



Legislative Assembly of Alberta

The 27th Legislature
Second Session

Standing Committee
on
Public Accounts

Environment

Wednesday, March 18, 2009
8:30 a.m.

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Standing Committee on Public Accounts

MacDonald, Hugh, Edmonton-Gold Bar (AL), Chair
Quest, Dave, Strathcona (PC), Deputy Chair

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Bhardwaj, Naresh, Edmonton-Ellerslie (PC)
Chase, Harry B., Calgary-Varsity (AL)
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Jacobs, Broyce, Cardston-Taber-Warner (PC)
Johnson, Jeff, Athabasca-Redwater (PC)
Kang, Darshan S., Calgary-McCall (AL)
Mason, Brian, Edmonton-Highlands-Norwood (ND)
Olson, Verlyn, QC, Wetaskiwin-Camrose (PC)
Sandhu, Peter, Edmonton-Manning (PC)
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Woo-Paw, Teresa, Calgary-Mackay (PC)

Department of Environment Participants

Mike Dalrymple	Senior Financial Officer
Jim Ellis	Deputy Minister
Ernie Hui	Assistant Deputy Minister, Environmental Assurance Division
Bev Yee	Assistant Deputy Minister, Environmental Stewardship Division

Auditor General's Office Participants

Fred Dunn	Auditor General
Merwan Saher	Assistant Auditor General
Mary-Jane Dawson	Principal

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[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to now please call this meeting of the Standing Committee on Public Accounts to order. On behalf of all the members of the committee I would like to welcome officials from the Department of Environment and, of course, the office of the Auditor General this morning. I would like to advise our guests that they do not need to operate the microphones as this is taken care of by *Hansard* staff. I would also like to note that the meeting is recorded by *Hansard*, and the audio is streamed live on the Internet.

Now we can perhaps go around the table, starting with the deputy chair, and quickly introduce ourselves for the record.

Mr. Quest: Good morning. Dave Quest, Strathcona.

Dr. Massolin: Good morning. I'm Philip Massolin. I'm the committee research co-ordinator, Legislative Assembly Office.

Mr. Jacobs: Good morning. Broyce Jacobs, Cardston-Taber-Warner.

Mr. Denis: Good morning. Jonathan Denis, MLA for Calgary-Egmont.

Mr. Bhardwaj: Good morning. Naresh Bhardwaj, Edmonton-Ellerslie.

Mr. Kang: Good morning. Darshan Kang, Calgary-McCall.

Mr. Chase: Good morning. Harry Chase, Calgary-Varsity.

Ms Pastoor: Good morning. Bridget Pastoor, Lethbridge-East.

Mr. Mason: Hi. Brian Mason, Edmonton-Highlands-Norwood.

Ms Yee: Good morning. Bev Yee. I'm ADM of environmental stewardship.

Mr. Hui: Good morning. Ernie Hui, ADM of environmental assurance.

Mr. Ellis: Good morning. Jim Ellis, Deputy Minister of Environment.

Mr. Dalrymple: Good morning. Mike Dalrymple, senior financial officer.

Ms Dawson: Good morning. Mary-Jane Dawson, principal, office of the Auditor General.

Mr. Saher: Merwan Saher, office of the Auditor General.

Mr. Dunn: Fred Dunn, Auditor General.

Mr. Sandhu: Good morning. Peter Sandhu, MLA, Edmonton-Manning.

Mr. Johnson: Good morning. Jeff Johnson, Athabasca-Redwater.

Ms Woo-Paw: Good morning. Teresa Woo-Paw, Calgary-Mackay.

Ms Rempel: Jody Rempel, committee clerk, Legislative Assembly Office.

The Chair: Hugh MacDonald, Edmonton-Gold Bar.

Item 2 on our agenda is approval of the agenda. I would like to note that this also includes time under other business for the final consideration of the presentation by the Auditor General and for the proposed motion by Mr. Mason. May I have approval of the agenda? Mr. Sandhu.

Mr. Quest: Just a question. We're going to allow five minutes at the end of the meeting for that portion?

The Chair: Yes, certainly. If there are a lot of members still with questions at a quarter to and we need the flexibility, we'll have to read them into the record, as is the usual practice, and get a written response through the clerk from the department. Fair enough?

All in favour of the agenda? Thank you. Moved by Mr. Sandhu that the agenda for the March 18, 2009, meeting be approved as distributed. Again, all in favour? Thank you very much.

Item 3, approval of the minutes of the March 11, 2009, meeting of our committee as distributed. Thank you. Moved by Ms Woo-Paw that the minutes of the March 11, 2009, Standing Committee on Public Accounts meeting be approved. All in favour? Thank you very much. None opposed.

This, of course, brings us to item 4 on our agenda, our meeting with the Ministry of Environment. We are dealing with the report of the Auditor General of October 2008; the annual report of the government of Alberta 2007-08, which includes the consolidated financial statements of the government of Alberta annual report; and the Measuring Up document, the business plan annual report. I would remind everyone of the briefing materials that were prepared for the committee by the LAO staff.

With that, I would now ask Mr. Ellis, deputy minister, to make a brief opening statement, please, on behalf of the ministry. Thank you.

Mr. Ellis: Thank you, Mr. Chairman. I am pleased to be here today. Before I outline some of the highlights and milestones accomplished by the department for the period 2007-2008, I'd just again like to introduce the team that I have with me today. First off, Bev Yee is the assistant deputy minister of environmental stewardship. That division is responsible for water for life, for our outward-looking stewardship activities, intergovernmental relations, and First Nation relations as well as our recycling programs. Ernie Hui is the assistant deputy minister of environmental assurance. That's basically our policy division. It incorporates all environmental policy. As well, Ernie has oversight and is the ADM of the oil sands division. Finally, Mike Dalrymple, the senior financial officer.

Our department is responsible for the protection of air, land, and water. Each action we undertake is designed to meet these objectives. In 2007-2008 the department undertook several initiatives to ensure the protection of our environment for current and future generations of Albertans. In January 2008 Premier Stelmach and Minister Renner released our climate change strategy. That strategy commits Alberta to developing practical adaptation strategies to address the challenges and opportunities of climate change. The climate change strategy focuses on three elements: conserving and using energy efficiently, greening energy production, and implementing carbon capture and storage. Together these initiatives will deliver 200 million tonnes of reductions in Alberta by 2050.

Another important action undertaken by the department was the renewal of the water for life strategy. Water for life has served us

well, and in 2007 Minister Renner asked the Alberta Water Council to renew this strategy. We have mounting pressures in this province on our water supply, and Alberta took steps during this period to address these pressures. Water withdrawal limits for industry were announced for the Industrial Heartland and the lower Athabasca River. The South Saskatchewan River basin management plan continues to safeguard the water quality and quantity for community water uses and ecosystems in central and southern Alberta.

We also led the development of a new regional approach to environmental management. This new approach, called cumulative effects management, was applied to help manage growth pressures and the environment in the oil sands and across Alberta. This approach takes into account all environmental implications of development in a region: setting regional environmental outcomes and objectives, building external partnerships, and developing long-term shared outcomes. Cumulative effects management aligns with the land-use framework. Alberta's first application of this new approach is taking place in the Industrial Heartland, an area just northeast of Edmonton.

