

## Legislative Assembly of Alberta

Title: Tuesday, March 12, 1996 Designated Subcommittee  
 Date: 96/03/12  
 7:01 a.m.  
 [Chairman: Ms Calahasen]

### Committee of Supply: Designated Supply Subcommittee Environmental Protection

THE CHAIRMAN: I'd like to call the meeting to order. Good morning. Bright and early. It's nice to see all of you guys, especially after a late night. There are muffins over there. In a time of fiscal restraint we've got muffins that are kind of not hot but cold, so muffins and coffee and juice for your consumption as we go through.

Before we go on, I guess what I have to do is I have to look at the agreement that had been made and the procedural motion, and that's the meeting between the House leaders and the agreement that had been reached. I'll read the motion as it was written.

Be it resolved that the designated supply subcommittee on Environmental Protection allocate the four hours allotted to it pursuant to Standing Order 56(7)(b) as follows:

- (a) the minister responsible first addresses the subcommittee for a maximum of 20 minutes,
- (b) opposition subcommittee members and Independent subcommittee members then have one hour for questions and answers,
- (c) government subcommittee members then have one hour for questions and answers,
- (d) opposition subcommittee members and Independent subcommittee members have one more hour for questions and answers,
- (e) government subcommittee members have the remainder of the four hours.

Could I have someone accept the motion?

MR. STELMACH: I'll move.

THE CHAIRMAN: Thank you. Moved by Ed Stelmach. I guess, then, with that we'll go with the minister.

Mr. Minister.

MR. LUND: Thank you, Madam Chairman. Good morning, ladies and gentlemen. Maybe before I start, I will introduce the people that I have with me. Starting down at my far left: Ron Hicks, ADM responsible for corporate services; Al Schulz, ADM responsible for regulatory services; Jim Nichols, responsible for natural resources services; Cliff Henderson, ADM responsible for forestry and public lands; Bill Simon, the financial director for the service; my deputy minister, on my right, is Peter Melnychuk; behind me Dr. Bill Tilleman, chairman of the EAB; Joanne Taylor-Weir, from the EAB; Ken . . .

MR. K. SMITH: Smith.

MR. LUND: . . . Smith – sorry, Ken; I don't see you often enough – chairman of the Natural Resources Conservation Board; Doug Wright, executive director of the tire board; Lee Funke, director of communications; and Jim Rivait, one of my EAs.

I'd like to get right into it. I won't spend a lot of time on my remarks. It'll probably be more useful to get right into the budget part of it.

Environmental Protection's business plan for '96-97 to '98-99 is one that builds on the key direction of the initiative of our previous plan and Agenda '96, the Alberta government's most recent fiscal plan. In doing so, it puts both the department and the province in a position of strength as we enter the next century.

I say that for several reasons. First, our estimates clearly show our commitment to sustainable development, and sustainable development is the key to Alberta's continued prosperity and environmental health. It's often easy when we're talking about budgets, dollars and cents, to lose sight of our number one job.

Environmental Protection's first priority has always been and will always be to protect, enhance, and manage Alberta's environment and natural resources.

Our new fiscal plan allows us to meet this responsibility in an efficient and cost-effective manner. Our business plan focuses on four goals, which, when you look at them together, make Environmental Protection an effective, performance-driven organization capable of meeting the challenges of the next century.

The four key goals are, first, to “contribute to building a strong and prosperous province” by sustaining “Alberta's renewable natural resources” and maintaining “a high environmental quality.” We will continue to protect and manage our forests, public lands, fish and wildlife populations, provincial parks, and natural areas because these things are important to all Albertans. Albertans have told this government that it must be efficient and as cost-effective as possible in the delivery of these services.

Our second key goal is to continue to improve the delivery of our services to Albertans by “streamlining and consolidating administration [and staff] in the regions” through the community-level service initiative. As you know, we've been working on this initiative for over a year, and this will continue. Under community-level services our service delivery is being consolidated into six corporate regions where staff can work with Albertans in their communities on their environmental and resource issues.

Our third key goal is to deliver our services to Albertans more efficiently by reducing red tape and improving our legislative, policy, and regulatory framework.

Our fourth goal supports the Alberta government's overall regulatory reform. Environmental Protection will carry on with refining regulatory processes and harmonizing environmental management responsibilities.

These four key goals demonstrate our ability to respond to the needs of the environment and the expectations of the public and our other stakeholders. This responsiveness is exactly what's needed to keep Alberta's environment and economy strong. Our estimates for '96 to '99 show that Environmental Protection is meeting the government of Alberta's overall goal of deficit elimination. Under our '96 to '99 business plan the budget for Environmental Protection will be reduced by 20 percent for administration costs and 14 percent for program costs. This translates into a reduction of about \$10.2 million in administration costs and \$40.1 million in program costs. Our total reduction is \$50.3 million. This is in addition to spending reductions of \$22.3 million remaining from our '93-96 business plan. From '95 to '99 the ministry's total spending will have been reduced by \$72.6 million. As a result of these reductions and earlier reductions, our total spending will have declined by \$117.2 million, or 29 percent, from our '92-93 level.

The budgetary reduction identified in our '96-99 business plan will also mean a reduction in staffing of 527 positions. The department's total reduction in staff positions since '92 will be by 1999 a total of 1,360 positions. This represents a staff reduction of 28.9 percent.

In closing, I believe that our new business plan builds on the foundation we've laid in our previous business plans. Environmental Protection will continue to use resources wisely and exercise responsible fiscal management while preserving key businesses that Albertans have told us are a top priority. We will continue to develop partnerships with industry, organizations, communities, and individuals through initiatives like the Alberta forest conservation strategy and Special Places. More importantly, we will carry on the tradition of sustainable resource management and the responsible environmental protection that

makes Alberta an outstanding place to live.

Thank you, Madam Chairman.

THE CHAIRMAN: Thank you. That was excellent. We've got a lot of time for questions now.

Mr. Collingwood.

MR. COLLINGWOOD: Thank you, Madam Chairman. I'd like to start with a commentary that the budget this year unfortunately does not bring forward some of the more detailed information that was contained in last year's budget documents, in Better Way II. The business plan in Better Way II was certainly more detailed in terms of projections, in terms of performance measures, in terms of accomplishments that are quantified rather than qualified.

So I would like to start this morning by asking the minister why the change was made in the presentation of the budget for this year, with the fairly shallow business plan contained in Agenda '96 as compared to A Better Way II. Where are the performance measures that were contained under core business, deficit reduction, deregulation, customer service improvements, human resource management? Why aren't they contained in the accomplishments in Agenda '96 at page 210? Why do we not have updated tables 1, 2, 3, 4, and 5? Why do we not have appendix 1 and appendix 2 from A Better Way II, which will then assist us in our questions and certainly Albertans in understanding the progress that the department has made since developing its business plan from 1992-93 and then in A Better Way II, which is the business plan for the government through the period 1995-96 to '97-98? We have an entirely different presentation this year, and I wonder if the minister might open his remarks with giving us an explanation of that.

7:11

MR. LUND: Thank you. Actually, we haven't totally completed our business plan. We're still doing some detailed work on it. Because we've had to reduce quite dramatically, we've had to do much more in-depth study, and there will be a more detailed plan released once we have completed that.

Ron, did you want to add any more to that?

MR. HICKS: Sorry; I don't have all the tables in front of me that you referenced, but we do have, as the minister mentioned, a more detailed plan that contains the details on our additional performance measures and so on. As the minister mentioned, we're doing some fine-tuning on subsequent years in our business plan, and those will be released shortly.

MR. COLLINGWOOD: Well, that doesn't really help us today.

THE CHAIRMAN: That's true. Unfortunately, I think there's been some additional information that has had to come. It hasn't come to date and isn't available at this time. So maybe what we could do is work on what we've got, and then I'm not exactly sure what we can do relative to the additional information.

MR. LUND: But, Madam Chair, this meeting is to discuss the '96-97 plan and budget, and that is here.

THE CHAIRMAN: So we can do it that way.

MR. COLLINGWOOD: Mr. Minister, can you tell us what's happening with performance measurements from last year to this year? What happened to the 31, and are they coming back?

MR. LUND: We'll be bringing those forward as soon as we've got them completed. To find the reductions that Treasury has asked us for is requiring a very, very thorough review of everything we do, and we're currently in that process. As a matter of fact, we will be leaving the meeting later today to continue that work. Once we've completed it, then we'll be able to complete our business plan.

MR. COLLINGWOOD: So it's fair to say that this is not a complete business plan at this point?

MR. LUND: It doesn't take us all the way to '99.

MR. COLLINGWOOD: So this is the business plan for '96-97?

MR. LUND: The budget for '96-97 is contained in these documents.

MR. COLLINGWOOD: Including the performance measures for this year?

MR. LUND: Ron, do you want to add more?

MR. HICKS: We've published our roll-up business measures that were in the government's business plan last year. Last year in our detailed business plan we also published an additional set of more detailed performance measures. We are continuing with those measures. We have not dropped any of them, so we'll continue to report our performance against those. Those will be contained in our more detailed business plan when it is released.

MR. COLLINGWOOD: When is that going to be? Any idea?

MR. LUND: We hope to have it out within a month.

MR. COLLINGWOOD: You've indicated in performance measurements on page 208 of Agenda '96 that the goals and strategies, the indicators of success, are provided in key government measures: water, air, land quality indices, resource sustainability index, resource wealth index. I wonder if you could tell us what those indices are.

MR. LUND: Ron, do you want to comment?

MR. HICKS: Which page are you referring to?

MR. COLLINGWOOD: Page 208.

THE CHAIRMAN: Agenda '96 is what he's referring to.

MR. HICKS: Sorry; I don't have it in front of me. Could someone pass one down, please?

MR. COLLINGWOOD: That would be performance targets.

MR. HICKS: Okay.

We have the water, air quality and the land quality indices you mentioned. Then we have the resource sustainability index, the resource wealth index, and then we have our six key measures for our department under that, the six key measures, for example, for maintaining forest and land sustainability. We have a timber harvest versus reforestation standard. We have the health of fish and wildlife populations, a percentage of licences that are obtaining their water supply, areas designated as park and natural

reserves, of waste to landfill reduction, biochemical oxygen demand, and the percentage of spills and accidental releases that are cleaned up. Those indices we're carrying forward.

MR. COLLINGWOOD: Okay, Ron. So what I understand then is that the three bullets that are listed under Environmental Protection performance targets – water, air, land quality indices, resource sustainability index, and resource wealth index – are the seven that are listed from “timber harvest area meeting provincial reforestation standards” through to “percentage of spills and accidental releases.”

MR. HICKS: What we're trying to do in those indices is to provide a roll-up based on these six that I mentioned plus the more detailed ones that will be in our plan and a more detailed plan when it is released.

MR. COLLINGWOOD: I'd like to ask the minister in terms of the performance measurements and the key performance indicators – the government through the Alberta Round Table on Environment and Economy received submissions and a report from the Alberta roundtable on creating Alberta sustainable development indicators. That group of experts put together a matrix of indices that the government could use in determining the health of the environment, and I'd like to know why those aren't being used.

MR. LUND: Well, of course, there are many, many tools that can be used, and those that you refer to were a suggested use. We've looked at the various tools, and we believe that in fact what we are using is substantial. We can revisit those again, but I'm not sure that they would add value to what we're already doing.

MR. COLLINGWOOD: In terms of the accomplishments of page 210 of Agenda '96, again the accomplishments are listed in rather qualitative terms as opposed to quantitative terms. Why weren't the accomplishments measured against the performance measurements?

MR. LUND: Ron, do you want to make a comment on that?

MR. HICKS: Well, the performance measures that we've implemented were, you know, just put in place a couple of years ago, so we're still collecting information on them. I think it's a good point. We should be reporting against those performance measures; that is our objective. For some of the measures, as you're aware, the system has just been put in place, so we're still collecting information against those measures. Our intent in the future is to report against those measures on an annual basis.

**7:21**

MR. COLLINGWOOD: So it is conceivable that in the future the accomplishments will be measured against the performance targets or the department's measurements from last year.

MR. HICKS: That's our objective. In the case of performance measures, as I said, this is a new system, and we collect a lot of information into our monitoring program to report on our progress. It's difficult trying to come up with five or six measures that provide an overview of our performance. We've tried to come up with those that we think provide a good overview, and we'll be reporting our progress as a department against those, but it has meant collecting information a little differently than we have in the past to be able to report against those measures.

MR. COLLINGWOOD: Is it collecting information differently, or is it organizing information differently?

MR. HICKS: Both. I think a lot of it is organizing. We just haven't presented it that way in the past. We've used it in different ways. A lot of our collecting and reporting information in the past has been on the basis of activity. We did so many inspections, we did so many of this, and we did so many of that. To change that to report on the impact of those inspections and how they helped us achieve our goals is a little shift that's taking place right now. As I said, it's our intent to fully report against those measures in the future, but it's been a bit of an adjustment process.

MR. COLLINGWOOD: I'm going to jump around a bit and then I'll turn it over to one of my colleagues. Madam Chairman, we have the first hour; is that correct?

THE CHAIRMAN: Yes, you do.

MR. COLLINGWOOD: Thank you. Page 211 on resource allocation. A statement was made that perhaps appeared to be a bit controversial, and I'd like to ask the minister what provincial parks he intends to privatize.

MR. LUND: Well, the word “privatize,” of course, gets to be one that people can play a lot of games with. We are not talking about selling provincial parks. We are looking at the different functions within parks that can be outsourced, done by contractors. We're going through that exercise now to see what exactly we can outsource in all of our parks, but as far as turning an entire provincial park over to the private sector and selling it, that's not in the works.

MR. COLLINGWOOD: Well, Mr. Minister, can you help me understand what privatization of provincial parks means in your business plan?

MR. LUND: I just indicated what it means: outsourcing the functions. For example, we've moved a long ways already in the camping area. Some of the things like security could be outsourced. There's a number of functions within the operation of a park that could be outsourced, and we're looking at all of those in all of the parks.

MR. COLLINGWOOD: So it could in fact be more than just the privatization of the campgrounds and the operation of the campgrounds.

MR. LUND: Yes.

MR. COLLINGWOOD: You indicate in resource allocation that part of the business plan will be “continued restructuring, reduction and elimination of non-priority programs.” I wonder if you could tell me which ones are the nonpriority programs.

MR. LUND: That is, of course, part of what we are going through, and as I indicated in my opening comments, we're measuring everything, all our functions, against the question: why is Alberta Environmental Protection here? Of course, the answer to that is to manage, sustain, and protect our environment, and in some cases enhance it. So we measure against that, and we have to prioritize everything that we are doing. For example, is providing a campground a function of Environmental Protection?

MR. COLLINGWOOD: Have you identified at this point or as you prepare your detailed business plan are you going to identify what the nonpriority programs are? Has that been done at this point, or is that going to be done?

MR. LUND: We're working on that, and that's why the plan is not completed. We've gone through a program review; now we're going through a function review.

THE CHAIRMAN: Go ahead, Dr. Percy.

