effectively reforest those areas as well as our forest fires that we get every summer.

The demands on that are great as compared to the amount of dollars that we have to put in it, but I'm happy to report that this year we have more money going in, and FRIAA's resource guys are really pleased that they're going to be able to get out there and do a lot better job on those forest fire areas that have been lacking and, of course, the miscellaneous timber quotas that were out there that weren't reforested. So it's a work in progress, it will continue to be a work in progress, and we'll continue to get additional dollars every year to look after that need.

9:40

Mr. Bonko: Thank you.

The Deputy Chair: Mr. Danyluk.

Mr. Danyluk: Thank you very much. Thank you very much, Mr. Minister. I very much appreciate your being here, especially because sustainable resources is really the heart of my constituency and has a lot of impact on most everything that happens, especially around the Lac La Biche area. In my preamble I would like to stress that I think it's imperative that your department have a close working relationship especially with Economic Development in regard to tourism and Community Development in regard to parks because they are intertwined.

My question is in that regard. You had mentioned in your preamble the reduction of net holders or commercial fishermen from, I believe, 579 to 317. Sorry; that's on page 37. At the top of the page, the second paragraph, it is mentioned that the commercial harvest is over 2.2 million kilograms. I would also suggest to you that the harvest of predators in the Lac La Biche area alone is over 10 million. I would like to know what money you have spent in regard to commercial fishing reduction in comparison to what you have spent in predator control.

Mr. Coutts: Well, thank you very much, hon. Member for Lac La Biche-St. Paul. I thought I would get a much tougher question after the shot I gave you about the cold that you gave me. But that doesn't diminish the validity of the question. It's a good question because I think everyone recognized a few years ago, and us being the Ministry of Sustainable Development on the fishery's side, that that number of commercial fishing licences that were out there would not sustain the resource. Rather than have the quota go lower, a buyout of the commercial fisheries was absolutely necessary. Getting that buy-in from the commercial fisheries was a challenge, I believe, for the former minister and for the MLAs that were involved as well as for the people that were involved and their families.

As a result of successful negotiations, we were able to get that buyout and get decisions made on what each commercial fisherman should get, and we've budgeted, and we've spread the buyout over a number of years. Basically, what it is is \$2 million a year, and it gets split up amongst those commercial fishermen who gave up their licences. The cheques go out on a fairly regular basis, and they seem to be happy at this point in time.

With regard to predators. Certainly, lakes that are marginal, lakes that are beginning to collapse due to predators, whether they be in the air or underwater, it's certainly expensive to make sure that you

– for example, in my area if you have to drain a lake to get rid of the predators, it really hurts that fishery for a number of years. It takes a long, long time for it to come back. But it's necessary to do those things, and that's part of our sustainability, making sure that we get rid of the predators once they're identified, and we use the science behind it to make sure that we get rid of them in the right way.

Predators in the air; for example, you're probably referring to cormorants. Cormorants, we know, are a definite threat to an already collapsing fishery in many of the lakes you have in your area. Getting rid of those certainly requires good management skills. We're developing that. We've had a team out there over the last year. That was begun by the former minister to address the very things that you've brought forward.

We will be going forward with a strategy with those lakes to help you to make sure that those predators, both in the water and above the water, are looked after so that we can maintain the fishery because that's what we're needing in the sports fishery and the domestic fishery and the commercial fisherman in the long run.

Mr. Danyluk: Thank you very much, Mr. Minister, and I very much appreciate your answer. I understand the challenges that your ministry faces in regard to monitoring, and I never saw any place in this package, any indication of how much you spend directly on monitoring. We're not talking fish and wildlife. I would like to know fish. I would like to know about monitoring fish stocks that are presently in the lakes to realize and to understand where we have been and, possibly, where we are going.

Mr. Coutts: That's a very good question. I've asked that in my mind many times. How do we know exactly what on the fish side? If we're trying to revitalize the fish resource – and that revitalization program was started by the former minister – how do we actually know? I can't give you the answer to that, but I will charge my deputy ministers to see if we can come up with that figure for you, and we will respond in writing.

Mr. Danyluk: Thank you very much, Mr. Chairman.

Mr. Coutts: It's a very good question.

The Deputy Chair: Mr. Chase.

Mr. Chase: Thank you very much. My reference is page 39 of the annual report, specifically rangeland management. It states that the Public Lands Amendment Act was passed and part B allows for bison grazing on public land. It states that the regulations will be developed for "disease testing to ensure a sustainable bison industry in Alberta" and at the same time "protect other sectors of the livestock industry from potential disease." My question has to do with dancing with buffalo. Given that you not only can't roller skate in a buffalo herd; you can't hike, bike, camp, fish, bird watch, et cetera – in other words, the concept of multi-use goes out the window for this preferential land usage – has there been any comprehensive analysis done of the benefits of bison ranching to Albertans, seeing as this is being conducted on public land?

Mr. Coutts: Two years of consultation went into the forming of legislation in 2000 that actually was passed in the Legislature in 2003. That consultation included the very things that you talked about in your question about disease control, about sustainability of the grass. Through that consultation, we found that bison grazing on grass that – you know, 10,000 years ago bison were grazing on that very grass out in the rangeland. Ranchers were asking: why can't

we do it? That's why the consultation was put forward. That's why the legislation came forward. It was fully debated in the House.