From regional planning to managing our waste, Alberta Environment has many achievements to celebrate. Alberta's continued growth put pressure on our municipalities' landfill capacity and solid waste management. To meet this challenge, Alberta Environment created the Too Good to Waste strategy, which manages and reduces material sent to landfills. The strategy includes a new paint stewardship program, construction and demolition stewardship program, targeted disposal bans, and a packaging stewardship program. As part of the synergy we partnered with the Canadian Home Builders' Association, Alberta chapter, and the Alberta Construction Association to develop a stewardship program for construction and demolition materials.

The department undertook many initiatives and programs throughout this reporting period, 2007-2008. Again, I'm going to sum up here, and then I think we can start the discussion, Mr. Chairman. We look forward to answering any questions you might have.

Thanks very much.

The Chair: Thank you very much. That's very considerate, Mr. Ellis.

Mr. Dunn, please.

Mr. Dunn: Mr. Saher will read our brief comments.

Mr. Saher: Thank you, Mr. Chairman. Our chapter on Alberta's response to climate change begins on page 93 of the October 2008 report. We reported that the government of Alberta committed to targets for both emissions intensity and absolute emissions reductions, but the government has not yet corroborated that the actions chosen in its 2008 strategy will result in Alberta meeting its targets. Our recommendations 9, 10, and 11 were made to help the government develop processes to achieve these targets and to provide relevant and reliable performance reporting.

Our other work on the Ministry of Environment begins on page 261 of the October report. On that page we have recommendation 27 to the ministry, to implement processes to complete the financial statements of the climate change and emissions management fund within the deadlines set by the department of Treasury Board. Since the ministry was still verifying the amounts reported as owing to the fund by facilities emitting more than 100,000 tonnes of greenhouse gases a year, we were unable to provide an opinion on the fund's financial statements for the period ended March 31, 2008. As a result, we had to qualify our opinion on the ministry's consolidated

financial statements. The qualification, which can be found on page 54 of the ministry's 2008 annual report, indicates that management expected that an audit of the fund could be done by the end of December 2008. However, since the ministry has not yet completed its verification processes, that audit is still outstanding.

8:40

On page 382 you will find a list of outstanding recommendations to the ministry. In particular, I draw your attention to our recommendation on financial security for land disturbances, the recommendation that the ministry obtain sufficient financial security to ensure that parties complete the conservation and reclamation activity that the ministry regulates. It was first made in 1999. The recommendation was repeated in 2001 and 2005. In 2007 we reported that the ministry was working on a risk-based approach to calculate the security needed.

Thank you.

The Chair: Thank you very much.

We'll get immediately to questions. Mr. Chase, please, followed by Mr. Bhardwaj.

Mr. Chase: Thank you. Although the Alberta economy took a dramatic downturn in 2008, it was bonus business as usual within the Ministry of Environment. On page 89 of your 2007-2008 annual report, footnote (c) includes achievement bonuses amounting to \$1,860,000. My first question: why are achievement bonuses in schedule 6 on page 90, under other cash benefits, not separated from vacation payouts and lump-sum payments?

Mr. Dalrymple: If I could get back to you on the answer to that question. When we do our financial statements, we follow GOA standards on reporting in this regard.

The Chair: Okay. If you could get back to us through the clerk.

Mr. Chase: My second question: in schedule 6 on page 90 of the same report, under other cash benefits, what amounts in achievement bonuses went to the deputy minister, the four assistant deputy ministers, and the three executive directors? The accounting is not clear.

Mr. Dalrymple: Okay. If I could just clarify, are you asking for the exact amounts of the bonuses paid to these individuals?

Mr. Chase: That's what I'm asking for. Thank you.

Mr. Dalrymple: Yeah. If I could respond separately, outside of this meeting, because I don't have the specific details of the bonus amounts paid to those individuals here.

The Chair: Okay. Certainly. If you could provide that in writing through the clerk, please, to all members.

Yes, Mr. Saher?

Mr. Saher: If I could just supplement. The layout of the schedule that the member is referring to on page 90 is, in fact, in accordance with the Treasury Board directive for salary disclosure. I just wish to make that point.

The Chair: Mr. Bhardwaj, please, followed by Mr. Kang.

Mr. Bhardwaj: Thank you very much, Mr. Chairman. Alberta

frequently receives negative media coverage about how it develops its oil sands resources. What is Alberta Environment doing to improve how it is managing the environmental effects of oil sands development?

Mr. Ellis: The department during this period started working on the cumulative effects management program. Cumulative effects management is a program that is designed to take a look at air, land, water, and biodiversity and balance that against current development and future development. During this period we did a tremendous amount of work on that, focusing as a pilot project in the Industrial Heartland, where we set targets for air, land, and water. We took a look at doing that work. The report on air is ongoing. As of this reporting period the water work had been completed, where a water management framework was agreed to by the Minister of Environment, and companies in the Industrial Heartland are now working with the department to work through that. In the north, up in the oil sands area, again, we worked with organizations like CEMA to take a look at development activity in the area, and we moved forward with that activity.

Thanks.

Mr. Bhardwaj: Okay. The only supplemental would be, then: despite all these initiatives you guys are taking, why are we still being criticized?

Mr. Ellis: Most of the criticism is obviously coming through the media, and the media currently is not well aware of the initiatives of the department, not only our own media but media across the country. In fact, international media and organizations have limited understanding of what this department is doing on our environmental side. The information that's being used is often out of date, it's sometimes out of context, and it's being interpreted by a small group of vocal opponents to the oil sands. Environmental management is a complex issue, and it does take time as we move through the various aspects that we're delivering on.

We continue to move forward with these initiatives. We rely on our industry partners for effective stewardship, and we demand that. We are working to set clear expectations, clear outcomes, be it targets for air, land, and water use, and we are holding industry accountable to meet those targets.

The Chair: Thank you very much.

Mr. Kang, please, followed by Ms Woo-Paw.

Mr. Kang: Thank you, Mr. Chair. In the 2007-08 Environment annual report on page 54, third paragraph, the AG states very clearly that there are serious problems with his ability to audit the climate change and emissions management fund. It goes on further. The Auditor General was unable to verify any of the accounts receivable by the fund nor whether the system for reporting emissions by industries is adequate at actually meeting emission intensity targets. Okay. That is set for 2010, 20 per cent reduction from 1990 levels; by 2020, 50 per cent reduction in emissions intensity from 1990 levels, otherwise known as the stabilizing year, to begin reductions to the 2050 target by 14 per cent below 2005. Why does the minister not have the system in place to verify both the completeness of the reporting by companies and progress toward meeting emissions intensity targets? That's on page 54.

Mr. Ellis: Thank you. I'll start this, and if it's all right, I'll pass it over to Ernie Hui to give some additional information. I'd just remind you again that the climate change strategy that was released

in 2008 deals with carbon capture and storage, energy conservation and efficiency, and greening energy production. One of the things that we all need to be aware of is that this is a jurisdictional leading piece of legislation and strategy. During this period it was the only one that was currently running in North America and limited ability for the department to use other models as a guide. So as we moved out with this, we moved out quite quickly because we needed to act as a department.