DR. PERCY: Madam Chairman, Mr. Minister, gentlemen, my questions will initially focus on the determination of stumpage and trade issues, and the window in through the estimates, of course, is stumpage revenues to the department. The first question relates to the appraisal process. I've asked before – and I realize it's a question of the cost of acquiring the information versus the payoff from having that information – whether or not the department is going to at some point, given the importance of that resource base, move to a cruise-based stumpage system, cruise-based scaling, much like B.C. I'm aware of the significant differences in size, but also I think that in terms of information about the resource base, in terms of data related to trade issues, a cruise-based system and scaling has a lot to offer the province given the increasing importance of the industry. Is there some move to that in the department, a focus on that pricing regime?

MR. LUND: Well, I'm not sure how you're tying the stumpage with the trade issue. The fact is that the U.S. is looking at reducing the imports of Canadian lumber, and they're looking at various means of doing that. One would be to increase the cost of operations in Alberta, in Canada, and of course you can do part of that through stumpage. That doesn't seem to be as much a concern of theirs now as just simply a cap on the amount that's coming in. As you know, we've tied the stumpage in the softwood lumber to the price and found that to be very effective. We are moving that now to other products. Of course, there are some of the pulp stumpage rates that are tied right into the FMA, and those are difficult to change until the expiry of those contracts.

Cliff, did you want to add any more to that?

MR. HENDERSON: No, other than the fact that we do have a scale system. Our dues are based on a scale system now, and we have looked at some appraisal systems, but they're quite costly to operate. So we feel our system of percentage of the revenue is perhaps a more efficient manner to collect our economic rent.

MR. LUND: It's interesting when you comment about the B.C. system, because in fact during the last countervail exercise that we went through, it was determined that B.C. was subsidizing – the U.S. termed it as a subsidy – much higher than Alberta; as a matter of fact, about six times as high.

DR. PERCY: The other question comes to the issue of the original base price that's set, and that's been indexed to an output price, some share. But clearly as industries become more productive and efficient in using the fibre resource, the amount of potential rent there to be captured actually increases, so a percentage basis sometimes doesn't capture. I mean, it leads to some leakage of economic rents. Is there any means, then, of going to a more market-based mechanism for determining both price and possibly in the longer term allocations among competing firms?

MR. LUND: I'm not sure I follow.

DR. PERCY: Well, Quebec faces this problem of trying to allocate timber among firms that really want long-term tenure and security of supply. That's always the problem, security of supply versus the province maximizing its revenues. The two often are difficult to achieve simultaneously, because normally you'd have to have some form of competitive bidding, and the firm that wants security of supply may not actually ante up. I'm just curious: what studies are being undertaken? What is being done within the department in looking at other ways of both allocating timber and maximizing the value for the province, looking at the models that exist in other provinces?

7:31

MR. HENDERSON: Well, certainly we have looked at other provinces. In fact Ontario and Saskatchewan have adopted our sawlog dues model to some extent. Our system we try and maintain current; we have a review in our market-based system every two years. For instance, for our OSB dues system we would have another review in about a year and a half from now. So there is a review process to ensure that we have the appropriate costs and a review at that time as to what is an appropriate share of the revenue.

DR. PERCY: The next question just relates again to value added. Does the department actively work with the Alberta Forest Products Association to ensure JAS certification, or is that done just through the industry and a soft support from the department?

MR. HENDERSON: I'm not aware of that certification. We do work with the AFPA, and there is also a secondary wood manufacturing association. So we do work with those two associations with regard to secondary developments in the province.

DR. PERCY: Can the minister or staff give us some idea of what the cost was of the latest round for the province of Alberta, the softwood lumber dispute and the cap, and what's anticipated in this budget?

MR. LUND: Do you mean the cost through the negotiations?

DR. PERCY: Yeah.

MR. LUND: I don't know if we've got that number. I'd be just guessing at this point. Of course we're still working on it; it isn't settled, by a long ways. We have a firm in Washington working on it right now, because the issue, while there's some agreement in principle where they're heading, the t's certainly haven't been crossed and the i's dotted. But it will be expensive.

DR. PERCY: In terms of, they say, the global cap of market share that the U.S. wants to constrain Canadian softwood lumber exports to, who within the government – is it your department? Is it FIGA? Is it economic development? – that in a sense ensures what Alberta's share is of that cap?

MR. LUND: Well, we've been working with FIGA in these negotiations. So far it looks like the U.S. is prepared to treat B.C. differently, Alberta at a different number, and then Quebec a combination of punitive measures and cap. So that's the difficulty we've got in trying to answer that question right now. The discussions are still going on, and we're not sure where

they're going to end. One of the difficulties we have is that we do not have a good record of what was manufactured in Alberta that found its way into B.C. For example, there's a major distribution centre out of Winnipeg, so we have brokers who are shipping to Winnipeg. Carload lots are being made up at that location, but that car may have product on it from all three provinces. It's difficult to track that, so we are having some difficulty establishing that base number you're referring to.

DR. PERCY: Will it be a costly administrative nightmare for your department in terms of – once the global cap is set and some share of that cap is determined for Alberta, how is it envisaged that in fact that implicit quota is going to be allocated among Alberta firms?

MR. LUND: Well, you've touched on the part that is going to be extremely difficult for us, because one of the things being currently looked at is a three-year average of the production of individual mills. Well, of course some mills have only been in the business for one or two years. If you try to average over three years on an individual basis, they could be hit pretty hard. So we're trying to work out something that is reasonably fair. We're going to have a major problem to make sure that in fact there isn't leakage into Alberta from other provinces and then we get the penalty assessed to us.

Another problem we foresee with the major reduction in B.C. production – I can be pretty sure that they're going to be exporting their number 1. They will have a difficulty finding a home for the poorer quality, and of course we might be that home.

DR. PERCY: Would you agree then that this cap and the administrative problems associated with allocating the quota that Alberta will get – and effectively it is a quota we're being given. Won't it work against allowing new entry into the market and in fact penalize more competitive firms who employ the latest technology, whose market share would increase in an ideal world but in fact now will be constrained not by what your department is doing but by the nature of the agreement with the U.S.?

MR. LUND: Yeah, you're right. I guess one of the things we're working on and arguing is that if the price in the U.S. market goes above a certain level, then as it moves up, there are less grounds for the argument that Alberta product or Canadian product going into the U.S. market is negatively impacting the market. So we're working on a schedule that would in fact see the quota move up as the price moves up. So if the economy should pick up in the U.S., it could be that after a certain level within the five-year time frame – and that's what we're talking about in this agreement – we could see a reduction in that penalty or even the elimination of it. But that's based strictly on the economy in the U.S. and the market in the U.S. If that doesn't happen, then you're absolutely right. But we don't hold trump.

DR. PERCY: A final question. Is it fair to characterize the role of the federal government in these negotiations as relatively passive?

MR. LUND: Nonexistent.

THE CHAIRMAN: Thank you very much, Dr. Percy.  
Mr. White, go ahead.

MR. WHITE: Yes, Madam Chairman. I'd like to focus my attention on two of the smaller portions of your ministry, that

being the Tire Recycling Management Board and the fish and wildlife fund.

First, the fish and wildlife fund, if you will. It appears that there's an accumulation of funds that have been looking for attachment from other areas. Treasury, it appeared at one point, wanted to attach some of the funds, and the department in fact wished to attach some of the funds for some management functions. Could we have the assurance for the people involved in raising these funds and most interested in the expenditure of these funds that no further attempts will be successful in attaching some of these funds for departmental use, either by your department or other departments, as opposed to the function for which they were designed, to protect the wildlife and fish of this province?

MR. LUND: Thanks for that question. This is a trust fund, and it will not find its way into general revenue. We ran into a bit of a problem because of consolidated budgeting. This trust fund is housed within my department, so any expenditure in my department finds its way to the bottom line. We are currently working with Treasury to see how we can do something different with this trust fund so that in fact all of the money is spent exactly for the reason it was collected, which is to enhance the fish and wildlife. I'm confident we will be able to work out a mechanism to do that. But I want to assure you that the money is not going to general revenue.

As a matter of fact, the Treasurer and I sent a letter to the Fish and Game Association, because they expressed a lot of concern about this, stating that the money will be spent only on the purposes for which it was collected.

**7:41**

MR. WHITE: A supplementary question on the same matter. Is it my understanding, then, that none of the funds will be used by the department for management of the fund? If the department in fact manages the expenditures . . .

MR. LUND: Yeah, but of course as you're aware, there's an independent board that makes those determinations. Maybe I'll get Bill to comment whether in fact there's ever been any money from the fund actually used for management purposes.

MR. SIMON: I believe the administration of the fund is covered under the general revenue fund, but there are certain full-time equivalents in the fund that are paid for, and they are basically used for specific projects, the purposes which the fund was intended for.

MR. LUND: So that's managing the project.

MR. SIMON: Yes, but not the administration.

MR. WHITE: On a per project basis, and that's agreed upon by the board. So the board's fully aware before the expenditures . . .

MR. SIMON: That's correct.

MR. WHITE: Fine. Perfect.

Moving along then to the management of this most precious resource, used tires. It appears there have been some ups and downs recently in the recycling business, and it appears there have been more downs than ups. Then I see that some 400,000 tires are used for a liner in a landfill, presumably to hold the liner

down, because putting tires in a landfill – where you put them doesn't really matter as to any ecological value. Then we've recently seen the discontinuance of tires for fuel at an Inland Cement plant, and we see Alberta Environmental Rubber Products sending 80 percent of their shredded material to the United States for fuel. This is about half the annual production of tires in this province. It doesn't appear by the numbers that there's been any major headway in this project, and I'd like the assurance of the minister that at some point or other this project is reviewed for cost effectiveness and a full and complete statement is made as to where this particular management board is going.

MR. LUND: First of all, I must say that I don't agree with you that there hasn't been any headway. I think over this past year the tire board has shown a great deal of headway. As a matter of fact, this year they assure me that they will be processing about 2 million tires, which is about what is generated this year. There is no question that we have a huge backlog with the number of tires that are in landfills, which I believe is estimated to be somewhere around 6 million, and the tires that are out on the road. We have about 14 million unfunded tires out there, so we do have a huge problem ahead of us. The tire board also tells me that with the progress they've been making in contracts over this last year, this coming year they estimate they will process about 3 million tires. So the process is going in the right direction.

I'm not sure what you're getting at when you mentioned the use of tires to hold down the liner and then of course the scenario to collect the leachate. I'm not sure if you're indicating that's not a good use for them or one that would not be acceptable.

MR. WHITE: Well, it's environmentally neutral. I don't understand how we can call it a success, moving tires from on a pile to the bottom in a liner, when tires, unless totally reconstituted and totally rebuilt into a liner, don't have any permeation rate any less than a stack of tires.

MR. LUND: Well, there's a number of major differences. Certainly an unprocessed tire can create a major environmental problem, whereas the use of the crumb in the form of holding down a liner, or whatever that function is, is an end use. I think you have to remember what the Act says. It talks about recycling or destruction. They will not be digging up those crumbs again, so that could easily be termed an end use. It will be out of the waste stream; it is out of the waste stream. There has been a lot of discussion and argument, and I don't know if you're referring to that when you talk about the crumbs that are moving to the States for incineration to recapture the fuel value. That once again is an end use. Now, I can tell you that as we move forward and if we can find recycling products that can be used in future, then we will look at things like incineration. As far as Inland Cement is concerned, they were having some difficulty handling the tires. That was the reason for the discontinuation of the use over there. It had nothing to do with the tire board. It was a problem in handling them.

My view is that if we can find a final use for that, whether it be recapturing the heat value or using them for some final thing like holding down a liner, we still have to do that in order to get this mountain of tires reduced.

Doug, do you want to add anything more to that?

MR. WRIGHT: Yes, thanks, Mr. Minister, if I could. Actually, the leachate liner in the Ryley landfill just east of town represents one of the more exciting new uses for the tire material. We're classifying them as civil engineering. Now, it's still fairly low

down, but it is better than fuel, if you will, in terms of the hierarchy. Basically, the tire chips can provide an improved performance over gravel and things like that in several specific applications. In the landfill, the tire shred is actually a porous layer. The state-of-the-art landfills now collect the runoff so it doesn't go into the groundwater. Engineering tests have shown that tire shred, once installed, is up to a hundred percent better than gravel at collecting that runoff. So that particular example is truly a value-added use.

We have road sub-bases, experimental projects under way. It's good at frost insulation. It's good at lightweight fill. So this civil engineering application really is an improvement that we're quite relieved to have, if you will, because it does use large volumes of tires. The use of TDF in the U.S. is again a positive. The Inland Cement, both kilns, for technical reasons quit using tires. The tire chips are an improved fuel over coal: cleaner, higher energy content. The U.S. power industry uses dirty coal. The Alberta cement industry uses clean gas, so the material is going to a value-added market, and that's a backstop solution. Civil engineering is the next best thing. We are making progress in terms of using the rubber crumb in manufactured product. About 15 percent of the material is going to that now, and it's growing quite rapidly.

Thank you.

#### 7:51

MR. WHITE: Well, the difficulty here is the civil engineering use being, in the words of the executive director, a rather low use on the scale. The facts are that there aren't any higher uses on the scale. For five years all and sundry have been looking for other uses of magnitude, reconstituted in any form, and it's just not there. Sooner or later one has to draw the line and say, "Listen; it costs us five times the cost of gravel fill to do this civil engineering work, and it costs us perhaps only a couple of times as much for shredding and getting to the fuel." I can't remember the numbers there of what it costs, but sooner or later one has to say, "Look, we're going to put it underneath a landfill to provide drainage," not constituting any chemical change and therefore not reducing any danger to the environment, except for some wild combustion.

The line has to be drawn and say, "Well, look; perhaps we do have to re-evaluate this move and swallow our collective pride of being environmentally perfect," and take the accumulated 17 and a half million dollars that are in the kitty now that simply can't be spent reasonably and say we have to draw the line here, that there are a number of other areas that we, the people of Alberta, can spend our collective funds, much better in protecting and enhancing the quality of life through our environment. Now, when is that going to be done? I don't see anything on the horizon that says that we're going to do that proper evaluation.

MR. LUND: Well, out of all of that I still haven't figured out what it is you want to do with the 14 million tires. You're suggesting – and this really surprises me, that as a council member of the city of Edmonton you would talk like this – that you want the city to continue to pile up tires.

MR. WHITE: No.

MR. LUND: Is that what you're saying?

MR. WHITE: What I'm saying is that sooner or later you have to do an evaluation of the environmental risk in tires. It is relatively low compared to a lot of other areas. We're losing species in this

province at a rate that some funds could be spent in those areas, and what we're doing is we have \$17 million in a kitty that we can't spend. We don't know how to do it, and we're looking at accumulating more tires when perhaps there are other ways to spend it. Maybe it is spending some of this money on guaranteeing that tires on automobiles last longer and therefore contribute less to the other end. What I'm asking for is a review, an evaluation of the initial premise that was, in hindsight now, flawed in that there was the view that yes, all of these tires could be recycled into something functional and useful. The magnitude of the tires coming onstream has proven that's not to be the case. So I'm looking for an evaluation. I'm not suggesting that I have the answers. What I'm saying is that the questions I have have not and will not be answered if you just continue on that level plane.