In terms of disease bison have been slowly domesticated, I guess you might use the term – agriculture would have a better term for it, but that's what I call it – over the past 25 years in this province. You have bison farms that have done very, very well, particularly in my area.

9:50

Mr. Chairman, you're probably going to clamp on me here, but when I was in the restaurant business, we had the bison industry starting to want to get us to sell bison on our menu on a daily basis. Of course, all of the rules and regulations to make sure that that happened on the slaughter side, et cetera, had to be done.

We did our due diligence in making sure that the bison on rangeland were under the same rules, the same conditions as cattle are today. We provide an opportunity for wildlife. We know that bison have to have more secure fences and that type of thing. If the leaseholder is prepared to do that, then we let them do it, but it has to be a permeable fence to let the wildlife go back and forth so that they have the same ability to get on to the land as they've always had.

So that consultation did happen. It's a matter of a leaseholder making the decision whether he wants to make that investment and put bison on the land.

The Deputy Chair: Okay. Both of you are going to have to be short for the supplement now.

Mr. Chase: Yes. This is my second question, without preamble. Given that the game farming industry in Alberta is in need of substantial government subsidies in order to remain viable and given the threat of chronic wasting disease in elk game farms, can the minister assure all Albertans that taxpayer money will not be spent to subsidize this industry if it turns out to be economically nonviable?

The Deputy Chair: Don't be obliged to answer policy.

Mr. Coutts: That has nothing to do with the 2003-2004 report.

The Deputy Chair: I know that.

Mr. Coutts: Thank you, Mr. Chairman.

The Deputy Chair: We'll move on to Dave Rodney.

Mr. Rodney: Thank you very much, Mr. Chair. Thank you, Mr. Minister, and to your staff. I'd like to refer to the first bullet on page 31 of the annual report for this department. It refers, of course, to softwood lumber. I am not asking about policy for this year, sir. I'm just wondering: how close was the Alberta government to resolving the softwood lumber trade dispute with the U.S. at that point? That's my first question.

Mr. Coutts: Keeping it away from policy and away from details of negotiations but more to the issue at hand of having to negotiate a softwood deal, it takes about \$2 million a year for us to go down to Ottawa, to go to Washington to negotiate this deal.

How far away were we? It's a complicated issue in terms of getting sort of a Canadian agreement with the U.S. The U.S. was concentrating on provinces and the policies that were put in place in provinces. As a result, many provinces looked at their forest policy

and changed their forest policy. We in Alberta were very close to having sort of an agreement between the U.S. industry and our industry regarding our policy on how we managed stumpage for our miscellaneous timber users and that type of thing.

We made tremendous progress with that \$2 million. The U.S. was very happy with some of the changes that we made in our policy. It's a work in progress, though, so we need to have that \$2 million every year to continue what will be, I believe, a very difficult and long negotiation. But we have made tremendous progress.

Mr. Rodney: It's a tough situation for, well, the previous minister and yourself. I wish you all the best with that. It's tough to not see the softwood moving, and it's tough to see timber burning up in flames, of course.

For my supplemental I'll just refer to a couple of graphs, the first one on page 26, the second on page 25. On page 26 we have figure 7, a performance measure of prevention. We see from 2001 to 2004 the numbers jumped from close to 300 to close to 450 and then close to 500. I see that the target, you know, is substantially lower back to 2001, and that's a laudable goal, of course. When we look at page 25, we see the numbers from 2001 to 2004 kind of going down and up and then, hopefully, down again. So I'm really hopeful that that indeed will be the situation, but, of course, my question has to be 2003-2004.

Along these lines of things not going up in smoke so much whenever possible, I'm just looking at the first line on page 19. The forest protection 2002 actual was \$302.5 million, and then the 2003-04 budget was for \$75.6 million, but the actual was again much higher, at \$204 million. I can appreciate that a lot of these things are unpredictable, but is there a way to match up so that the budget and the actual are a little closer? Does this just go to disaster, or is this accounted in a different way? I just hate to see half of your budget go up in smoke, if you'll pardon the pun.

Mr. Coutts: Yeah. It's a very good question, and that question

really sums up the problem that we have in determining the kinds of dollars that are needed for fire season. Of course, you're right: it all depends on weather; it depends on the conditions, the humidity, the amount of precipitation that we have. But more importantly, thanks to the Auditor General and thanks to some good work being done through our process that I have to follow in government, we've got enough dollars to make sure that we can look after the basic. The basic is to make sure the contracts are in place, to make sure that we have, then, if we have a small number of fires – we always hope that that's the way it is – the ability to go to the sustainability fund to supplement.

The next thing is to have the ability, if we have a huge fire season like we did in 2003, when we reached that actual maximum of, I believe it was, \$212 million – I could be corrected there – that was needed to fight those fires, to do that from the sustainability fund. That's because of the unpredictability of the fire season.

Mr. Rodney: Sure. Thank you.

The Deputy Chair: Thank you all. We have members Eggen, Griffiths, Lindsay, Morton, and Prins that are still on the list, so I would ask those members to put your questions to the minister through the clerk, and we will get written answers for the next meeting. We do have this room scheduled for 10 o'clock, so thank you, Mr. Minister and staff.

The next meeting, if the House is still sitting, will be Wednesday, May 18, Hon. Ty Lund, Government Services. I'd ask for a call for adjournment.

Mr. Rogers: So moved.

The Deputy Chair: Mr. Rogers. All in favour? Thank you so much.

[The committee adjourned at 9:58 a.m.]