The decision was made that we were going to move quickly starting in July of '07 to put this into effect where industry above 100,000 megatonnes' release was going to be required to not only report but either pay into a fund by credits or make adjustments within their industry on-site to save the greenhouse gas emissions that were required. When we moved out, as I said, there were issues that we moved forward with as we were trying to set this program up and run it at the same time. We did a significant amount of work to do that; however, as I said, it's a new program that we had made the decision to implement quickly and adjust as we moved forward. Those are some of the reasons why we weren't ready to have all of the aspects tied up for the Auditor General when they came in.

8:50

Mr. Hui: Perhaps I can just supplement that. As Jim has indicated, this is a program that we launched in July of 2007, and from July 2007 to March of 2008 comprised the first reporting period.

We do have a process in place whereby we do verify the reports that are coming in in terms of the compliance reports that these companies have to submit. I think that it's also important to note here that part of that process does include a third-party verification of the information that is contained in those reports. As of March 31, 2008, those reports were just coming into the department, and staff were going through that review. That is one of the reasons why we weren't ready to provide that full information to the Auditor General at that point in time.

Mr. Dunn: Maybe I'll just supplement. It's a very important question the member has asked. If you turn to pages 93, 94, the actual unaudited financial statements are there; we're talking \$40 million. Those are the unaudited statements that were not able to be audited at that time. I'm going to ask two questions, one to you, Jim, and then one to you, Mary-Jane. This was at a time at the end of June of 2008. Where are we now? Are we in a state that these can be audited? First to you, Mr. Ellis or Ernie.

Mr. Hui: Yes, I believe that we are for that period. Those reports have been reviewed by staff, and they have been verified by our staff. So I believe that we are ready for that.

Mr. Dunn: Okay.

Mary-Jane from my office, could you confirm that we are able to audit this?

Ms Dawson: Yes. The last piece that we were waiting for was actually their work on the offsets. They're completing the work on the offsets. They expect the reports to come in by the end of March, so it should be done.

The other point I would add just further to what was said about this being the first year is that the way this mechanism works, there needs to be a review of the baseline years, and then there needs to be review of the compliance years. In this particular year, because it was the first year, they had to review both the baseline calculations and the compliance calculations. The baseline calculations came in, I think, about in December, and it was, like, a hundred facilities, so

then they were forced to be reviewing that, and that's three years' worth of data. Then the compliance reports came in at the end of March, and that was another hundred reports to review. That's part of the reason why they were unable to finish by what would normally be our date to finish the audits, which would be May 15.

The Chair: Thank you.

Mr. Kang: I will take this a step further here. Why has the ministry not created and maintained a master implementation plan for the actions necessary to meet any emission intensity targets for any given year, 2010, 2020, and beyond? Is there any plan in place now? Shed some more light on that, please.

Mr. Ellis: Yeah. We accepted that recommendation within this report from the Auditor General, and we are working on the implementation plan right now. It's our intention to finalize that in the coming year. As I said, when we looked at it, we agreed with it. There is a requirement for that. In fact, we're planning to work through this, but, as I said, a new program was extremely complex. This is one of the issues that we're currently working on and are committed to complete.

Mr. Kang: Thank you. Thank you, Mr. Chair.

The Chair: Thank you very much.

Ms Woo-Paw, please, followed by Ms Pastoor.

Ms Woo-Paw: Thank you, Mr. Chair. Could you please provide an explanation as to why the total amount of oil sands financial security increased by approximately 40 per cent during the 2007-2008 reporting period?

Mr. Saher: If I could just help the departmental staff, I think the question is probably coming from note 7 of the consolidated financial statements, page 63, which records a considerable increase in the security amounts held.

Mr. Ellis: I don't think we have enough information here. If it's all right, could we get back to you in writing on that?

Ms Woo-Paw: Certainly.

My related supplemental. Your ministry policies are to update the financial security amount periodically. I believe it's every year for oil sands. Are your financial security estimates based on the most updated information now?

Mr. Ellis: We are working with industry. We work with industry throughout the period. There is a program that we're running to determine that reclamation piece that we have to do. I guess the answer to your question is: yes, it's updated. We look at it annually. We also look at it through the approvals process every five years. As the approval comes up for renewal, we actually have a look at that to ensure that that takes place.

We're also looking currently at working with industry and some other partners to develop a reclamation security program. We've been doing this for some time. Again, in this particular period we were continuing to do that work just to ensure that we did have a system in place to ensure that we had the proper amount of reclamation not only in the oil sands but in other mining activities, coal mining.

Ms Woo-Paw: Thank you.

The Chair: Thank you.

Ms Pastoor, please, followed by Mr. Quest.

Ms Pastoor: Thank you very much, Mr. Chair. I wonder if I could have a clarification on something that I heard in the opening remarks that I'm not really clear on. In terms of the bonus payouts you said that you had used the GOA form of accounting. What is GOA? It's the government of Alberta's reporting mechanism for accounting. Is that correct?

Mr. Dalrymple: Yeah. There's a standard format that all government departments use to do the financials and, in this case, the note disclosure.

Ms Pastoor: Right. Okay. I believe that Mr. Saher had said something about a Treasury Board directive. Could you explain how those two things mesh?

Mr. Saher: Well, I think it's really the same thing. The Treasury Board directive – I don't have its exact number – is a statement from the Treasury Board as to how salary disclosure is to be done. It sets out in effect the form in which the disclosures are to be reported by ministries.

Ms Pastoor: So that falls under the GOA, or it's something separate?

Mr. Saher: No. It's a directive that applies to all government departments.

Ms Pastoor: And that's normal within all of any government that does their thing. That's a normal practice?

Mr. Saher: Yes. It's quite normal for the disclosures that the government wishes to see in its individual financial statements and then which finally roll up into the consolidated financial statements, those directives, to be set by the Treasury Board of the jurisdiction.

Ms Pastoor: Thank you very much.

The Chair: Thank you. The chair at this time would like to note that page 90, I believe, of the Environment annual report does not note that Treasury Board directive – I believe it's 1998 or 2004 – and other annual reports make that Treasury Board directive available for the reader. I hope that clarifies that.

Mr. Quest, followed by Mr. Mason.

Mr. Quest: Thank you, Mr. Chair. Referring to pages 95 and 98 of the annual report on the climate change and emissions management fund, just a little bit confused here. Maybe you could help me. I see that there it looks like about \$40 million has been collected and is in this fund. But it's just note 5 on the budget on the next page that I'm not really clear on. It says, "The government included a revenue forecast of \$63 million for the CCEMF in the Quarterly Fiscal Updates." How do those two numbers relate or not relate?

9:00

Mr. Ellis: The difficulty with trying to do an estimate is that the companies have various options they can use to meet the requirements under the legislation, so it's not just paying \$15 a tonne over the hundred thousand that goes into the fund. If that was the case, we could make a very easy estimate. Part of the issue is that they have various ways of meeting their obligation. As I said, they can

make progress at site, where they drop their emissions by putting in technology. They can buy offsets or credits in the trading market. We are not really in a position to have an understanding of what they're going to do until we see their final statements at the end of the year. We take an estimate to try to figure out just generally where we're going. It's going to be a similar issue this year as we try to figure out, you know, what they're going to do. They don't have to let us know until they actually put their paperwork in at the end. So we'll get the paperwork. They may abuse the \$15 a tonne. They may have bought a cheaper offset from within the province of Alberta, or they may have put in technology that will meet the limits that they have to do. This actual fund only accounts for the \$15 a tonne. That's what it tracks.