MR. LUND: That's fair enough. One of the things that, of course, the tire board has done is set up a research fund, and part of that \$17 million will be used there. But you have to keep in mind – and I commented on it earlier – that there are about 14 million unfunded. Unfunded. In other words, the \$4 has not been collected on those out there. So when we talk about the \$17 million in the kitty, that won't even half cover the cost of doing something with those 14 million tires. That's the dilemma we're in. I know the \$17 million looks like quite a bit of money, but as I indicated earlier, once we start recycling more tires than we're putting into the stream each year, you will also see that fund starting to come down.

Doug, do you want to talk a bit about that research? Because there's an exciting place that this money is being spent.

MR. WRIGHT: Certainly. Thanks. Yes. The board decided that because it is a new industry, new markets – again, in September of '92 absolutely nothing was happening with tires – it put in place this incentive program for industry to help build that industry. Then it also decided that it's a brand new area, let's put some money in to lever new technologies and improvement of the markets out there that previously hadn't existed. So there's a million-dollar budget annually that helps support both the technology enhancement out of the recycling industry and the market development. I think it's showing that plus the incentive to really be paying off. I'd suggest there has been a lot of progress. Certainly the kilns going sideways cost us a couple of million tires initially, but there's going to be two and a half million tires processed this year.

I think more than that also, there's an upgrading of the processing. It's not a lot unlike agriculture, where you have to grow grain and make flour and make cookies. We're making the grain now, the shred. The shred is being turned into the flour, which is the crumb, and indeed we have three companies actually making cookies now, which is manufacturing the crumb into recycled products. So the industry has laid the foundation for a primary processing industry. We are now well into the secondary and have started even the tertiary processing industry. So I think this value-added upgrading is very well under way. It is a new industry. There was nothing there to start with. It certainly has taken time, and I think the kilns caused us a two-year delay, but there's a silver lining in that. The kilns were using whole tires. The replacement industry for that is shredding the tires: value-added, job creation, and it's also the feedstock for the next level up. So I think progress is legitimate. Other provinces are starting to copy Alberta. The fund is essential for dealing with the backlog, and I think we've really turned the corner as of this year.

Thank you, Madam Chairman.

THE CHAIRMAN: Thank you.

I understand Dr. Nicol gets to ask questions. Go ahead.

DR. NICOL: Okay. Is our time up for our first hour?

AN HON. MEMBER: In about five minutes.

DR. NICOL: Good enough. What I'd like to do is just kind of jump around a little bit, then, Mr. Minister, if I might. One of your issues that I'll start with is on forest fire, under the environmental protection and enhancement fund income on page 184. Starting there, you've had estimates in the \$5 million range in the past, and last year because of the extremely dry year or whatever – you know, lighting storms – you've spent about \$27 million forecast. Now you've got a \$10 million estimate in '96-97. Have you changed your forecasting mechanisms, which brings about almost a doubling of your forecast? How do you deal with the carryover in the future, if this is a high estimate?

MR. LUND: If we don't spend as much this year as we forecast, then it will just simply stay in the fund. That was the intent of setting up this fund in the first place. Because of consolidated budgeting once again, it is creating some difficulty, and that's why we had to go back to the House that fall and ask for some more money out of the fund. We would like to be in a position where rather than having to go and ask for that, in fact we were able to budget it and then just leave the money in the fund if we don't use it. Certainly we're not in the business of trying to find ways of spending the money, but we don't have a control over the fires and where, when, and in what volumes they may occur.

Now, as far as changing the forecasting, no, that is extremely difficult because while right today conditions look fairly reasonable, we've also got to keep in mind that in a lot of the area in northern Alberta it's been extremely dry over the last four or five years. So even though we have a real good snow cover this spring and we will have good moisture conditions for a while, that can change if we get a month of hot weather. So it's very, very difficult to forecast.

DR. NICOL: I think we'd all like to be able to forecast a little better, but we recognize what nature's all about, don't we?

The extra \$5 million, then, that's in your estimates for this year: is that to replenish, in terms of an expenditure in that area for last year? There's obviously a \$5 million difference between what you were expecting in terms of average expenditure on fire prior to this past year's experiences as to what you're expecting now, after one more year.

MR. LUND: I'll get Bill to give a more detailed answer on that one.

MR. SIMON: Just as a bit of background, we do carry \$35 million to \$38 million in our base budget for fire fighting. What the environmental protection and enhancement fund does is that it tops it up. We estimate approximately \$10 million per year, an ongoing estimate in terms of what we expect to spend based on the average of a number of years past. So that's how we arrive at the \$10 million. The \$27 million forecast for this past year was due to an unusually extreme spring and of course high fire hazard. What we do on a continuing basis is estimate \$10 million out of the fund to top up the base budget that's in this sort of general revenue fund.

*8:01*

MR. LUND: But we did bump it from \$5 million.

MR. SIMON: Yeah.

DR. NICOL: Are some of those dollars, you know, cleanup and any reforestation, or is that in other parts of the budget?

MR. LUND: No, those are in other parts of the budget. Cliff, did you want to comment a bit on that?

MR. HENDERSON: Yeah. This reflects just our actual fire fighting operational cost.

MR. LUND: Maybe I could add a bit to that. We will see some increase because some functions were paid for by Public Works, Supply and Services prior. Now things like communications even are brought into our shop. So our base number, even if there were below average fires, is still going to be somewhat higher than it used to be because of the internal changes.

DR. NICOL: So what you're trying to do, then, is combine from all of the other departments forest fire fighting into your department as one program, two costs.

MR. LUND: Two costs.

DR. NICOL: Okay.

One other area that I just wanted to talk on a little bit is back in program 2, page 168 in the budget document. There you have in your program 2, action on waste, 2.6, the regional system development. How much support and that do you provide out of this for regional landfills for the local groups that are trying to put in place new waste disposal/garbage collection facilities, recycling facilities? Is that what those dollars are all about?

MR. LUND: Yeah. I'll get Bill to give you complete detail on it.

MR. SIMON: Under 2.6.2, regional system development, there's \$4.5 million in grants to provide a system that is valid for regional systems.

DR. NICOL: Is that in terms of support for, like, environmental impact of a new landfill or a cleanup of an old landfill, or is it just new facility construction and implementation?

MR. LUND: It's not for cleanup. This is for new regional landfills, and it's regional too.

DR. NICOL: In the Lethbridge area right now we're having a real controversy about where to establish a new landfill, how to set it up. But there's also a lot of concern about the existing landfill in terms of some contamination leaching out of the facility into the Oldman River. Where is that going to be looked at, or is that going to fall back to the municipality to clean up and in essence to protect the water system from any leaching that may come out of that facility that's there right now?

MR. LUND: Al, do you want make some comments on that, please?

MR. SCHULZ: Specifically on the Lethbridge situation, that is a private operator there too. We have tried to watch what is going into that particular landfill. We recognize some of the concerns there. The programs in the funding year are really not intended to address that one, but some of that funding has been going to look at alternate sites in that whole Lethbridge area, as in other

parts of the province. The regulation of the landfill and the response in terms of leachate concerns are really not being dealt with in the Action on Waste program. Some of those issues would then be dealt with probably in the groundwater protection and some of those other areas.

DR. NICOL: So there is support from a public perspective for this private operator, whom it appears now may just walk away when the end is there, and any contamination that comes about in future years, however long, we're left as a public to deal with. Is that the case? There's no bonding there to protect society or the public from a private operator?

MR. LUND: Go ahead.

MR. SCHULZ: In terms of this particular operator, the operator has purchased some options to expand the operation there. One of the things that we want to make sure of is that the operation is done responsibly. In fact, there are some groundwater wells being drilled around that whole area. We are trying to work with the operator in the regulation of that operation to make sure that he doesn't walk away and that he addresses some of the environmental concerns.

You know, there's no hundred percent assurance; there are no securities or guarantees on operations like that. Through the regional waste management authorities right now I think that we are trying to put more accountability on that particular operator. We've had some bad experience in another area too. That's getting resolved, so I think we're learning from some of our difficulties in the past.

DR. NICOL: In the particular case that we've been discussing, I think the approach you're taking now is very, very good, and it's going to provide a little more security for the people in the region, because, you know, it has been a very controversial issue in the past. So I just want to commend you on your program to get that straightened around for us.

The next one, if we just look at program 5 for a minute, is natural resource services. Do the Special Places initiatives and that come up under the regional operations, or is it under some other component part of our natural resource program; you know, all of the support that's going in to develop and identify Special Places?

MR. LUND: It's program 3, Ken.

DR. NICOL: I'm sorry. Program 3. I said 5; I apologize.

Item 3.1.6, you know, the protected areas: is that the support now that's going into Special Places, or is it down under the regional operations where we're dealing with identifying these at a different geographic area, you know, like out on the prairie or out in the slope areas?

MR. LUND: No. It will come under 3.1.6

DR. NICOL: Okay. So this is just basically the planning component of Special Places? It's in none of the project identification? Like, do we actually purchase land or an area?

MR. LUND: We're not purchasing land.

DR. NICOL: So that wouldn't be involved in it at all?

MR. LUND: No.



DR. NICOL: Okay. So then effectively what you're going to be entering into are joint agreements, like with the current land-owner, or if it's a public parcel of land already, then there'll just be a designation made on that, so there will be no asset acquisition?

MR. LUND: We are not purchasing any land and/or dispositions.

DR. NICOL: In the context of Special Places at all?

MR. LUND: That's right.

DR. NICOL: So there'll be no attempt, then, at any time to capture into the public domain any of these Special Places that are identified?

MR. LUND: Well, part of the process is to go through and see if there are dispositions and, if there are, to figure out some management plan that would accommodate that disposition. But we will not be purchasing land and/or dispositions.

THE CHAIRMAN: You have reached your one-hour limit, so what we'll do is go to the government members. We'll start off with Mr. Friedel.

MR. FRIEDEL: Thank you. I'm looking at the estimates, page 171, under program 4, corporate management. With reference to number 4.1.1., research and scientific support, I notice that there's an increase of about \$850,000, which is almost 30 percent under the dedicated revenue column. I was wondering if you could give us a bit of an indication – and I understand that industry is a major contributor to this fund – of which industries are going to be providing that increase?

**8:11**

MR. LUND: Well, there'll be the oil and gas industry, forestry, agriculture, and then of course other governments.

Ron, do you want to make more comment on that, please?

MR. HICKS: About 80 percent of that funding under dedicated revenue comes from the private sector, and as the minister mentioned, we're expecting additional support from the oil and gas industry, from agriculture, and from the forest industry.

MR. FRIEDEL: Like I say, I knew that industry contributed a significant part of that. The federal and provincial governments contribute to that as well. What's the ratio that the province and the feds kick into this?

MR. LUND: I'm sorry, which one are you on, Gary? We can hardly hear you down here.

MR. FRIEDEL: It's 4.1.1, research and scientific support, under the dedicated revenue column.

MR. LUND: Okay. Well, there is, of course, a danger that the federal government's contribution will be reduced. If that happens, we hope that we can pick up the loss through working with industry.

MR. FRIEDEL: So industry would then have to pick up any shortfall if the federal government backed out of their commitment to this program?

MR. LUND: We're hoping that we can accomplish that.

MR. FRIEDEL: Okay. If we could go down two references to 4.1.3, resource data, I notice that there's a decrease in the projected expenses of almost \$2 million. Yet if you go down to the bottom, the same 4.1.3 under capital investment, the projection is to go up \$214,000, and I was wondering if you could explain the rationale for decreasing the program, yet at the same time increasing capital investment.

MR. LUND: Well, this comes out of the internal review on the restructuring and the consolidation of the corporate management services. Then, as well, we had the movement of the parcel mapping program into a maintenance mode; that program of course is one that's been building over time. As a result of the business plan we were able to reduce by \$1.799 million and 35 positions by doing those first two things. The operating estimates are decreased by an additional \$214,000, and those funds are the ones that you referred to that were transferred over into capital funds. The redistribution of funds from operating to capital is planned to be part of the one-time expenditure of approximately \$245,000 to provide the GIS graphic workstations in all of the regional offices.

MR. FRIEDEL: You mentioned internal review. What do you actually mean by that, and how does it reflect in this reduction?

MR. LUND: Well, over the last 15 years or so the province has been providing all of the survey and mapping activities in order to have it on a provincewide basis. Now that has been pretty well completed. So as I said earlier, we're moving that into a maintenance mode, and that's part of the internal review that has resulted in the reduction of 35 full-time employees.

MR. FRIEDEL: Okay.

There's obviously a fairly significant investment in surveying and mapping, and as you say, if it's close to completion, there must be something that we have to do to maintain the integrity of the investment in this, because with the amount of cost, the amount of time to develop it, we certainly would want to make sure it's current. Is there any kind of a plan to maintain that, and how would that be funded? Is this again something that industry would be contributing to? Are there certain industries that benefit more than others from the mapping and surveying that we've got in place? Will that have any rationale to ongoing maintenance cost assessment?

MR. LUND: Yeah. We're going to be looking to form partnerships with industry, with municipal governments to continue to maintain and upgrade. There's always an upgrading component to this whole mapping system as well, so we will be attempting to make those kinds of partnerships and operate from there.

Ron, do you want to add any more to that?

MR. HICKS: The two programs that we've completed are the parcel mapping program, which lays out the property boundaries on a parcel basis, and what's called a municipal mapping program, which again lays out the property boundaries in municipalities. We've completed those programs. Now the mapping is completed, and we're in to maintenance mode. We just got agreement from all the Alberta utilities to partner with us in the maintenance of that mapping on an ongoing basis, and they have agreed to contribute roughly half the program costs of maintenance, which is about \$500,000 for this coming year. We'll be

looking at expanding the partners next year to try and bring more industry groups in to share the costs of maintenance.

MR. FRIEDEL: With this partnering will industry be providing persons to do the work as well, like, the expertise for the surveying and such, or will they still be government department people?

MR. HICKS: We'll actually be contracting the maintenance out. We will be setting the standards for maintenance and the ongoing mapping upgrading, but we will not have department staff involved. That will be contracted out. In fact, we've just tendered that work.

MR. FRIEDEL: That's all I had for now, Madam Chairman.

THE CHAIRMAN: Thank you very much.

Mr. Hlady.

MR. HLADY: Thank you, Madam Chairman. Well, I'm glad to see some of the savings that the department is still able to make in certain areas. I'm on page 168, reference 2.6.2, regional system development. You're bringing your gross expense down from \$10 million to \$5.4 million. What I was wondering was: who will be the most affected by the reductions to the grant programs under regional system development?

MR. LUND: Well, the municipalities will be the ones that'll be the most adversely affected, but I think it's important that we keep in mind that we're looking at new ways of handling the garbage stream and, as a matter of fact, a lot of recycling programs. Of course, this fits right back into why we have the tire recycling program, and part of that is to reduce our stream to the landfills by 50 percent by the year 2000. So more innovative ways will be looked at to reduce the need for landfills and to extend the life of the current ones.

8:21

MR. HLADY: Okay.

What are you doing, then, to help the municipalities overcome the loss of financial support as they're moving and shifting what they're looking at doing with less money?

MR. LUND: Well, within the department we're looking at ways we can give technical assistance to municipalities. Of course, as Doug Wright mentioned earlier, the tire recycling board is looking at research programs that would assist in reducing the flow. There's a number of areas we're looking at, and we'll be attempting to assist on the technical side.

MR. HLADY: Is there a smooth transition, I guess, of the administration, making sure that everything's being covered from the municipalities? Are they downloading to the industry in any way administratively?

MR. LUND: Well, currently some municipal landfills are taking industrial waste at below cost, so certainly they will have to be looking at that area to make sure that in fact they're recovering their costs, I would think. I mean, that would become a municipal decision, but we would think they would be looking to see if in fact they were subsidizing the disposal of waste from industry.

MR. HLADY: Okay.

What other impact could there be on industry generally that you

might see?

MR. LUND: I think, as I said earlier, the municipalities will just simply have to be looking to see that the cost is recovered. The impact on industry would be to cover that cost, and I would hope that they would be looking at things they might do to reduce the flow. Certainly we know there's some fairly exciting recycling potential in some of those wastes that flow out of industry. We would hope that they would be looking at how they might accomplish some recycling and reduction, reuse, how they can operate in that mode.

MR. HLADY: Okay. Thank you.

I just want to go to the next line, 2.6.3, product stewardship. Can you just explain a bit of a reason for this initiative or what you're doing there?

MR. LUND: Well, once again this is a program that has assisted municipalities in getting products of value out of the waste stream. I guess a real good example is what has been happening in communities relative to paper and cardboard, particularly cardboard. Over the last year that has been an excellent one for actually raising some revenue. They've been able to keep a facility operating just on the paper and cardboard. So those types of initiatives would be covered.

MR. HLADY: Okay.

Are there any other parts, I guess, in the program that will transfer the responsibility to industry?

MR. LUND: Well, I guess one program that comes to mind is the dead drug program. Another one we're working on would be used oil products, and that's an industry-led initiative as well. So industry is coming to the table, dealing with the waste that they generate as opposed to having municipalities continue to handle it.

MR. HLADY: Thank you.

Would that come under household hazardous waste?

MR. LUND: Well, yeah. The dead drug program is only part of that. There's the other household . . .

MR. HLADY: Could you elaborate?

MR. LUND: On the household waste?

MR. HLADY: Yes, please.

MR. LUND: Well, it's a program that we've had in since about 1988. A number of communities have gotten involved in this. As a matter of fact, I think there were in excess of 160 communities that participated. They gathered a huge quantity of household waste, like paints and those kinds of things, and then they were properly disposed of.

The other area that I mentioned was dead drugs. The Alberta Pharmaceutical Association is now handling that one, so you take your drugs back to the drug store, and then they handle it.

Al, do you want to add any more to that?

MR. SCHULZ: Yeah. Actually, I think this product stewardship is a very exciting program because what it does is follow, sort of, the cradle to the grave kind of concept. That means that it involves the manufacturer of a product in terms of its disposal as well. In the past, when we look back about 10 years or so, a lot

of these products ended up in the landfills, whether they were waste paints or whether they were dead drugs or things like pesticide containers too. I think that's a very successful program. So increasingly we're trying to involve the industry that generates the waste to begin with to also have a role in its proper disposal. It's been quite successful in terms of us being able to leverage a small amount of money to get the industry involved, and increasingly industry is participating there. So I think it's an exciting program in terms of that whole product stewardship.

MR. HLADY: We've got – what? – 36 metric tonnes of dead drugs; is that what's turned back right now? Do you have any speculations on how much is probably down the drains and so forth? Do you have any way of figuring that out? Just curious.

MR. SCHULZ: I think it's hard. It is reasonable to assume that before we collected all this in the Toxic Roundup, this material would have gone to a landfill. So since '88, you know, that has been a pretty successful story in terms of collecting these wastes and then properly disposing of some of them in Swan Hills. I think it's fair to assume that in the past there were thousands of tonnes of material in terms of household hazardous waste that would have gone into landfills.

MR. HLADY: Okay. Thank you.  
That's all, Madam Chairman.

THE CHAIRMAN: Thank you very much.  
Dr. Taylor.

DR. TAYLOR: Thank you. I'd like to raise a bit of a general concern and provide you some examples of it, and that has to do with what I view to be the overexuberance of the environmental lobby and it's influence in the department. I'll provide you some examples of it. I would say that I've dealt with almost everybody here on one issue or another and found them all to be very cooperative.

For instance, down on Pinhorn grazing reserve we have, I don't know, in the area of four to five sections of land fenced off that is not used for grazing. Now, we know that that is not an effective use of land. We know there were buffalo here before. We know there were deer here before. We know that the shortgrass prairie does not function efficiently if it's not grazed. We have this huge area that is fenced off because of environmental pressure from lobby groups that does not allow – it's fenced. It's a garbage collector. It's a fire hazard. It's not producing anything in terms of economic development in the province. Now, we can't run a lot of cow/calf pairs on our land down there, you know, any grazing association, so any expensive fencing off like that is from my perspective just totally unreasonable. We know it's not the best way to use the land, because the land and the grass deteriorate because of the garbage, because of the overgrowth, and it generates weeds and so on without being grazed. One example.

### 8:31

Another example might be – which has fortunately stopped now. Several years ago we were counting leopard frogs in the Cypress Hills. We went in there and told people this was one of the only nesting grounds for these goofy frogs in the whole of North America. Well, anybody from that area that knows frogs knows they nest all the way up and down the whole crazy Milk River. I mean, here we're telling the owner of a private camp, a nonprofit corporation private camp, you know, that he's got to

allow people in on a joint venture from university and government to count these leopard frogs. Moreover, when they did run over a few of them on the roads, then they'd take these dead frogs in and show the kids and say, "Look what you're doing to the environment." As I say, fortunately that has stopped.

Another example might be an ecological reserve I've had some experience with, where once the environmental lobby was putting huge pressure on the committee to try and make a guy who had departmental, government approval to put in an irrigation system that cost him \$250,000 to put in – these goofballs are wanting him to pull it out.

I could go on. The Bow-Crow forest, a recent one where for Special Places the whole area's been designated seven times or something like that. The one argument being made was that there should be no logging allowed at all in that area because it had been designated as a Special Place. Now, I think that has been corrected too, yes. But some of your officials were suggesting that perhaps, you know, there should be no logging there because it had all been designated and hadn't been dealt with yet. I see that as influence of the environmental movement inside the department, and quite frankly I think it needs to stop. You know, we have to be stewards of our environment, but we can't let these people take over this whole area.

I was invited a year ago this spring to a debate at the University of Calgary by the environmental club. I debated whether I would go or not, but I thought I may as well go. So I went down there and had a rousing debate. They had somebody in there with a tape recorder actually, which I didn't know about, and gave the tape to the CBC. There was some bunch of junk on the CBC at some stage of the game with some of the comments I made. Apparently CBC didn't like them.

Add to that what one of the environmentalists said. We're talking about the farmers and the ranchers being stewards of the land. The attitude of one of the groups – it's a group that has an office in downtown Calgary. It wasn't the Alberta Wilderness Association. It was one of those other groups. One of the people there openly said, "What does it matter if a few farmers and ranchers lose their land if we have to protect the land?" That's the attitude of these groups, and I'm afraid sometimes that attitude gets into the department. I think we need to be very aware of that and very careful of it. I'm wondering in terms of some budget cuts if you can give some kind of environmental test and get the greens out of there or something. Anyway, that's just a pet peeve of mine, because I see it dealing with agriculture so often.

I can give you another example, burrowing owls, which are a protected species. I know people that are protecting these species. I know people that are encouraging the growth of these species on their ranches, and I can tell you that I've been places where there are at least 12 to 14 pairs that people are protecting on one particular ranch. These people do not want environmental people in there fiddling around on their ranches. They're doing a good job now. I mean these people are careful. They're not out shooting these owls. They are good environmentalists. As soon as we start interfering with that – and there was a rumour that you corrected for me. These people said to me when I was talking to some of the ranchers that they had heard that our department was going to start fencing off these nesting areas for the burrowing owls. They said, "Don't they know that burrowing owls will move from one place to another, that they don't nest in the same place every year?" They said, "As soon as they try coming onto my place and start fencing off my ranch, because I can't work with a ranch that's fenced off, there are not going to be any more burrowing owls." That's a fact of life.

If we let the ranchers and farmers, you know, and don't put

pressure on them and provide them with information, they will protect their species. This one guy last year ran off his ranch one of our environmental employees who had gone on his ranch without asking permission. Certainly if I give them the permission – I don't know. I mean, it's only common sense that we treat these people, the farmers and ranchers, as stewards and as the true environmentalists, because that's what they are. They've got to make a living off the place next year. I mean, if they overgraze, if they run down their land, they're not going to make a living next year. Some of these ranches have been in the families for a hundred years. The Hargrave ranch, for instance, has been in the family for over a hundred years, the Heller ranch, and I could go on and on. Some of these big ranches have been in the families for a hundred years, and the grass is probably better now than it was a hundred years ago because they are true stewards.

I think there needs to be that recognition within the department that these people are true stewards of the land and be seen to be working with them as opposed to be working against them. That's going to take some change in attitude, because right now I can tell you that the ranchers, the farmers see the department as working against them, trying to screw them really, instead of working with them. We have to do something to change that attitude. We can work together as a team. The department and ranchers and farmers can work together for the good of everybody, but there needs to be a radical change in attitude. I think certainly the ranchers have to change their attitude in terms of some of these issues, but so does the department. We need to do that. Anyway, so much for my pet peeve.

THE CHAIRMAN: Do you want him to respond, or do you have some other questions?

DR. TAYLOR: No. I've got some questions.

THE CHAIRMAN: No? Oh, he's really just making a statement, Mr. Minister, so we'll allow that.

Go ahead.

DR. TAYLOR: I noticed the opposition was making statements, so I felt that if they could make a statement, then I could make a statement, too.

THE CHAIRMAN: Actually, I was just saying, Dr. Taylor, that I've been giving a lot of latitude, as you can see. So go ahead.

DR. TAYLOR: Good. I'm glad you provide latitude, Madam Chair, or Chairperson, Chairman.

THE CHAIRMAN: Chairman's fine.

DR. TAYLOR: Page 170, reference 3.1.1, operating client and licensing services. The operating client and licensing services element is showing a budget increase of over a million dollars, and as you know, we're supposed to be in a time of restraint. As you know, your budget has been reduced. I'm just wondering why there is that increase in the budget.

MR. LUND: Okay. There are a number of things that have happened here: \$548,000 of that is due to that transfer I spoke of earlier from Public Works, Supply and Services to the individual ministries, dealing with the local communications services; \$65,000 was transferred from all other elements within natural resources services to cover the costs associated with the one-year

financial administration system; \$76,000 was redistributed from human resources to cover the payroll accounts payable costs now processed through Payment Systems Corporation; and \$455,000 was redistributed from various programs within the service in order to meet the proposed current operational needs throughout the service. That's where all of those numbers come from.

DR. TAYLOR: I take it that the client and licensing services – does that apply to hunting licences and so on? I'm just wondering: if that's so, how in the world can you spend \$548,000 on telephone? There are not that many hunters – are there? – in the province.

MR. LUND: No, no. It's far more than that. This is a consolidation of the services in telecommunications that used to be provided by Public Works, Supply and Services. Rather than distribute it all over in the service, we've put it into this one element.

Jim, did you want to add anything more to that?

8:41

MR. NICHOLS: Yeah. This program is certainly responsible for all the licensing, but it's also the program support for the entire service. Natural resources services is the combination of the old fish and wildlife service, the park service, and the water resources service, so in fact we've rolled three program support areas into one and given them responsibility for client and licensing services. That's for guides and outfitters, fishing and hunting licences, and all the draws.

DR. TAYLOR: Why was it necessary to redistribute \$455,000 within the service to meet the operational needs?

MR. LUND: Jim, do you want to . . .

MR. NICHOLS: Historically within the natural resources service we've had a manpower underfunding problem. Our '95 to '98 business plan committed us to moving money from other areas of the service and supplies and services to balance that off. That was a requirement in this particular subprogram, and it is now balanced off.

DR. TAYLOR: Okay. Still with the client and licensing services. Looking at the capital costs: why was the capital investment increased by half a million dollars, roughly?

MR. LUND: Well, the funds are being used to develop the integrated financial administration system.

DR. TAYLOR: Just what does that mean, exactly? Is there somebody here who could just tell us a little bit about that?

MR. SIMON: Yes. Perhaps I can.

MR. LUND: Yeah. Go ahead.

MR. SIMON: The integrated finance and admin system is a governmentwide initiative. It's spearheaded by public works, and the intent there is to replace the current central financial system and departmental financial system for the entire government. It's a cost-effective solution. We've done a business process re-engineering study which identified that there should be a \$5 million payback per year. What it'll do for us: it will help us achieve our 20 percent reduction in administration over the next

three years, and it'll provide more timely and flexible reporting for our department as well as the entire government so that they can consolidate financial statements.

DR. TAYLOR: Are you saying, then, that by spending \$515,000, a one-time expenditure, you're going to save \$5 million a year in perpetuity?

MR. SIMON: No. The amount shown in this particular service relates to that service alone. The total cost for '96-97 will be \$1.3 million.

MR. LUND: That's across government departments. It's not just within this department.

DR. TAYLOR: Oh; I see. The \$5 million is across government.

MR. SIMON: It will be \$5 million in administrative costs over the next three years.

DR. TAYLOR: Okay. I was going to say: boy, that's a good business to be in, if you could spend \$515,000 and make \$5 million a year.

MR. LUND: Yeah, we'd like it too.

DR. TAYLOR: We'd all quit politics.  
That's good for me for now, thank you.

MR. LUND: I just might add that we're going to community-level service, and all of this is also going to help as we move forward in that initiative. Actually, some of the comments that you made . . .

Can I just comment briefly?

DR. TAYLOR: You can respond to my comments.

THE CHAIRMAN: All right, briefly.

MR. LUND: One of the things I think will flow out of the community-level service is this attitude problem we've got. I believe when people live in the community they're working in, their relationship with the landowner and the stakeholders is going to change. I agree with you. As a matter of fact, I've said to many people that on the endangered species program, if we take the American approach, I can guarantee you that those species are endangered. They're just not going to be around. They're going to be extinct. So our whole approach is one of co-operation with the landowner. You're absolutely right. Folks are not anxious to get rid of these species, but if we're going to come down with a heavy hand on them, then they will be gone. So I agree with you.