Mr. Quest: Thanks, Jim.

No supplement.

The Chair: Thank you.

Mr. Mason, please, followed by Mr. Denis.

Mr. Mason: Well, thank you very much, Mr. Chairman. Mr. Ellis, I guess the question I have has to do with the tailings ponds and the way those are dealt with by your department. I don't agree, by the way, that there's just a small handful of people who are critical of the management of the tar sands. I think that public opinion polling shows that the majority of Albertans have concerns about that.

I want to ask you about the reclamation, and I want to know if it is possible to accelerate the reclamation of the tailings ponds through the use of technology, such as dewatering technology and so on, if you've considered that and, if you have, why we haven't moved to accelerate the reclamation of these tailings ponds.

Mr. Ellis: Thanks, Mr. Mason. From our perspective we are looking as a department to improve the current tailings ponds technology as quickly as possible. We are working with industry now and pushing industry so that they are doing that. One of the pieces of technology that we're currently looking at is a dry tailings technology, which takes the water issue away completely. It's moving forward right now. It is new technology. We as a department, we as a government are working to make sure that we can facilitate this because we agree that the move from wet tailings to dry tailings is better for us, better for the environment, and it moves quicker through the reclamation process. They already have the dry tailings. They don't need to be dewatered. We can hopefully get to the contouring part of reclamation much quicker than we can right now.

Mr. Mason: Thank you. My supplemental. I know that some of the more recent proposals for mining operations in the tar sands include dry tailings already; that's part of the plan. I guess I have a question about how quickly the department is moving, since some companies are already adopting this technology, to make this mandatory. I also want to come back to the question of dewatering the existing ponds.

Mr. Ellis: As I stated, we're committed to improving the environmental footprint of the tailings ponds, so we are moving through our approvals processes and through our work with industry to try to facilitate that move to the dry tailings now. There are no dry tailings, to my knowledge, in the area right now. There are people that are talking about it. We have no approvals in place right now that are dealing with dry tailings. We are speaking – and again, we're outside of this, but we're talking about today – with significant players up there that are very close to moving on technology.

We as a department, in working with our partner departments, ERCB and SRD, need to be supporting that move as quickly as we can through whatever we can. We are committed to moving there.

I'm going to let Ernie talk about dewatering.

Mr. Hui: Just in response to the second part of the question with respect to dewatering of these tailings ponds, once again I would point out that it's not reflected in our 2007-2008 report, but we have been working with the ERCB and with the industry folks to prepare a new directive with respect to tailings ponds and the management of water in those ponds. We're expecting that we will be out fairly shortly, in the upcoming year, with that directive. That directive will address those issues such as dewatering of those tailings ponds and providing direction to companies to move in that direction.

Mr. Mason: Thank you.

The Chair: Mr. Denis, please, followed by Mr. Chase.

Mr. Denis: Thank you, Mr. Chair. There's a lot of talk about safe drinking water for everyone and Alberta's water for life strategy and the like. I'm wondering if you could just comment on the processes taken over the last year to ensure the safety of drinking water for every citizen in this province.

Mr. Ellis: I'll start it, and, Ernie, if you have anything, I'd ask you to add. First off, I'd like to tell you that Albertans have good reason to feel confident about their drinking water. In 2007-2008 we launched a drinking water facility database. It's an online database that Albertans can go to and check the status and the performance of their individual drinking water facility. That was a large piece of work, somewhat complex, but it was delivered within this reporting period, in 2007-2008.

The minister also supported the movement of potable water, drinking water, in two interbasin transfers. These took place to ensure that those communities had the required drinking water quality and quantity for their communities. That took place during this period as well.

In the years before this reporting period one of the main issues we had was with individual maintenance people that were working on these water facilities, specifically those in the outlying areas. Initially the department's only role in this was to provide testing and ensure that these operators met the standard that was set out by the department. We identified, though – and again I refer to where we were at this point – that the large amount of employment issues that were going on in the province meant that a lot of the water facilities were having difficulties keeping people to do that job. We moved forward with a program called the operational assistance pilot program. This calls for us to work with municipalities in the region or those municipalities that have regional systems so that when a system has some issues, their operator leaves or for whatever reason, we can pool that resource and move operators around to make sure that those water facilities are covered.

Those are some of the issues we did this year.

Mr. Denis: Thank you for that. Just a quick supplemental. Dealing with growth pressures in southern Alberta, do you want to comment specifically on how that has impacted our water over the last year?

9:10

Mr. Hui: Perhaps I can respond to that question. I think you're absolutely right in identifying that there have been pressures in southern Alberta. We do have the South Saskatchewan River basin

water management plan in effect for that southern part of the province. It continues to safeguard both water quality and quantity in that particular region of the province. We've also done some work in preparing a water shortage management plan that sort of provides a four-stage response to water shortages in that particular region. Those are the steps that we've put into effect to address those regional water issues in southern Alberta.

Mr. Denis: Thank you.

Mr. Ellis: If I could just supplement, Mr. Chair, I'd just like to add a little bit. We also have done some other work on web-based activities. We have a new water licence viewer where in southern Alberta the residents of that water basin can go online and view current, up-to-date information on where the water licences are, who has the water licences, which facilitates quicker information.

We've also done an urban water security project. We didn't have a lot of information during this period and before this period. We tried to get some information on actual water use: the amount of diversion that was going in, more particularly the amount that was coming back into the river system as effluent. It was designed to try to give us an understanding of where we were with water, specifically for periods of drought, and other problems that we might run into. We did a lot of work during this period to try to give us some more information on that.

Mr. Denis: Thank you.

The Chair: Thank you.

Mr. Chase, please, followed by Mr. Bhardwaj.

Mr. Chase: Thank you. I'm continuing with the theme of inflationary Environment ministry practices conflicting with recession reality. My question is to the deputy minister. The total of salary and benefits for your position in 2005 was \$171,000. The year-end total for 2008 was \$357,000, an increase of \$186,000, which turns out to be an increase of 109 per cent in four years. My first question: how are the salary and benefits for the position of deputy minister determined?

Mr. Ellis: The salaries for deputy ministers are handled centrally. All deputy ministers' salaries are the same across government. Salary increases would have been handled through Executive Council. I'm not exactly sure on the system, quite frankly, but I do know that the salaries are the same. The salary increases that took place over that period are constant across the deputy ministers within the GOA.

Mr. Chase: Okay. So the inflationary trend is universal across ministries.

My second question: given that there are three rating levels to receive an achievement bonus, were you rated as meeting standards, having superior performance, or having exceptional performance?

Mr. Mason: What's the point, Mr. Chairman?

The Chair: I'm sorry?

Mr. Mason: I think that it puts the deputy minister in a very difficult spot to answer that question. I don't think it's appropriate.

Mr. Chase: Well, it's the taxpayers' money that's providing that support.

Mr. Ellis: If you're asking me personally, I was not the deputy minister during that period, so I can't comment on where Mr. Watson's performance lay. That's a discussion between Executive Council and the individual deputy minister.

Mr. Chase: Thank you.

The Chair: Mr. Bhardwaj, please, followed by Mr. Kang.