THE CHAIRMAN: Good. Thank you.  
Mr. Stelmach.

MR. STELMACH: Thank you, Madam Chairman. Mr. Minister, I'll be referring to both documents, first of all the estimates document, then Agenda '96. The first one is on page 170, item 3.1.3, water management. It's a considerable reduction, approximately \$6.3 million. Knowing you were formerly an elected councillor, reeve, and member of the ADC and know how sensitive this whole area is in rural Alberta, could you maybe explain how you're going to achieve the reductions?

MR. LUND: Well, \$994,000 is an overall reduction. I'm talking

about the \$6.3 million in total: \$3,776,000 is associated with the '95-96 business plan reductions, and then \$994,000 is associated with the '96-99 business plan. Another \$347,000 was transferred over to capital investment to cover electronic data processing – in other words, computers and that whole system development – and \$865,000 was transferred to client and licensing services to balance manpower funding. Jim spoke of that a little earlier. Then \$321,000 was transferred to other services within the department. So the money's not lost, but it's in other portions of the department.

MR. STELMACH: Could you briefly just outline the specific business plan reduction for water management, 3.1.3?

MR. LUND: Okay. The '95-98 business plan included the completion of the northern river basin study, about \$2.9 million; a reduction in the federal/provincial flood damage reduction program, a \$400,000 saving. Then \$57,000 came out of the deregulation, and another manpower saving of about \$382,000 and 8.5 full-time equivalents.

MR. STELMACH: How are these reductions going to impact the total program?

MR. LUND: I should have added that in the '96-99 business plan we also have the elimination of the Water Resources Commission, which accounted for \$494,000 and then the elimination of the surveys branch, which will account for another half million dollars.

To answer your last question, the northern river basin study, the \$2.9 million I spoke of earlier, was scheduled to be completed by the end of March of this year, so that work is pretty much completed. The other one I spoke of, the federal damage reduction program, was a cost share with us, and we've got that pretty well completed. Actually, that was a mapping of things like the hundred-year floodplain for municipalities so they could plan, and then of course that's flowing into the whole disaster services program as well.

Then of course the Water Resources Commission we've rolled up, so it didn't require anymore funding, and then we're getting out of the funding for surveys.

MR. STELMACH: Mr. Minister, in your answer you talked about surveys. Is part of that going to be transferred over to Labour in terms of the profs and occs component of it?

MR. LUND: Bill, did you want to comment on that? We've moving the Act over to Labour. Were the dollars following it?

MR. SIMON: Not to my knowledge, at this time anyway.

MR. STELMACH: On page 170 in 3.2, regional operations, there's \$400,000 of dedicated revenue. What is the purpose of the fund? What's it used for?

**8:51**

MR. LUND: Well, at one time the province provided firewood in the campgrounds free of charge, and there was no revenue generated. Then in '94 there was an introduction of a \$2 service charge on the camping fee, and that's where the \$400,000 comes from.

MR. STELMACH: If you go down the list, every region sees a decrease in the dedicated revenue. Can you explain why?

MR. LUND: Well, of course we're continuing to contract out a lot of the campground operations, and as we do that, part of the contract is to supply firewood, so you see a reduction in the revenue. Of course, we will be decreasing the amount of firewood we purchase because of the firewood becoming a responsibility of the contractor. They keep the revenue, but they've also got to provide the wood. So we don't get into it. This year I think it's about \$550,000 that we will be spending on firewood. Next year we estimate \$400,000.

MR. STELMACH: Do you think that'll be sufficient? Will it cover the maintenance?

MR. LUND: Well, yes, as we move to more contracts. Some of the old contracts didn't have that clause in them, and we're now putting that clause into the contract. So it will reduce the amount we have to spend.

MR. STELMACH: Thank you. Mr. Minister, in the Agenda '96 document on page 206 – that'll be the last bullet under goal 1, the last item on page 206 – it talks about

managing the province's parks and natural areas in a manner that ensures their long-term protection while increasing opportunities for natural heritage appreciation.

What steps is the ministry planning to undertake to better manage the parks and natural areas?

MR. LUND: Of course, the one program we are actively pursuing right now is Special Places 2000, and we are moving forward on that one. It's going to increase opportunities for natural heritage appreciation and of course the whole protection component of the program as well.

MR. STELMACH: Would you be able to give us a bit of an appreciation of what impact it has on long-term protection of the natural areas?

MR. LUND: Well, yeah. When we announced the program, of course we announced 26 new natural regions, and that contributed about 80,000 acres, officially, to Canada's network on Special Places. Then with the Kakwa and the Upper Elbow-Sheep that we announced just some short time back, in designating those, that added about another 384,000 acres to the program.

MR. STELMACH: Would you be able to just give us more information as to how these areas will be identified and established and where we are in the process?

MR. LUND: Currently there's been a very large number of nominations, and I think it was Lorne who indicated in his comments about the Bow-Crow, for example, something about how there were duplications in nominations. The fact is that in that whole Bow-Crow forest there's only a very, very small part of it that hasn't been nominated. But this is indicative of across the province; there's been a huge number of nominations.

We have a 23-member board, a provincial steering committee that deals with those. The process they've been going through – they said that they were going to deal with the natural regions one at a time. They've been working currently on the Canadian Shield. That's where they wanted to start. They will be moving quite shortly out to the Rocky Mountains, the foothills, the parkland, the prairie, and then they're going to do the boreals. That was the sequence they have chosen to deal with the nominations.

Now, because of all of the nominations coming so fast, we did have to set up an interim measures committee that looks at the nomination, identifies whether in fact within that nomination there is a site which has been identified at some time past that stands a good chance of designation. If in fact they find one of those, then they take a further look at it to see if all development or all activity should be stopped or if there could be some low-impact activity or activity with very stringent guidelines. But in the rest of the nominations it's business as usual. Otherwise, we would have had, like the Bow-Crow – and I keep referring back to it. If we had adopted the policy that some wanted to, that they couldn't do anything in a nominated area, we would have had the entire oil and gas and forestry industries and grazing and agriculture shut down in that entire area, and that's totally unreasonable. So the interim committee is dealing with it in an expeditious manner.

MR. STELMACH: The next question is in reference to page 207 in the Agenda '96 document, goal 2, and it's under the headline "Improve the delivery of Ministry services to Albertans." Could you just give us some detail on that, on how you're moving services out to Alberta communities?

MR. LUND: Well, we divided the province into six regions, and within each region now we will have an environment resource committee. That committee will be made up of directors of each of the line services. They will collectively act as a one-window department of Environmental Protection. We've moved a lot of the decision-making ability down to those regions. We're looking at ways that we can move budget, and you've noticed that in the budget already. The six regions have certain budgets. Beyond that, as well, we're moving more decision-making to the districts. In a district we would hope that we could get into a position where in a town there would be one Environmental Protection office instead of having, say, fish and wildlife and maybe a parks office and maybe a water resources. It would be a one-window, and through that process we believe we can attain a number of efficiencies, better use of staff. We will have better customer and better client service by them being able to come to one place to get whatever service they need from Environmental Protection.

Then equally as important – and Lorne touched on it when he talked about attitude – I firmly believe that if we have decision-making authority vested in individuals living in the community and with their interaction with the stakeholders in the community, we're going to have buy-in in the community, and we're going to have a better understanding by the people who make those decisions. So that's our goal, that's the way we're moving, and I'm very pleased to report that we're already seeing some results.

MR. STELMACH: Any good-news stories or examples of some of the movement that you'd like to share with us?

*9:01*

MR. LUND: Well, yeah. In a couple of locations now the regional director of parks also covers as the regional director of fish and wildlife. In one place the individual came up through the parks system. In the other case the individual came up through fish and wildlife. So that's just a start. We're going to see much more of that in the future. We're also encouraging a lot of cross-training; for example, fish and wildlife and forestry folks. In the most recent issue of permits for private land logging we had fish and wildlife officers actually doing inspections for private land permits. It will take some time, because you've got to appreciate that when you meld a number of departments into a huge depart-

ment like this one, you have a number of different cultures within the department, and it'll take some time to meld those and to get folks thinking and working as a single department. But it's coming.

MR. STELMACH: Would you know how many positions more or less will be transferred from, say, the core, from the centre of the department, out to community services?

MR. LUND: You mean, like, out of Edmonton?

MR. STELMACH: Yes.

MR. LUND: I think there are about 36 positions that moved out of Edmonton so far, and it looks like there'll probably be about another 43. We're still working on identifying positions that can be moved, that need to be moved is a better way of putting it, because it was never the intent just to move people for the sake of moving them. It has to make sense. Why we're doing it has to fit into our goals and objectives.

MR. STELMACH: I definitely do believe that it'll lead to better decision-making at the local levels.

Thank you.

THE CHAIRMAN: You're done, Mr. Stelmach? Thank you.  
Mr. Langevin.

MR. LANGEVIN: Thank you, Madam Chairman. Good morning, Mr. Minister. If you want to turn to page 172, I'd like to ask a question to start with on item 5.1.2. That's forest management. We're estimating here this year \$8.6 million to be spent, and I'd like to know: is that strictly for timber management?

MR. LUND: I'm sorry, Paul. Could you . . .

MR. LANGEVIN: It's 5.1.2, on page 172. The title is forest management. I was wondering: do we spend all that money for management of timber?

MR. LUND: Cliff, do you want to make a comment on this?

MR. HENDERSON: Funds are used for the care and management of our forests and forest resources. So this includes funding for planning, monitoring use of the forests, such as timber, recreation, wildlife habitat, and range management activities.

MR. LANGEVIN: So it includes all these items obviously?

MR. HENDERSON: Yes.

MR. LANGEVIN: I see.

Okay. If you look a year back, to 1995-96, you had an estimate at that time of \$10.1 million. So we were able to reduce that by \$1.5 million. Where did the savings come from, or how were you able to do that?

MR. LUND: Well, we've transferred a lot of the responsibility to industry in various areas, and we've partnered with them on some of the other functions as well. So we've ended up being able to reduce our own expenditure by that \$1.5 million.

MR. LANGEVIN: By privatizing this sector here, what are the

benefits to the private sector and also to the government?

MR. LUND: Are you talking now about the . . .

MR. LANGEVIN: You just mentioned privatizing. What are the actual benefits to the private sector and to the government by taking this step of privatizing?

MR. LUND: Well, I guess things like forest renewal and reclamation certificate issuance are two good examples where we privatized. Actually I guess it's more a case of us steering the boat rather than rowing it. By doing this, we're moving out a lot of the workload to the industry. We've been carrying that workload, particularly with the small operators. For example, for people with production of less than 8 million board feet we charged something for our service, but it didn't cover the cost, so this new mechanism will see them picking up those costs.

Cliff, did you want to add more to that?

MR. HENDERSON: We're maintaining the provincial stewardship and the responsibility to ensure that the public trust is maintained by the standards, and we're transferring the activity of actually doing the reforestation to the companies or the private sector. So they will be going out and hiring the Cats instead of us.

MR. LANGEVIN: Okay. Thank you.

I have a question also on 5.1.3, which is forest protection. That has increased by about a million dollars, and I'm wondering why the increase, if the minister could elaborate on that.

MR. LUND: Well, once again this relates back to the transfer from Public Works, Supply and Services. We have now to pay out of our budget for a number of the services that we require, things like the mobile radio system, private radios, voice communications. We now have to cover all those costs, so that's what this is.

MR. LANGEVIN: This mobile radio system seems to be fairly expensive here. What are the benefits to the department?

MR. LUND: Well, Cliff, if you want to outline more clearly what it is.

MR. HENDERSON: It's a voice communication system, and there presently aren't any other substitute or alternate communications where we can communicate with forest officers in the back country, on farms or whatever, so we have to maintain this communication network to operate.

MR. LANGEVIN: Okay. Thank you.

Now if you'd like to look at item 5.3.1, fire suppression. Fire suppression also appears within the environmental protection and enhancement fund, and then it appears in the land and forest service budget. My question or concern would be: why would it appear in two different locations?

MR. LUND: Bill, do you want to elaborate on that?

MR. SIMON: The total annual portion of the budget maintains a base of \$38 million. Then we have additional revenues that go into the enhancement fund under the natural resources emergency program - and that's to top up the base budget - based on the average fire fighting costs over the past few years.

MR. LANGEVIN: Also in regards to fire fighting, you've had some questions this morning on that, but how do you look at that and plan it when it's really a guessing game? How can you cope with what is unforeseen, and how you're going to handle this thing?

MR. LUND: Well, it always has been a problem. Of course, years back when there was a set budget and there was a bad fire season and they went over budget, they simply went for a special warrant.

The environmental emergency fund was a fund that was set up by using funds that came out of increased stumpage fees when we went to the new system of charging stumpage fees based on market price. There was an agreement struck at that time with the forestry companies. They felt this would be a good use of those funds, that they could put in a separate fund and could be accessed whenever there was an environment emergency. Now, not all of that comes by that vehicle, but the majority of it does. So if we're looking at an infestation of insects and we need to combat it, it would come out of this emergency fund. Fire, of course, is the big one.

*9:11*

Now, as I explained earlier, we got into difficulty accessing it because of consolidated budgeting, but we're using a five-year average as kind of a base, which is quite realistic. With the exception of last year we've seen a decrease, and even last year I think we've got to be very proud of what happened here. We had considerably more fire starts than Saskatchewan, yet Saskatchewan suffered, the latest numbers I saw, somewhere in excess of 2 million acres. We had about 850,000 acres burned. So we got very good value for our money. They spent about \$71 million in Saskatchewan as well: spent more, had less starts, lost a lot more land. So I think we need to be very proud of the system we've got here.

MR. LANGEVIN: Well, I'm happy to hear that. We seem to be doing quite a good job there.

We had a high fire season last year. I'd like to know: how is the salvage operation handled? Do we manage to salvage all this timber? Do you have a demand from mills that are going to use it?

MR. LUND: We've got a number of contractors out there that are harvesting the areas that were damaged. Cliff maybe has got more statistics in fact on the operations.

MR. HENDERSON: Yeah. We pretty well by this spring will have salvaged all of the sawlog component of the burns both in Footner and Mariana Lake. It's kind of usually a two-phased operation. Next year more of the smaller posts, the round wood will be salvaged by that industry. So we've been very successful so far.

MR. LANGEVIN: When you do a salvage operation, do you charge stumpage to the mills as you do with green timber?

MR. HENDERSON: We charge a salvage rate.

MR. LANGEVIN: A salvage rate, which is a reduced rate.

MR. LUND: Yeah, it's a reduced rate. Some of the timber this year, because those fires were so hot, is not that good. The burn is much deeper in the tree than it often is.

MR. LANGEVIN: How do you handle . . .

THE CHAIRMAN: Sorry, Mr. Langevin, but we've run out of the hour. As a matter of fact, we've gone a few minutes over, so we'll allow the opposition members to have those few minutes over too.

So with that, Mr. Collingwood.

MR. COLLINGWOOD: Thank you, Madam Chairman.

AN HON. MEMBER: Can we have a brief break?