Mr. Bhardwaj: Thank you very much, Mr. Chairman. A lot of questions are being asked regarding reclamation of the tailings ponds. My question is: what action is the government taking to encourage the industry to conserve our environment? What specific actions is the government taking?

Mr. Ellis: I'll tell you that reclamation is a priority for this department and this government. As I stated earlier, we are working now with industry. In this period we were working with industry to develop a progressive reclamation program. The problem with information to Albertans right now is that we currently do not issue a reclamation certificate until the final phase of the reclamation. In some cases that can take upwards of 30-plus years, when the final growth of forest takes place and those sorts of things.

What we started in this period and continue to do, as I said, is a progressive reclamation information portal where Albertans can go and actually take a look at the state of the procedures on reclamation. Most of the work on reclamation, 80 per cent, takes place in the contouring – and we're talking about open mines now – where they move the overburden back into the mine and contour it. That's a lot of work and takes a long time. Once that gets there and they do the planting and the soil issues and wetlands, there is a considerable period where that landscape has to sit, and we have to wait to determine that, in fact, it has returned to where it was prior to the mining activity. What we're going to do is move out and actually explain through a GIS portal where these individual mining systems are. So that's one of the items.

During this period we developed tier 1 and tier 2 soil and groundwater remediation guidelines. In March of 2008 we issued the first oil sands land reclamation certificate, in an area called Gateway Hill just north of Fort McMurray, in the Syncrude site. This is the first reclamation certificate that we as a government have issued.

Mr. Bhardwaj: Thank you very much. My supplemental would be, then: how much money is the government spending on delivery of compliance and enforcement? How much money did we spend during the period '07-08?

Mr. Dalrymple: The department spent just over \$10 million on compliance and enforcement in '07-08.

Mr. Bhardwaj: Okay. Thank you very much.

Mr. Ellis: Just to supplement, we also increased our expenditures on the approval side. We spent \$19,555,000. Again, remembering where we were at this period, with the significant amount of approvals going through the department, we moved some money internally to meet that requirement.

Thank you.

Mr. Bhardwaj: Thank you.

The Chair: Thank you very much.

Mr. Kang: Page 95 of the AG's report indicates, "No evidence shows that the particular actions in the 2008 Strategy will allow Alberta to meet [any established] goals and targets." Can the minister produce any evidence now to indicate that chosen actions will meet any targets for 2010, 2020, 2050?

Mr. Ellis: These are greenhouse gas targets?

Mr. Kang: Yeah.

Mr. Hui: I think that what we indicated earlier was that the Auditor General's three recommendations that they made in 2008 were generally accepted by the Department of Environment. We've indicated that as part of sort of going out with the first program to regulate greenhouse gases in Canada and in North America, we've had to move out very quickly. We accept the recommendations that have come in from the Auditor General, and we are currently putting those plans in place to meet those recommendations from the Auditor General.

Mr. Kang: The second question: has the minister established the maximum amount it will pay per tonne of emissions reduction?

Mr. Hui: Right now the current charge where companies have an option to meet their reduction targets is to pay \$15 per tonne into the climate change and emissions management fund. That is the current price. Right now we do not have any current plans to raise that price per tonne.

Mr. Kang: Thank you.

9:20

The Chair: Mr. Jacobs, please, followed by Mr. Mason.

Mr. Jacobs: Thank you very much, Mr. Chairman. I'd like to follow up on a question asked by Mr. Denis regarding safe drinking water. I'm referencing page 28 in your report. As you indicated to Mr. Denis, much has been done to improve the safety of the drinking water of Albertans. The problem is that in many small rural communities this presents some severe financial challenges as they try to build or develop facilities which meet the standards, which seem to keep increasing over time. You mentioned 46 facilities having problems in the past year. I understand your problem, but could you comment on what you do as a department to assist small groups or small municipalities to deal with the financial challenges of developing water facilities which would meet your standards?

Mr. Ellis: We have a fund right now in conjunction with Alberta Transportation that deals with water/waste-water facilities. There's a hundred million dollars in that fund. We work with municipalities, our regional folks on the ground to assist them in achieving some of that money from that department. We work together with them, with Municipal Affairs to make sure that, in fact, we understand where the difficulties are.

During this period we are working on a study on regional drinking water facilities to try and move some of those facilities to a regional system, but we have to realize that there are some that are a significant distance and would have difficulties tying into a regional system. They're expensive. Again, we work with the municipalities, we work with the individual facilities to try to meet those standards through a grant program within the government of Alberta.

Mr. Jacobs: I'd like to just make a comment before I ask my

supplementary. I suspect that the money available is not going to be equal to the demand, so we're going to have some interesting discussions down the road.

My second question relates to another question asked by Mr. Denis on what the impact of the moratorium on the South Saskatchewan is having on growth in southern Alberta. There are municipalities that are now limited in the amount of growth they can do because of the moratorium on water. I am getting questions from constituents about the future of development in southern Alberta, which is contingent upon water to a large extent. You mentioned a water shortage management plan. Could you give more details on that plan and how it might help some of these communities in rural Alberta deal with the problem of lack of water?

Mr. Ellis: We agree with the issue of water in southern Alberta. That's why we are working and focusing a lot of our effort from the department in the South Saskatchewan River basin. We're also focusing, obviously, up in the oil sands region. Part of the issue that we moved forward with during this period was a lack of available information, easy information for people to get at, as to the availability of water, who had the water licences, and how we could deal with those movements of water specifically, not only to municipalities but also to individuals and to industry that were looking to establish in various areas of the south of the province. As I said, we moved forward with an online, web-based database where you can actually see who owns the licence for the water. That's the first step. As I said, it has helped us move forward with that.

The department is working with the CRP, the Calgary Regional Partnership, down in Calgary, that's looking at that entire region. Water is involved with that discussion, and we are working with them, providing information.

The issue on scarcity: that was the urban water security project. Again, we as a department were lacking information as to the water use down in the area. We understood how much you could divert with your licence, but we were lacking information on how much you actually were diverting and, in fact, how much was coming back into the river for downstream users. We've done a lot of work with that, and that's what that project is.

We are working with municipalities and with other GOA departments to make sure that those municipalities that could run into problems in periods of drought understand what they can do during that period. As I said, we're committed to continue to work with them through that period.

The Chair: Thank you, Mr. Ellis.

We're going to move on. Mr. Mason, please, followed by Mr. Sandhu.

Mr. Mason: Thank you very much, Mr. Chairman. My question is for Mr. Ellis, and I'd certainly appreciate the Auditor General's view as well. On pages 44 and 45 of your annual report it deals with performance measures, and it says that

the following performance measures were discontinued after the 2006-07 reporting period:

- New Renewable and Alternative Energy Generation
- River . . . Quality Index
- Air Quality Index
- Community Flood Risk Mapping
- Stakeholder Satisfaction.

These have been replaced with things such as policy capacity indicator, facilities implementing stewardship, a number of regulatory and nonregulatory tools under review and development. It seems to me that you have taken some very relevant, salient, and

measurable performance indicators and replaced them with some that are irrelevant, bureaucratic, and virtually meaningless. I wonder if you'd please comment on that.

Mr. Ellis: Looking at this report, the river water quality index and the air quality index were pulled out specifically. You'll see that as we move into our current, they're back in. We identified that those two were important, and you'll see that they're in as we're drafting this one coming forward.

The community flood risk mapping. We have a program in place right now where we do flood risk mapping for two communities per year. It is a common standard throughout. We found that it was irrelevant to continue to report on it because that was the number that we were hitting every year. We found that it was no longer relevant to continue to report on.

Mr. Dunn: I'll just quickly supplement here. On page 263 of our report under the Department of Environment we had made a comment regarding the performance measures used in the past. To you, Mr. Saher: what has taken place?

Mr. Saher: Well, going back and without quoting the exact time, our recommendation to the ministry was that it should develop its processes for identifying new and relevant performance measures. The measures should relate to the goals of the ministry, clearly. When we went back to look at whether or not those processes had improved, what we saw was that the goals of the ministry had changed such that the previous recommendation was not technically correct at that point. It's something that we'll come back to. The issue that the member has raised is something that is, obviously, of interest to us: what is the relevance of the measures in relation to the goals of the ministry? We would have to come back to further assess that.

Mr. Mason: My supplementary, then, Mr. Chairman, to Mr. Ellis: is it not the goal of the Environment ministry to have stakeholder satisfaction, renewable and alternative energy generation? These things have been dropped. What is it about the objectives of the department that have changed that would lead us to think that actually monitoring the state of the environment is not a key goal of the department?

9:30

Mr. Ellis: Monitoring the state of the environment is a key goal of Alberta Environment. I'm going to ask Bev to talk about the stakeholder satisfaction.

Ms Yee: When we took a look at the performance measure for stakeholder satisfaction, much of what we were looking at was asking stakeholders in terms of their engagement with the department how satisfied they were with their engagement with the department. Now, you referenced a shift. Part of where we are going with our business and where we have gone is engaging in much more multistakeholder processes, where we sit with industry, with NGOs at the table. Taking a look at just stakeholder satisfaction with us didn't give us a full picture of much of the processes we're using for engagement of stakeholders.

The other part of it is that meeting environmental outcomes is not just the responsibility of the department itself; it's a shared responsibility. If we're truly to meet environmental outcomes, we're going to want municipalities acting the way they should be acting, industry acting the way they should, citizens acting, which is why we've shifted the focus to some performance measures around stewardship. Our core business 2 is specifically around stewardship. How

effective are we in meeting our environmental outcomes by facilitating, promoting, encouraging, enabling stewardship? That was a conscious effort to reflect how successfully we're achieving environmental outcomes through a stewardship approach.

Mr. Ellis: Mr. Mason, the issue of alternative energy generation is now under Department of Energy. That shifted across when the mandate shifted. The Energy department deals with alternative energy issues. That's why we don't report against it.

Mr. Mason: Thank you.

The Chair: Mr. Sandhu, please, followed by Mr. Chase.

Mr. Sandhu: Thank you, Mr. Chairman. I've got a couple of questions. In looking at the book here, the annual report, financing and capital lease obligations, at a couple of these ring roads, Anthony Henday and Stoney Trail, the first one is \$431 million, and it's got in brackets: all together \$356.4 million. It seems that Stoney is \$300 million. I'd like to understand this concept of lease obligations.

Mr. Ellis: Sorry. What page is that on?

Mr. Sandhu: Page 39.

Mr. Dunn: Maybe I could just help for a moment. He's in the provincial financial statements, the province of Alberta's accounts. In all fairness, Mr. Chairman and Mr. Sandhu, that may be very difficult for the department to answer unless, Mike, you maybe would like to explain capital lease obligations versus an operating lease and how it might pertain to your department.

Mr. Dalrymple: The only thing I'd say is that it sounded to me like it was capital lease obligations of another ministry and not the Ministry of Environment. We don't have any.

Mr. Sandhu: Okay.

The second question. On environmental stewardship the ministry spent \$41.6 million. What initiatives was the funding used for?

Ms Yee: Thank you very much for the question. Environmental stewardship includes a number of program areas, and that \$41.6 million in funding included funding for water for life initiatives. It included within that bundle the support for the kinds of partnerships that we've established out there such as the Alberta Water Council, the nine watershed planning and advisory councils that are out there, and community-based watershed stewardship groups.

In addition to that, stewardship is supported by education. We change our behaviour when we're educated appropriately, so part of the expenditures include educational awareness. A good example of some of the efforts that are done there are – there's interest in water here – the working well program, which is educating landowners who derive their drinking water from wells. How to maintain a well properly so that they get safe drinking water is part of that education program; a recycling information hotline is also part of that.

The other part of it is intergovernmental relations and partnerships. We certainly work very closely with municipalities. That \$41.6 million actually includes some funding for the Wood Buffalo regional landfill system. The department through its waste management assistance program has committed to developing a network of regional landfills across the province, so Wood Buffalo received funding to help with their regional landfill. Also, there was funding to the town of Strathmore to look at waste-water operations.

The Chair: Thank you.

Mr. Sandhu: I just want to add . . .

The Chair: No, Mr. Sandhu. We're going to move on now, please. We have limited time left.

Mr. Chase, followed by Ms Woo-Paw.

Mr. Chase: Thank you. Given that the Ministry of Environment has employed in their communications branch a director, an assistant director, and eight public affairs officers yet not one of these individuals was able to communicate to Albertans that for over three years untreated camp waste had been released continuously into the Athabasca River and that very little information was released about tailings pond leakages or the potential of aquifer contaminations, why is it necessary to have such a large communications branch, employing all these 10 individuals, eight of whom are public affairs officers?

Mr. Ellis: This department handles a significant amount of public inquiries daily. I don't have the exact figures, but I can get that for you if you'd like. It's an extremely busy department, answering questions from Albertans and, in fact, across the country and internationally. That's the reason we have the large number of public affairs people that we do.

Mr. Chase: Possibly they report individually, but I wish they would report collectively to Albertans.

How many of these individuals were eligible for and/or did receive an achievement bonus in 2007-2008?

Mr. Ellis: I'll have to get back to you. I don't know. As you mentioned, there are a number of them that work directly for the Public Affairs Bureau. They are cut over to us. We only have, I believe, three individuals from that organization. That's our internal communications for the department. External is run through Public Affairs, so we'll have to go to them and ask them to assist us with that information.

Mr. Chase: Thank you.

The Chair: Ms Woo-Paw, please, followed by Mr. Kang.

Ms Woo-Paw: Thank you, Mr. Chair. I apologize that we don't have time to really acknowledge all the good things that are happening in your ministry. It was good to hear that you've been responsive to some of the difficulties faced by municipalities and regional operators. My question is along Mr. Jacob's question around performance measures for your facility operational requirements and water quality incidents. In both of those areas you did not meet the target for 2007-2008. I applaud that you set such, I think, good targets, but the ministry was not able to meet those targets. I'd just like to know whether you think that this is a trend that's going to continue and whether these targets are attainable.

Mr. Ellis: Thanks for the question. We believe that the targets are achievable. The issues that happened during this period, as I stated before, were in some cases a result of operators at some of the sites, and that's what drove us as we saw some of the reports coming in of problems at the sites. We moved to the operators centralizing or working with skilled operators in the region. If there were problems either with the individual at the site or if, in fact, what we were

seeing was individuals leaving for other employment, we worked to develop that program, where we could bring people together and work on achieving those targets.