THE CHAIRMAN: A brief break? It depends on the committee, if the committee is willing to do that, because we can give them the hour whenever. Is that okay?

MR. COLLINGWOOD: That's fine.

THE CHAIRMAN: Okay. Let's have a few minutes. How about five minutes?

MR. COLLINGWOOD: Sure.

THE CHAIRMAN: Okay. We'll just make it up anyway.

[The committee adjourned from 9:14 a.m. to 9:24 a.m.]

THE CHAIRMAN: Can we take our seats, please. Thank you. Go ahead, Mr. Collingwood.

MR. COLLINGWOOD: Thank you, Madam Chairman. We'll get started. I had kind of left off in my questions and comments with the minister, dealing with parks. Mr. Minister, you'd indicated that there may be some opportunities for privatization in provincial parks other than the campgrounds. Now, that's the point where I sort of turned it over to one of my colleagues, but you've piqued my interest. I'm wondering what areas you're looking at in terms of provincial parks that could be outsourced other than the campgrounds.

MR. LUND: Of course, there's a certain amount of security that possibly could be outsourced, maintenance that occurs within the parks. I think we have to probably weigh the activities that we're currently involved with in the parks and be sure that we don't outsource something that is going to in any way put at risk the very reason that the park was established.

MR. COLLINGWOOD: If there's further outsourcing, would there be dedicated revenues associated with that?

MR. LUND: I think we've probably already done most of those. Well, we'd have to look at it as we're going through. Bill?

MR. SIMON: If there's outsourcing, the revenues of course would go to the operator, and it wouldn't show up as dedicated revenue in our budget as such.

MR. COLLINGWOOD: Okay. In terms of parks management, in previous budgets we've been able to look directly at a program that identifies the expenses associated with parks management, and there were even specific line items for Kananaskis Country. Now, that's not included in this year's budget. There's no specific line item for parks management. So I'm wondering where in the budget things like parks management occur. Is it in



the regional operation budgets, or is it somewhere else? Notwithstanding that, can we get a breakdown of what the expenditures are going to be for the parks?

MR. NICHOLS: It's actually in two areas. The broad policy program area and the standard-setting would be within the 3.1.6, which is recreation in protected areas. That would be the broad management plans and things like that. The actual operation of the parks would be under 3.2, which is the regional operations. As the minister said earlier, in some of the regions we have one regional director responsible for both fish and wildlife and parks, and within his area he would have responsibility and the budget for both the parks and the fish and wildlife operations.

With respect to Kananaskis Country, we have a director in charge of that, and he has a budget. That would be under the southern Eastern Slopes region. It would be part of the \$14.4 million.

MR. COLLINGWOOD: Do you have the breakdown within those regional budgets under those regional directors of what portions of these budgets are parks and what portions are fish and wildlife?

MR. NICHOLS: Yes. The regional director would have his budget allotted to him for that.

MR. COLLINGWOOD: Can we obtain those figures of what the breakdown is? I don't necessarily need that today. I'm just wondering if we can get the breakdown of the published figures.

MR. NICHOLS: I don't think I have it today.

MR. COLLINGWOOD: Okay.

I want to move to the statement of resource allocation. Frankly I'm a bit puzzled.

MR. LUND: What page are you on?

MR. COLLINGWOOD: I'm at page 211 of Budget '96. I'm also, Mr. Minister, looking at your news release that came out with the group of news releases on budget day. Now, you've indicated that you have not yet identified the nonpriority programs within the ministry, within the department, but you have at this point in time identified that administration expenses are going to be reduced by an additional 20 percent and program expenditures are going to be reduced by 14 percent. You know that. You indicated in the news release six bullets for resource allocation, and in the business plan there are only five bullets.

The sixth bullet says:

Staff reductions of 129 positions in the 1996/7 fiscal year, 129 positions in 1997/8 and 268 positions in the 1998/9 fiscal year.

The projected staff reductions for the three year business plan is expected to be an additional 527 positions.

How is it that you can know exactly the percentage reduction in administration expenses, exactly the percentage reduction in program expenditures, exactly the number of layoffs that are going to occur in the three-year business plan and not know what the nonpriority programs are?

MR. LUND: As I indicated to you earlier, those are the targets that are set for us by Treasury. Because of the magnitude of them, we've gone through a program review. We are now going through a functional review to see where we can find those savings.

MR. COLLINGWOOD: So for fiscal '96-97 – and I recognize that there is some carryover from the '95-96 fiscal year, and I think it's 83 positions or 88. I'm not sure what the number is.

MR. LUND: It's 87.

MR. COLLINGWOOD: Eighty-seven is the number? So there's a carryover of 87 from the previous budget. The total anticipated for this fiscal year is 129. Where are those positions coming out of? What parts of the ministry?

MR. LUND: Well, have you got those all in front of you, Bill? It'll be a long list to go through each. Go ahead, if you want to read them out.

MR. SIMON: Well, 41 positions will be coming out of the administration area. We've targeted positions in a number of other areas. The parcel mapping program is 14 positions for '96-97. In the elimination of water management program we've targeted 16.

MR. COLLINGWOOD: That water management, is that the water commission?

MR. LUND: No.

MR. SIMON: That's our management programs. In the water resource commission there were three FTEs in there, full-time equivalents. The water programs was the bulk of it.

In streamlining and reducing the public land management process, we've targeted eight. In privatization of land reclamation certificates, we've targeted three. In privatizing and outsourcing natural resource activities, we've targeted 27.5. In the reduction for the environmental regulatory and monitoring inspection and approvals we've targeted .5, and in forest renewal we've targeted eight positions.

MR. COLLINGWOOD: Do you have targets for the anticipated FTE reductions for '97-98 of 129 and the 268 for fiscal '98-99? Are those targeted now at this point?

MR. LUND: When we complete this functional review, we will then be able to complete our plans for those two years and identify where those positions are. So the answer is: no, we haven't.

MR. COLLINGWOOD: So you've got them for this fiscal year, but the targets aren't set yet for the next two fiscal years?

MR. LUND: Well, there are targets that have been given to us, but they haven't been identified.

MR. COLLINGWOOD: In terms of the overall cut in the department, there was an indication that the original target for the ministry was a 30 percent reduction overall. Your business plan indicates that there are going to be now further reductions of 20 percent in administration and 14 percent in program expenditures. Now, if you take the ministry's consolidated income statement and you just go straight across the board for department expense, that figure is a reduction of – I think it works out to about 37 percent. But you also indicate in the business plan summary, if I've got that right, "The Department alone is projected to reduce total spending by . . . 41%." So what's the actual target in the business plan at this point?

MR. SIMON: On page 211 under expense, department, it does reflect a 37.3 percent decrease, but those include certain adjustments like amortization, and capital. If you adjust for those kinds of things, the reduction in fact is 41 percent. So it depends what numbers you use, whether you use department numbers, ministry numbers, or whether you use numbers that include certain adjustments like amortization. Capital was the other component that's a variable in here.

9:34

MR. COLLINGWOOD: So the figure I should be using is the figure that's in the business plan summary, which is a total reduction – and again, I take it that it's from the '92-93 starting point.

MR. SIMON: That's correct. Yeah.

MR. COLLINGWOOD: The actual reduction is 41 percent.

MR. SIMON: Yeah.

MR. COLLINGWOOD: Now, the original plan – and again, as I recall in '92-93, it was a reduction of 30 percent. So why is the target now 41 percent?

MR. LUND: Well, in order to meet the requirements of the debt reduction Act, we needed to make sure that as a government we had enough dollars to account for things like the federal transfer payment reductions, and this became a function of finding those dollars. Overall we had to find about \$500 million within government to make sure that we didn't run into a major problem when revenues like the transfer payments were decreased.

MR. COLLINGWOOD: I want to sort of ask the same thing about revenue. You make the statement in the business plan summary that between April 1, '92, and March 31, '99, the anticipated increase in revenues will be \$49.9 million. I'll just take the last year and this year. Now, this does have the consolidation adjustments, but the consolidated revenue is actually down this year from the '95-96 year from \$147 million to \$144 million.

The Agenda '96 document – I think it's at page 69, if I've got that right – does identify the new user fees that are coming in the department. Under Environmental Protection there's a series of new user fees that are being implemented, but I don't know where that's being reflected in the ministry's income statement, new user fees but no real overall increase in revenues. So I'd like to ask about that.

MR. SIMON: There are some new and incremental revenues. The new fees that are coming in, we have a list of them. I can give you the amounts. The forestry revenue is somewhat down from the previous year. So that's why you see some decrease in revenue from the \$147 million that you mentioned down to \$144 million or \$145 million.

MR. COLLINGWOOD: When you talk about the forestry revenue, is that the fees that go into the environmental protection and enhancement fund?

MR. SIMON: Part of them go in there. About \$24 million goes into the general revenue fund, and about \$40 million goes into the enhancement fund.

MR. COLLINGWOOD: Okay.

Well, let me move to that enhancement fund. The projection last year was that the fund would be at \$50,669,000, and this year the projection is \$57,164,000. So it's up about \$7 million in your projections for what will be in the environmental protection and enhancement fund. How does that reconcile with the reduction in forestry fees?

MR. SIMON: I'll have to find that, if you'll give me a moment.

MR. COLLINGWOOD: Okay.

MR. SIMON: Could you just refer to the numbers again? That was the environmental protection and enhancement fund?

MR. COLLINGWOOD: Right. The table from A Better Way II had an anticipated total: environmental protection and enhancement fund, '96-97, \$50,669,000. Now, where am I going to find this one?

MR. MELNYCHUK: Page 211.

MR. COLLINGWOOD: Where is it?

MR. MELNYCHUK: Page 211. That's where we're at.

AN HON. MEMBER: Fifty-seven million.

MR. COLLINGWOOD: Yeah, that's the one.

MR. SIMON: Okay. For '96-97 we estimate \$33.9 million for the environmental protection and enhancement fund. The forecast for '95-96 was \$48 million, and the '95-96 estimate was \$33 million. Those are the numbers you're looking at?

MR. COLLINGWOOD: Well, let me help you out here again because I lost them myself. On page 211.

MR. SIMON: Okay. I'm looking at the wrong figures. Sorry about that.

MR. COLLINGWOOD: Page 211, environmental protection and enhancement fund, the '96-97 estimate \$57,164,000.

MR. SIMON: Okay; got it.

MR. COLLINGWOOD: The table that I was looking at when I was reviewing last year's identified that the anticipated fund will be \$50,669,000 from last year's table in A Better Way II. So that appears to be an increase of about \$7 million of revenues coming into the environmental protection and enhancement fund.

MR. SIMON: Right. Okay. That has to do with incremental revenues that will be coming in to the department. That's why the '96-97 is up here as opposed to A Better Way II, which forecasted a lower revenue.

MR. COLLINGWOOD: Okay.

And that takes into account the lower forestry revenues that are coming in?

MR. SIMON: Yes, it does. And there are some incremental revenues: the approval fees for environmental regulatory services of about \$1.6 million, the reclamation certificates about \$670,000. The OSB pulp and veneer dues are up again, and that's \$7.5 million, so that's a new incremental revenue.

MR. COLLINGWOOD: Okay.

So those incremental revenues are all going into the fund, not into general revenue?

MR. SIMON: Right. There is a base amount that goes to the general revenue fund, and any new and incremental beyond that goes into the enhancement fund.

MR. COLLINGWOOD: I noticed on page 207 that one of the strategies in goal 3, the last bullet, is: "conducting scientific, socioeconomic and environmental research, as outlined in the Ministry's research business plan." I haven't seen a ministry research business plan, and I'm wondering where that is.

MR. MELNYCHUK: The research plan will be made public together with our detailed business plan, as Mr. Hicks had earlier indicated. That will come as a package.

MR. COLLINGWOOD: Mr. Melnychuk, will that include the activities at the Alberta Environmental Centre in Vegreville?

MR. MELNYCHUK: Yes, indeed it will.

MR. COLLINGWOOD: Okay.

Is that plan going to contemplate that that facility finally become accredited?

MR. MELNYCHUK: I'll have to pass that to Mr. Hicks.

MR. HICKS: You're now speaking of accreditation of the laboratory facilities there?

MR. COLLINGWOOD: Right.

MR. HICKS: In fact, we have become accredited for many of our tests out there. We got our accreditation about a month ago.

MR. COLLINGWOOD: This is a QA/QC accreditation?

MR. HICKS: Yes.

MR. COLLINGWOOD: Okay.

That I take it is ongoing then, to work through a period to bring the facility up to QA/QC?

MR. HICKS: Well, bring it up – I think it always has in our view been up to QA/QC. We participated in an Alberta QA/QC program, and we have staff out there responsible for it. There was some concern that we, I guess, get accredited to a national body, so we have started the process of getting our various procedures out there accredited to the Canadian Standards Association and the national accreditation system. About a month ago here we received accreditation for several of the procedures that we use out there. We scored extremely high, which, I guess, was our contention all along that we met the QA/QC standard. Now we have the piece of paper to prove it.

MR. COLLINGWOOD: Okay.

I want to just quickly go through some of the performance measures that are here in my time to do this and then pass on to one of my colleagues. On the first key performance measure, page 178 of the government estimates, your expected annual target is 100 percent approved reforestation standards. Now, for both coniferous and deciduous that figure has been declining from

1991-92 up to '93-94, which is the last figure provided. What specifically is being done to reach the annual target, which is the expectation?

**9:44**

MR. HENDERSON: In 1991 we introduced a tougher new reforestation standard, so industry is grappling with how they can meet the goals of this standard, and we are putting considerable effort and research into growth and yield of a regenerated stand so that we can meet these targets.

MR. COLLINGWOOD: With respect to areas designated as park and natural reserves, the figures go for decades from the '50s, the '60s, the '70s, the '80s and then the '90s to the present time with a target for 2000 of 81,000 square kilometres. Do you have a breakdown for increasing the land mass of protected sites for '96-97, for '97-98, and for 1998-99?

MR. HENDERSON: Targets?

MR. COLLINGWOOD: Right.

MR. LUND: Jim, do you have . . .

MR. NICHOLS: We don't have specific targets. That in fact is going to be the result of Special Places 2000 in large part. There is some gap analysis in what we need to fill the areas, and they're just doing now, for example, the Canadian Shield. So once that's done, that will add to the total, but we haven't gone the other way in making specific targets. What we're going to do is deal with the natural regions first.

MR. COLLINGWOOD: Okay, but you're not setting targets, then, for each of the three years in the business plan so that you could say by the end of '97-98, that figure will be an increase from 62,000 to 72,000.

MR. NICHOLS: No, because we in fact won't have it done by '98.

MR. LUND: I think the important thing is to make sure that we in fact fill all the gaps that were required to complete the endangered spaces program.

MR. COLLINGWOOD: On biochemical oxygen demand, there's a figure in here that's somewhat confusing for me. You have in the business plan summary a 1994 figure of .95 as an actual amount. On page 210 in the business plan .95 is a benchmark figure, not an actual figure, and in last year's document it was 1.14. So which one is right?