Again, as we look at this – and in this period we were working on moving forward with regional drinking water plans – we feel that we are seeing far more success with regional drinking water systems that we can move forward and develop with municipalities. They're expensive, and they do take time, so we have to make sure that we do have programs in place to assist those water facilities that are far-reaching and are not available to be easily linked into regional systems.

9:40

Ms Woo-Paw: Okay.

Just a simple supplementary: is facility maintenance, then – the infrastructure, the status of the buildings – an issue?

Mr. Hui: Certainly, I think that during this period the increase in the number of incidents was mainly related to correcting the monitoring that was going on in those facilities. We also had identified in this period that we did need to do some work to upgrade some of the facilities to a higher level of treatment. As we've indicated previously, we do have sort of a government grant program to help facilities upgrade their infrastructure and move to that higher level of treatment.

Ms Woo-Paw: Thank you.

The Chair: Thank you.

Mr. Kang, followed by Mr. Quest, please.

Mr. Kang: Thank you, Mr. Chair. On page 102 of the Auditor General's October report, section 4.3, public reporting, the AG points out that "the Ministry's emissions-intensity figures reported in the State of the Environment Report are not the same as those reported in the National Inventory Report." Can the minister explain why provincial and national reporting are different?

Mr. Ellis: If possible, we'll have to get back in writing on that one. I don't have an answer handy on that.

Mr. Saher: If I could just have a quick supplement. I think the paragraph that the member is referencing his question from does in fact have a clue as to the source of the lack of comparability, and it's to do with whether or not the GDP figures that are used are the same. The ones that are being used in the national report are not the same GDP figures that are being used in the Alberta report. Through that commentary there we are in fact suggesting that the only way to achieve the comparability is to decide, presumably, to move the Alberta figure to the national figure.

Mr. Kang: Why is the discrepancy there between those two figures?

Mr. Saher: I'm sorry. I'm not an economist, and I won't attempt to answer why the Alberta and the national, in fact, differ.

Mary-Jane, do you have an insight into that?

Ms Dawson: In some cases the time periods were a bit different, and in some cases things that one set was including, the other one wasn't including for different reasons. Just building, again, on Merwan's point, if you're going to compare across jurisdictions, using the national inventory numbers would be a better approach.

Mr. Ellis: Also, I'd remind everyone that at the time of this, ours was the only one up and running, so it's very difficult when there's nothing to compare it to. That's why some of the differences you're seeing in this report right now.

Mr. Kang: What has the minister done to create a level playing field for industry in Alberta? In other words, what progress has been made towards harmonizing provincial targets with federal targets?

Mr. Hui: I think that as of this report we were still in those discussions with the federal government on harmonizing our approaches. I think we've made it very clear that Alberta has been the leader across Canada. As of today we still continue to have those discussions with the federal government. We aren't at this stage any closer on harmonizing the targets that were put out by the federal government and the targets that Alberta has put forward.

Mr. Kang: Thank you, Mr. Chair.

The Chair: Thank you very much.
Mr. Quest, please, followed by Mr. Chase.

Mr. Quest: Thank you, Mr. Chair. Just a couple of questions on the consolidated statement of operations, page 55 of the annual report, variance questions. The first one is looking at other revenue, the fourth line down. Budget looks like about \$3.2 million; actual was \$43 million.

Mr. Ellis: That's the technology fund. That's the \$40 million that we were holding from the climate change emissions management fund.

Mr. Quest: So it's just when you recorded it, basically?

Mr. Ellis: Right.

Mr. Quest: Okay.
The next variance question then, just down to water operations. The budget looks like about 14 and a half million dollars; actual, \$101 million.

Mr. Ellis: Right. That was an \$85 million dollar one-time legal settlement to the Western irrigation district to be used for improving their systems: rehabilitation, and rebuilding down in their Western irrigation district area.

Mr. Quest: I see.

Mr. Ellis: It was a legal settlement.

Mr. Quest: Thank you.

The Chair: Mr. Chase, followed by Ms Woo-Paw, please.

Mr. Chase: Thank you. Given that section 30(3) of the Environmental Protection and Enhancement Act states that the provincial treasurer shall maintain a separate accounting for the enhancement fund and since the enhancement fund doesn't produce an annual report, unlike the legislated requirement for the environmental security fund, will the ministry table these accounting records for the past five years so we know what's going on?

Mr. Dalrymple: The public reporting of the enhancement fund is done by Sustainable Resource Development, not Environment.

Mr. Chase: And they table their report to the best of your knowledge?

Mr. Dalrymple: As far as I know, yes.

Mr. Chase: Okay.

Can the ministry explain how forest fires, forest health programs, and intercept feeding and fencing, the purposes for which this fund has been used under SRD, page 118 of the 2008 annual report, have anything to do with core environmental protection such as fighting climate change, water protection, and reclamation? There seems to be a disconnect between the two ministries.

Mr. Ellis: Currently there's not a link between what we're doing in climate change and water and that fund. There's not a linkage.

Mr. Chase: Thank you.

The Chair: Thank you.
Ms Woo-Paw, please, followed by Mr. Kang.

Ms Woo-Paw: Thank you, Mr. Chair. I guess in 2007 the federal government announced \$155.9 million ecotrust funding for Alberta. How was this fund used?

Mr. Ellis: That fund was designed and is designed to fund climate change and air emission technologies and research in the province. Those are technically complex pieces of work, so we in the department, just looking to the SFO, at this time had requested that that money move into the next fiscal year. We didn't have the time to move that money into the technology and the resources that we wanted to see, so we didn't expend any money in the '07-08 year, again, for climate change and for air emission technologies and research.

Ms Woo-Paw: Okay. Does the ministry now have processes in place to govern and monitor ad hoc grants such as this kind of fund?

Mr. Hui: Yes, we do. There has been an internal group that's been set up to move this process forward. In fact, during this year we've had a request for proposals put forward, and submissions have been made to access these funds.

Ms Woo-Paw: Thank you.

The Chair: Thank you.
Mr. Kang, please, to conclude.

Mr. Kang: On page 65 of the 2007-08 Environment annual report it indicates that in 2007 only \$2.066 million was transferred to the ministry from the fund. For 2008 only \$3.775 million is budgeted to come from this fund to Environment. Can the minister explain why so little revenue is directed back to the ministry each year even though this fund is created under the Environmental Protection and Enhancement Act and is expressly for environmental protection and the fund itself has at least \$150 million in it per year?

9:50

Mr. Dalrymple: Okay. The Department of Environment's stake in the enhancement fund is fairly small. These particular items that

you're referring to are related to emergent things that we would be doing on the ground. In this particular case the biggest example is the Smoky River coal project, so this reflects the spending that the department makes on that site.

Mr. Kang: Okay.

My supplementary: why is the fund administered by Sustainable Resource Development and not by the Ministry of Environment?

Mr. Dalrymple: I think I'll have to get back to you on that. I would be speculating on why. The actual fund was created a number of years ago when the department was a much larger entity. It involved both what is now SRD and Environment, and at the time of the split of the two ministries the decision was that SRD would be the actual public reporter of that fund.

Mr. Kang: Okay. The enabling legislation is under Environment, so that's why. Okay. Thanks.

The Chair: Thank you.

That concludes this portion of the meeting. Mr. Ellis, if you and your staff could follow up in writing, again, through the clerk to all members, we would be very grateful. On behalf of the entire committee I would like to thank you for your time this morning and wish you the very, very best in the coming fiscal year, March '09-2010, the very best to you and your officials, and you are free to go. We have other items to deal with on the agenda at this time. Thank you.

Mr. Ellis: Thank you very much.

The Chair: Now, we are moving on to item 5, please, other business. The committee has received and discussed the presentation regarding the impact of the budget decisions on the work of the Auditor General. Are there any questions from committee members regarding this? Any questions to the Auditor General at this time from the members?

Mr. Quest: I have one. Just doing a little bit of research on the existing numbers, my understanding is that the Auditor General's budget for '08-09 was \$21,740,000. I'm just wondering if all of that was used up.

Mr. Dunn: You're probably aware that \$408,000 of the previous budget had been returned, and that was in our presentation to the Standing Committee on Legislative Offices. Historically our offices always try to be very, very prudent and very careful in its expenditure, and we have historically returned funds from our budget, generally less than 2 per cent. The amount returned was approximately 2 per cent.

Mr. Quest: Just as a supplementary, my understanding is that there's going to be an additional \$750,000 as part of supplementary supply, so we've got \$400,000 returned from last year and \$750,000 additional coming. I'd like to go on the record saying that my feeling is that I'm not sure Public Accounts is the place to be having these budget discussions. But since we're all here, I'd be curious if that extra \$1.1 million is part of the additional money you were looking for or if you're looking for additional over and above that. I'm sorry; I don't recall what the amount you were looking for was.

Mr. Dunn: Okay. The original budget submission, which is all public record, and members have access to that information,

contemplated that we would be increasing the budget of the office to approximately \$25 million. It was suggested by way of the recommendations to any committee to the Legislative Assembly that that be reduced by \$2 million. I believe it's approximately \$23 million.

Mr. Quest: Thank you.

Mr. Mason: Mr. Chairman, I would like to move a motion that the Standing Committee on Public Accounts report to the Legislative Assembly that the committee's work may be affected negatively should the Auditor General's audit plan not be fully funded.

Mr. Chairman, I have carefully gone through the list of projects in the Auditor General's audit plan that would be cancelled or deferred, and I believe that, should this occur, it will impact our committee's ability to hold the government accountable for the expenditure of public funds, and it may in fact mean that government programs are less effective because they have not been reviewed by the Auditor General. That includes what looks to me like a two-year delay in an audit on the financial support for children with disabilities, the monitoring of daycare and day home services. A two-year delay in that case may mean that children in those programs do not get the best quality of program. Improving school performance, similarly . . .

The Chair: Excuse me, Mr. Mason. In light of the time and in light of the practices that have occurred at the last two meetings of this committee and members have expressed the wish that they have other business to attend to after 10 o'clock and the fact that this list has been circulated to all members and there is quite a list of speakers regarding your motion . . .

Mr. Mason: Fine. Then I'll just wrap up, Mr. Chairman. I won't go through the list other than to say that there is a long list of very important audits here that impact the public and impact the expenditure of public dollars, and I believe that our committee's work will be seriously affected in the negative should the Auditor General not be able to conduct these audits as he planned.

Thank you.

The Chair: Yes. The chair would like to note that Mr. Mason provided this motion to the chair and to the clerk, and it was circulated to the members yesterday. The chair sees no problem. It's your right as a member of this committee to provide this motion at this time.

Now Mr. Denis, please, followed by Mr. Chase. I would remind you: could you be concise, please?

Mr. Denis: I will be brief, Mr. Chair. It's not my goal here to have this motion ruled out of order, but I do believe this is outside the role and mandate of this committee. If a person looks at *Beauchesne's* 833, it talks about the role of committees, this committee in particular.

. . . power to study and report on all matters relating to the mandate, management and operation of the . . . departments which are assigned to them by the House . . . [including]

- (a) the statute law relating to the assigned department,
- (b) the program and policy objectives of the department.

Et cetera. This doesn't deal with this at all. I respectfully submit to all members of this committee that the Member for Edmonton-Highlands-Norwood is simply trying to politicize this process, and I would argue that this is an abuse of this process.

Just in conclusion, the last four years the Auditor General has submitted a surplus, and our chair of this committee has even

referenced on March 4, 2009, in *Hansard* the fact that there was a \$408,000 surplus last year.

I don't believe that this is necessary, and I don't believe that this motion is something that we should consider at this committee. We're supposed to be auditing the past performance of various government departments, not trying to set policy here.

Thank you.

The Chair: Thank you. Well, the chair has ruled that this motion is in order.

Mr. Denis: I wasn't trying to seek it out of order, as I said.

The Chair: Okay.

Mr. Denis: I was speaking against it.

The Chair: I appreciate that.

Mr. Chase, please, briefly.

Mr. Chase: Thank you. The reality is that 34 per cent of the intended audits of the Auditor General will either be deferred or put on hold. It's one thing for the government not to follow through with the recommendations of the Auditor, but to prevent him financially from carrying out future audits is limiting his ability to hold the government accountable to Alberta taxpayers.

The Chair: Thank you.

Mr. Johnson, please.

Mr. Johnson: Thank you, chair. A couple of comments, a quick question, I guess. I appreciate that the role of the Auditor General is very important and very effective, maybe so effective that we've got a private member that wants auditors general for municipalities, and maybe it's an even more effective opposition than some of our opposition parties sometimes, some days. I'd also note that, you know, we've got a jurisdiction that affords some significant funds to official third-party status and a leader allowance to a party that has only two members in the House. If that hon. member feels this strongly about the effectiveness of spending and the Auditor General needs more money, then maybe that's one place to look.

10:00

Seriously, we're in a time of great financial restraint – great financial restraint. All Albertans are having to tighten their belts, and all businesses and all departments are having to look at how they're going to cut spending or control spending. I don't know how we defend jumping from 21 and a half million dollars to \$25 million in one year after we've seen this budget go from roughly 12 and a half million dollars to the \$22 million it's at now in the last six years. I think the Auditor General does an excellent job. Nobody has enough money to do the job that they'd like to do in any of the departments.

I don't see any place for this motion at this committee, and I certainly don't support it.

The Chair: Okay. Thank you.

Mr. Bhardwaj, we're going to call the question, please, because of the time restraint.

We have a motion before us from Mr. Mason, and it reads that the Standing Committee on Public Accounts report to the Legislative Assembly that the committee's work may be affected negatively should the Auditor General's audit plan not be fully funded.

All those in favour of the motion? All those opposed? The motion is defeated. Thank you.

Is there any other business that the committee members wish to raise at this time?

Mr. Denis: Move to adjourn, Mr. Chairman.

The Chair: Okay. Certainly.

The date of our next meeting. I would like to remind the committee that it's not meeting for two weeks. Our next meeting will be with Alberta Seniors and Community Supports on Wednesday, April 8, at the usual time of 8:30.

Now a motion to adjourn, please. Moved by Mr. Bhardwaj that the meeting be adjourned. All in favour? Opposed? Duly noted, Mr. Mason.

Thank you.

[The committee adjourned at 10:02 a.m.]