MR. LUND: Go ahead, Peter.

MR. MELNYCHUK: Well, we'll have Mr. Schulz deal with this one, please.

MR. SCHULZ: Well, I guess the good news is that regardless of which one it is, it's well below our annual target, but I'm not going to be able to shed light on that one, on which is the actual. As we pick up the actual figures, we would be able to put them in there and reflect what the actuals are as opposed to sort of the benchmark targets.

We think the BOD in terms of the pulp mill operation is something that we can be proud of, that our industries, our pulp

mills are in fact operating among the cleanest in North America and perhaps the world.

MR. COLLINGWOOD: I'll refer you, Mr. Schulz, to Measuring Up. The performance measure for pulp production versus the amount of pollution discharged: the 1994 figure is 1.44, and the benchmark at that point was 3.04. The actual for '94 is identified as .95, not 1.44, and the target is 3.02 as opposed to 3.04. I guess my question is: how can we have such inconsistencies in the numbers here?

MR. SCHULZ: I guess we're updating these indicators on the targets on an ongoing basis, and with the new update that we had promised, we can look into that and try to eliminate that inconsistency.

MR. COLLINGWOOD: I'll just ask you a few more questions. In fact, Mr. Minister, I don't even know that I need a specific answer on some of these. To try and move this along a little faster, I'll just let you know that we'd like the information.

MR. LUND: Yeah, we'll try to get details on all those figures.

MR. COLLINGWOOD: On the contaminated sites. You're going to have to help me because I'm not sure where I found that in the budget documents.

MR. LUND: It's 2.4.2.

MR. COLLINGWOOD: That helps. Contaminated sites and decommissioning. There was a performance measure from last year about the number of sites that were properly restored, and I'm wondering if you'll be able to identify that on that performance measure. In terms of the budget for this year I'm wondering if you can identify for us what contaminated sites and decommissioning are targeted for this year with the budget expenditure. Again, I don't need that information right now. I'll just leave that question on the table and ask you to respond.

With respect to the Special Waste Management Corporation, their financial statement did appear about six months ago, as I recall. That financial statement did account for a contingency fund for the ultimate cleanup and decommissioning of the Swan Hills waste treatment plant. Mr. Minister, I can't find anywhere in this budget that accounts for that contingency fund, with the Special Waste Management Corporation still being under your jurisdiction. Again I'll just leave the question with you: if you can advise where the contingency fund is being created.

MR. LUND: We've probably got the answer already. Bill, do you want to go ahead?

MR. SIMON: On page 186 of the estimates document we reflect in accumulated net expense an \$8.5 million . . .

MR. COLLINGWOOD: So that's this year's portion?

MR. SIMON: That's just the accumulated to '96-97 at this time.

MR. COLLINGWOOD: No, I think we're talking about something different. That's the fund that was created originally; is that correct?

MR. SIMON: That's the liability that was set aside for the decommissioning of the plant and that present value of the \$42 million, if you will.

MR. COLLINGWOOD: Okay. Then we are talking about the same thing.

MR. SIMON: Yeah.

MR. COLLINGWOOD: Two other questions, and then I'll pass it on. On the performance measures, at page 179, the percentage of spills and accidental releases cleaned up, the annual target is 100 percent. That figure has been growing each year as well, a significant increase from '93-94 to '94-95 and potentially another increase again in '95-96, '96-97. I notice that in the environmental protection fund the budget is going down for the cleanup of spills, so how do you reconcile that the number of spills is going up and the budget is going down?

MR. SCHULZ: I think the size of the spills has decreased. I think that's a reflection of people, industry overall being more careful or more conscious of the environmental liabilities. I think it has in fact shown that people are, in terms of the actual spills that have to be cleaned up. [interjection]

THE CHAIRMAN: Go ahead, Dr. Percy.

DR. PERCY: Thank you, Madam Chairman. Mr. Minister, staff. Just to go back to the issue of the softwood lumber dispute, I know the province is between a rock and a hard place because it's the federal government's responsibility in trade issues, but also, I mean, the U.S. government has been cherry picking among the provinces. Given the agreement that appears to be emerging, which is the cap, it implies, then, a quota for each province. Has the department discussed or assessed how they're going to allocate the cap. Is there going to be a dairy marketing board model with quotas allocated to firms? Is there to be competitive bidding? That's one question.

MR. LUND: I've asked the staff to look at how we can allocate this on a fair basis. As I indicated earlier, the difficulty we have with just giving everybody a quota based on the last three-year average is that we do have some mills that are just getting into the market. We have some mills that are producing very high-quality, high-value material, and the quota system just straight across the board on a three-year average is going to create a lot of problems.

Cliff, do you want to expand on what we might be able to do?

MR. HENDERSON: We are in the process of doing a detailed survey from both the secondary manufacturers, the remanufacturers that export to the U.S., plus our primary producers. After we have the results of that study, we would probably set our targets on historic production.

MR. LUND: Now, if you have any ideas, why, we'd be more than welcome to try to incorporate those. It is going to be a difficult problem.

**9:54**

DR. PERCY: The problem, I think, that faces any department stuck in this position is that you want a mechanism that's absolutely transparent so it doesn't appear that there are any politics involved. You know, some bidding mechanism for allocating their quota would also give you the opportunity to scoop up some extra revenues that might have been missed at the resource pricing level. I mean, I appreciate the nature of the problem that the department faces, and I think it can be difficult.

I guess the other issue when you look at a cap such as this and the issue of quota is that if you move towards any market-based mechanism for allocating the quota, it will naturally lead to greater consolidation of the industry and squeeze out a lot of the smaller firms. On the other hand, if you want to advance Alberta's market share or at least keep the province competitive, it's possibly the natural outcome. How are you going to deal with that whole issue of industrial structure and numbers?

MR. LUND: Well, that again is another very difficult one we've been wrestling with. I am not anxious to run the small operators out of business. When we get into a totally competitive regime, over time that is exactly what would happen. We have a lot of small operators out there, family operations. They cannot survive in that totally, totally competitive regime. We have done some things with the MTU wood program that I hope will satisfy the very small operators.

We've got the intermediate group, a collection of less than 25 million board feet, that are often a family operation. They're the ones that are going to really, I think, get squeezed as we move with the quota and with the competitive bidding, because certainly that's one of the things that the Americans have been looking at: our allocation and our tenure.

That's another difficult issue, because certainly to get the proper type of investment that we need in the resource from the companies, they have to have reasonable tenure, and when you're talking about trees, reasonable tenure is not even 20 years. It's something beyond that. So those are the difficult issues that we're trying to work through.

We are even looking at possibly some other type of structure to assess the stumpage that maybe would be tied to investment. That has real value in encouraging secondary processing and adding value to the product, but that kind of discussion is a ways off.

DR. PERCY: My second question relates to the NSR backlog. How large is it, and what's the pace of reducing the backlog?

MR. LUND: Cliff, go ahead.

MR. HENDERSON: Well, we've been studying our previously reforested forest plans, and where we do have failed areas, we develop a reclamation plan or a plan. Many of these have been satisfactorily stocked at one time and then have reverted to an NSR situation from competition. On these, we go out and reassess them. Many of them, rather than coming back with a full conifer crop, have come back to a mixed-wood stand. In these situations we decide whether or not we want to leave it mixed wood or whether we want to try and convert it back to pure conifers. So we do actively carry out surveys and see which is the best way to try and rehabilitate the back-lot areas.

DR. PERCY: My final couple of questions relate to the climate change and the voluntary challenge and registry program. Is the department actively ensuring that the voluntary targets for CO<sub>2</sub> emission are being met? Is there a monitoring process?

MR. LUND: By this coming fall of course the requirement for us to report will be there, so between us and Energy we are now starting to gather that information. The sign-on has been very encouraging. It was a little slow getting off the mark, but now the peer pressure is starting to really work, and we are getting more and more companies signing on to the program. As you know, we're still in the voluntary mode and using peer pressure, but we believe that as we start producing those numbers the peer

pressure will build even more, and I think we will be pleased with the results.

Al, do you want to add to it?

MR. SCHULZ: The monitoring is going to be very important because otherwise we will not know really how well we are meeting the targets. In some of that monitoring we will have to address not only the improvements that we're picking up on specific projects but the normal operations in terms of CO<sub>2</sub> emissions from some of these facilities. We're looking at incorporating the CO<sub>2</sub> reporting, then, as part of the regular reporting the industry does so that we would get that as part of that regular record, and then we'd be able to roll that up. It's not in place right now, and we're looking at putting that in place so that we can have those figures.

DR. PERCY: My final question relates, really, to the establishment of air sheds. In particular, that's tied in very closely with the monitoring issue. Has progress been made in that regard for, say, the Grande Prairie area, the Edmonton area in establishing specific air sheds?

MR. SCHULZ: I guess air sheds have always been considered. I think the classical one is the east Edmonton area, where we've looked at the Refinery Row area and, similarly, the capacity of the air shed there. In terms of zonal air monitoring through the Clean Air Strategic Alliance, in fact the west-central zone has been set up, and a number of other zones are very active in terms of getting going. The Fort McMurray area is quite active there. So I think we will have a more effective regional air monitoring there with input from all the stakeholders: from government, from industry, and from the environmental groups. I think that will work quite well. We're seeing that pattern or that system falling into place here, too, with some - I think this year we'll probably see at least one or two other monitoring zones being added.

MR. LUND: Through the Clean Air Strategic Alliance we've been able to get industry and the environmental community plus government involved, so I think you'll see some good results shortly.

THE CHAIRMAN: Thank you.

Mr. White.

MR. WHITE: To continue with the clean air initiatives, one of the programs that was initiated sometime ago, the Alberta government voluntary action plan, an internal plan, I understand focused on three areas: buildings, waste reduction internally and waste management, and operations of fleet vehicles. I recognize that it is not directly in your purview, Mr. Minister, in the ministry's purview for buildings and operation of fleet vehicles, but it seems that we've been awfully slow on the uptake. I don't know whether it's your department's influence on the operating department, PWSS, that has not been all that effective, but virtually every other area of government, certainly in Alberta but across Canada, has spent some time and effort on reduction of energy consumption in their buildings. It was just last year, this current operating year, '95-96 - and I quote: beginning energy audits of the hundred largest buildings; in government-funded buildings audits will be completed over the next three years. That statement seems to me to be very, very late in the game. Is there anything that your department is actively doing in order to influence, to move the process forward in the other departments?

10:04

MR. LUND: As a government initiative there is work being done in all of the departments. It's a combined effort to look at all kinds of efficiencies. We are going with a no-regrets policy. In other words, we are not going to be spending a bunch of money that we can't recover. The first buildings, for example, that will be dealt with are those where we can see a payback within three years, and then it'll move on up the hierarchy. But there have to be efficiency audits done. If we don't do that, how do you know that you're going to have a payback? So it does take some time.

Did you want to comment, Peter, on the intergovernmental?

MR. MELNYCHUK: Yes. This department is part of a governmentwide program in this area, and we did as an environment department make an initiative on energy auditing in one of our buildings. I would ask Mr. Schulz to provide some information on the results of that. That was an example of what could be done, and we tried to do that so that other departments could follow.

MR. SCHULZ: I'll provide an example. An analysis was done on Oxbridge Place, and it did show that there could be some significant benefits in terms of energy efficiency that could be gained there. In fact, a lot of those efficiencies have been implemented, in terms of reducing the air conditioning, not keeping the air conditioning on 24 hours, and even in terms of some of the waste reduction initiatives to reduce waste there in terms of recycling.

So I think a lot of those systems are working. There's some reluctance – I think it'd be fair to acknowledge that – in terms of going governmentwide in that, you know, there's a cost associated with that conversion, and there's a reluctance maybe to spending some of that money in there. But certainly I think energy efficiency and reducing the waste is being followed and accepted on quite a broad basis now. We're trying to lead by example in some of these cases.

MR. WHITE: To revisit the question again. As I understand, in the rest of government, particularly Public Works, Supply and Services, the only way you're influencing these departments is by way of example. My supposition is that that's not enough, quite obviously, because it hasn't occurred. Can the department or through the minister influence the government to take over that responsibility for the department, being the department has the knowledge at the senior engineer levels to manage a program such as this?

MR. LUND: Well, I know there's a fair bit of work going on currently doing those audits, and of course a good deal of this, to be effective, is an education process as well. I think it's incumbent upon all of us to do a certain amount of that education. One of the things that's going to have a major impact on the reduction in the use of energy is what we do individually in our own lives. I think that's one area where we could be doing quite a bit more work in educating the public on how simple things like turning off the lights behind yourself pay off.

When it comes to investing by putting a bunch of money into retrofitting a building, that's where you have to do some very detailed work to make sure that in fact there's a payback.

MR. WHITE: The last question in this area – well, let's back up. This particular government's bent is to privatize and to look to outsource and to look for expertise on the outside. Why could

this department not take on the responsibility of putting out invitations for proposal to the private sector to save these funds? In the private sector a great number of companies come forward, say, consultant A, to a corporation that is not in the business of saving energy and say: "We will save you money, and here's how we'll do it. We'll take our funds on the end of your energy savings." Would that not be an approach to get past at least the impasse that I see currently in the energy-saving business?

MR. LUND: Well, that's a good idea, and of course that's the approach the federal government is taking. But I would ask you: do you know of any buildings in Alberta in which the federal government has been successful in that approach?

MR. WHITE: Thank you, sir. Perhaps we can move on from air to some solid wastes, some concerns personally from my neck of the woods, which is Edmonton, and a regional system to manage it. It has been for a great number of years the department's initiative to move into regional management of solid waste. It's been commendable, and it's had some great successes throughout the province. The difficulty is that the focus has been almost entirely in the rural areas. There has been some provincial money spent on trying to locate a landfill in the Edmonton area but not a great deal of success for reasons that are historical. There seems to be an inconsistency in what I see in the budget. In the budget under 2.6.2, regional system development, there's only \$5.4 million there, a substantial reduction from years gone by. We have a statement of the Premier when he was asked about assistance in the Edmonton situation currently, and his statement was: there was about \$9 million earmarked for regional landfills around Edmonton. Can you solve the inconsistency here for me?

MR. LUND: Well, what you're looking at is one year's expenditure, and what the Premier was referring to is: under the current program the regionalization could use up to \$9 million. Between \$8 million and \$9 million would be his guess, and that number came from some studying that we had done in the field around the city of Edmonton. To give you a little flavour of where we are at, we currently have on the books projects worth over \$12 million. [interjection] Well, that's throughout the province.

Now, in this Edmonton region right now, except for the city of Edmonton and the county of Parkland – of course they were looking at the composter together – a lot of the other municipalities don't have a landfill problem at this moment. Now, of course, when you look out 10 years, then the situation could change, and that's all I was talking about when I put that proposal forward. If the municipalities around the city are going to have a problem, then let's look at what dollars they might be eligible for under the current program, and if they agree that they want to come into the composter as opposed to taking those funds for a landfill in the future, if the program is still available in the future, then we would agree to that and move the money towards the composter. That's what was said. When we did the analysis around the city, it looked like between \$8 million and \$9 million.

10:14

MR. WHITE: My difficulty is the skew in assistance historically to the rural areas, where basically a third of the population is, to the exclusion of the major municipalities, particularly Calgary and Edmonton. If you do it on a per capita basis, the dollars that have been spent are \$7 or \$8 to \$1. Now, there may be some reasons for that, but I haven't seen them at all.

MR. LUND: Well, under the current program of course any

municipality with a population over 60,000 is not eligible.

Al, did you want to make any further comments?

MR. SCHULZ: I think maybe one of the reasons that we've got this skewing of funding is that traditionally, I guess, Edmonton and Calgary probably had better programs in terms of managing their waste, so they had some existing programs. The management of solid waste at the local level is still a local responsibility, so it has to be a local initiative that can get funded. Maybe the difficulty in terms of trying to find a suitable site here in Edmonton probably didn't help the funding situation as well, because if you would have been able to find a suitable site earlier, then maybe that funding could have been applied. So some of that difficulty for all the various reasons made it then difficult. If you don't have a project, you don't have the funding. We had hundreds of dumps out in the rural areas which were then trying to consolidate into regional landfills and manage processes, so that's where the projects came up, and that's where the funding went.

MR. WHITE: Thank you.

THE CHAIRMAN: Dr. Nicol.

DR. NICOL: Thank you, Madam Chairman. Mr. Minister, the questions that I'd now like to turn to are associated with water issues. A lot of them come up in southern Alberta. I was looking through the budget. There were some rumours during the last fall/winter period that the Environmental Management Committee of the Oldman River dam – and this is mandated by federal licensing approval – was going to be disbanded. One of the questions I'll start with is: could you assure the people of southern Alberta that it's here in the budget, that it's going to continue, that we're not going to see that kind of erosion of confidence in the operation of the dam?

MR. LUND: Your last statement bothers me: erosion in the management of the . . . What has this got to do with it?

DR. NICOL: Well, if that Environmental Management Committee disappears, then the option for public input, for review of action by the community is eroded. You know, there's one less channel for them to have their input. That's all I'm saying. I'm not questioning the safety of the dam. I'm a strong supporter of the dam, as you well know. But there's a community concern there that they're going to potentially lose one option for input, and they're very concerned.

MR. LUND: Yeah, well, okay. We're not going to roll up the committee. I'm glad to hear you feel that it should be community based. I'm very, very pleased to hear that, and we'll be taking that into consideration as we move forward.

DR. NICOL: Good. Well, southern Alberta will be very pleased to hear that, because they were quite concerned when the rumours came around last winter.

The other issue while we're dealing with the Oldman River dam: I notice in the budgets of both your capital expenditures in public works and in here that you've got some dollars for the interpretive centre. Could you give us a feel for how this is coming, the planning on it, when they might see it as an operational facility associated with the dam and the Pincher Creek area?

MR. LUND: As you know, the advisory committee has been very

active in that field.

Jim, do you want to give an update?

MR. NICHOLS: I don't have a specific update other than the committee's been working on it and it's our intent to move on it. I could get one to you.

DR. NICOL: I notice the funding for this is included in your budget, yet in actual operation and perception in the community it's more a tourism component. Why is it that this is being done through Environmental Protection rather than through tourism development?

MR. LUND: Where did you find that, Ken? I'm sorry, but I didn't see where we had something for the interpretive centre.

DR. NICOL: It's under Public Works, Supply and Services.

MR. LUND: Yeah, but not us.

DR. NICOL: Well, it's under your mandate within public works, so obviously the direction to public works to proceed with this project came from your department. At least, I assume that's how the public works' breakouts . . .

MR. LUND: Yeah. Well, it relates back because we are the operators of the dam, and that's why it got in there. Of course, that was a commitment made a long time back to the residents, that in fact there would be an interpretive centre. We're the operators of the dam. Yeah, okay, it's not found within our budget. It's one of those things in public works that's under environment. We'll try to get you an update on just where that's at, but because we're not spending any dollars on it, I wasn't right up to speed with it.

DR. NICOL: Just an extra comment on that area. You know, with the interpretive centres – the buffalo jump, the one now on water or irrigation at the dam site, the Remington-Alberta Carriage Centre – there's been a lot of discussion in southern Alberta to deal with those three things being put under a co-ordinating group, maybe under tourism or economic development or that, so that they can be co-ordinated in terms of their advertising, in terms of their scheduling. This is just a suggestion, Mr. Minister. No comment needed, just a reaction.

The other one that comes up quite regularly – and I've already had a couple of calls, one late last night and one woke me up this morning – is the flood warning system for the Oldman River dam. There were a number of ice jams in the river this morning, and a lot of people are very concerned about this. Can you tell us again and reassure the people that this is coming, that the budget is there for it, that they're going to have an adequate system in place?

MR. LUND: Well, yeah. As I mentioned in the House yesterday, because of the type of winter we've had, there is a problem. Of course, when we get that much cold weather, we squeeze down the channel. So now as soon as the tributaries start running, the flow increases and the pressure on the ice increases and we have huge chunks breaking up and we end up with ice jams.

We are monitoring regularly. If necessary, we will blow some of those ice jams. I know that flooding can get severe very quickly with an ice jam, but that is just one of the hazards we have to work our way through. But we will be doing everything we can to minimize the effects of any flooding – or of any ice jams. You can't stop the flooding.

DR. NICOL: That's right. The timing of the ice jam is not under your control either; is it?

MR. LUND: That's right, but we are prepared to blow them if we have to.

DR. NICOL: You may be aware that we live right next to the Oldman River, and my wife was telling me last night that when she came home at 5 o'clock, everything was great, and by 8 o'clock she could hardly hear herself in the house because the ice was moving and jamming in the river. The whole flat is flooded this morning. So, you know, that's an issue that comes up.

MR. LUND: It's serious, and we realize that.

DR. NICOL: This is Pavan Park in Lethbridge, so they're going to be asking you for some help on their Pavan Park issue again.

The next area that I'd like to go to is basically in the area of water management and how you deal with water. The capital expenditures again, if I might shift a little bit between the capital in public works and your responsibilities in terms of the planning and implementation of these projects – you notice on page 344 in the budget document that there's about \$28 million in capital under public works. We come back to your budget again under the natural resources area, and you still have another \$5.6 million of capital expenditures. This is page 170. So you're looking at page 170 and page 344. Why is it that some capital shows up in your budget and some capital shows up under public works? What do you differentiate between the magnitude of a project before it's something that you just undertake as a capital project as opposed to a project that gets moved over under the authority of public works?

MR. LUND: Well, those that you see in public works are primarily the major irrigation projects. Well, they've been all transferred over there.

Peter, do you want to . . .

**10:24**

MR. MELNYCHUK: The large water management projects such as dams or large canals or diversion weirs: the responsibility and the budget for the development of those has been transferred to public works. Any capital remaining in this department has to do with small erosion control works, things like some buildings in parks, those kinds of smaller maintenance-type items.

DR. NICOL: So capital in support and maintenance is what this is.

MR. MELNYCHUK: That's correct, yes.

DR. NICOL: Thank you.

THE CHAIRMAN: We're pretty sure we've gone over by a minute now, so we've just finished. Thanks.

I've got a few questions from some of the government members, so I'll just go with those. Mr. Herard.

MR. HERARD: Thank you, Madam Chairman. This is the third time that I've had the privilege of sitting on this budget committee.

DR. TAYLOR: Punishment, you mean, Denis. Punishment, not privilege.

MR. HERARD: No, no. I think we all learn something every time.

The last two years I've been asking about stumpage fees, which was my favourite subject back then. I recognize we've had some progress in that area towards getting a better return for Albertans on a renewable resource, so this year I'm going to stay out of stumpage fees.

I'd like to refer you to page 171, reference item 4.1.4, information management. Now, there's an increase there of \$975,000 from the comparable '95-96 operating estimates. Could the minister explain this increase, please?

MR. LUND: Well, of that sum \$583,000 is money transferred from Public Works, Supply and Services, dealing with electronic data processing, your favourite, computers. The internal review and restructuring and consolidation within corporate management services has resulted in some \$392,000 and six positions being transferred in to manage the information management division, freedom of information, records management, library and inquiry services, warehouse, as well as information technology. So that was all consolidated in here.

MR. HERARD: This is the third time that I hear you respond – Dr. Taylor had a question, Mr. Langevin had a question, and I have a question, all three related to transfers from public works for information technology and telecommunications. So it seems like that number could be quite large. Could you tell us what the total transfer has been and give us some detail as to what it is?

MR. SIMON: Six point five million.

MR. HERARD: Could you give us some idea of what that's made up, please?

MR. LUND: Go ahead, Bill. You've got them all.

MR. SIMON: Thanks very much. The \$3.3 million transferred for aircraft required for fire-fighting activity went into the lands and forest services budget; the \$53,000 transferred for furnishing and minor projects went into corporate management services; voice telecommunications, there was a total of \$1.428 million transferred, and it went into various areas of the department; and then private radio and telecommunications, back into land and forest service, \$1.1 million.

MR. HERARD: So out of that \$6 million and change, almost half of it relates to information technology and telecommunications?

MR. SIMON: Right.

MR. HERARD: Now, you just said that the private radio and telecommunications one is \$1.1 million. Do you lease that? Do you operate it? Is that maintenance? Just what is that?

MR. LUND: We own some of our older radios, and we contract the maintenance of them.

MR. HERARD: Now, there was a response earlier I think to Mr. Langevin with respect to that. I guess I'm interested in the point of view that there are some people, perhaps even sitting around this table, that would say that owning and operating private radio and telecommunications is not a core business of the department of the environment. Can you give me some idea as to why the department got into that business and why it's still in that business?



MR. HENDERSON: We started in the business of communications many years ago with our fire line organization, so radiocommunications has been a historic requirement and part of our fire operations. That's how we started into it. Over the years we've looked at various options as to which is the most efficient way to deliver the service, so we have contracted radios and we have purchased radios. Right now we're reviewing – with the transfer from public works we have, I guess, about a two-year window here, as some of our older radios are now becoming obsolete and we have to look at some replacement mechanism. I don't know whether that'll be contract or just what it'll be. Probably contract.

MR. HERARD: So is it fair to say, then, that at the time that all of this was put in place, there were no commercial operations available that would give you the coverage you needed and that's why you put up your own?

MR. HENDERSON: It was a decision by public works to put up a government kind of an umbrella one, so it went from forestry to public works, and now that's being reviewed.

MR. HERARD: Okay.

MR. LUND: This \$6 million transfer does cause us some problems as well because it comes in as increased expenditures, but our target, our bottom line remains the same as it was without the transfer. So it is causing us difficulty internally, and that relates back to Mr. Collingwood's comment and questions about percentage.

MR. HERARD: Uh-huh. Now, I think you also mentioned in your response that there are six people that you inherited as a result of this, as well. Is that correct?

MR. LUND: No. I think it was Bill.

MR. SIMON: As a result of this, we haven't inherited any as yet. We're still talking about it to see if we can pick up a few staff to at least process the invoices for these activities.

MR. HERARD: Right. But if you're taking over the responsibility from public works and public works had people doing that for you, then somewhere, somehow there has to be either people transferred or people let go.

MR. SIMON: I would think that perhaps public works may be looking at these as an area for downsizing: transfer the responsibility, and we'd absorb the responsibility.

MR. LUND: I assure you that we will be doing this in the most efficient manner possible.

MR. HERARD: Okay. Could I have some idea – if you have the papers; if not, then it can come later – of the total number of people that you've got involved in the entire department with respect to information technology, telecommunications, all those kinds of things?

MR. LUND: Ron, do you happen to have them?

MR. MELNYCHUK: We may have to get the specific details later.

MR. HICKS: We have an information technology plan, and in that plan we've summarized all the resources we have involved in our computing systems: voice mail and so on. I don't have that with me, but we can provide that to you.

MR. HERARD: The reason I ask the question is because this government some time ago decided to try and work on the silos that have been built throughout every department with respect to information technology. We have a chief information officer that now provides a corporate vision for the entire government entity. Where I was leading is: have you seen a difference in planning in information technology as a result of that, and do you see some potential for sort of the collapse of these silos into perhaps fewer positions in information technology overall?

MR. HICKS: I think that as a result of the appointment and the departments getting together just to prepare their information technology plans, we saw a number of initiatives that we individually had under way where there was some opportunity to reduce our costs by working co-operatively. The financial administration system that Bill mentioned earlier is one area where some of the departments were pursuing that independently. We're putting in place a new human resources management system, again an information technology based system, which several departments were pursuing independently, and we're now working co-operatively on that. So yes, I think we've already seen some savings as a result of working together, and we are in the process right now of reviewing our information technology plan with the chief information officer to see if there are any other opportunities where we can work with other departments.

*10:34*

MR. HERARD: Thank you very much. That's very encouraging. Those are all the questions I have.

THE CHAIRMAN: Thank you.  
Mr. Coutts.

MR. COUTTS: Thank you very much, Madam Chairman. I will be very brief, knowing the possibility of the wrath of my colleagues here as they are eager to get to their next meeting a few minutes away. I'd like to basically address something that the hon. Member for Sherwood Park brought up about reforestation, but I'd like to go into it from the aspect of sustainability in reforestation, because it really affects and hits my area.

Mr. Minister, on page 209 of Agenda '96 and in the business plan it shows that the measurement of the timber harvest area meeting provincial reforestation standards is less than 100 percent. In view of the sustainability, I'm wondering why this is, and does it really affect the sustainability?

MR. LUND: I think this is very close to what we covered previously. Of course the standards were strengthened in '91 dramatically, and as a result of that, we've seen industry having to adjust. I think that we've also had some difficulty with some of the blocks that were reforested not meeting the new standards. There is an inspection at five and eight years, so that shows up on the numbers now. We are very concerned and are adamant that the forest will be managed on a sustainable basis, and that does mean meeting the standards that are in Freedom to Grow. It can be done. It will be done, but it does take some time to get into it.

MR. COUTTS: Thank you. My second question has to do with

the NRCB. I was just wondering: how many applications is the NRCB anticipating during '96-97? I can't let you off the hook here, Ken, at all.

MR. LUND: It would be a shame to have him come all morning and sit here from 7 o'clock.

Ken, go ahead.

MR. K. SMITH: The NRCB has been preparing its budget on the basis of receiving three applications per fiscal year, and that's the basis on which our budget has been submitted this year as well. The types of applications that we are anticipating are in the water and the forestry areas. The board is not in a position to determine the timing of those applications, but we must be ready to respond to them as and when they do occur. We are aware that the question of the Highwood-Little Bow is one that's being discussed publicly now. There are a number of forestry initiatives that may come forward during this coming fiscal year.

MR. COUTTS: Thank you very much, Madam Chairman.

THE CHAIRMAN: Thank you.

Mr. Collingwood, do you want to make a few points before I close?

MR. COLLINGWOOD: I will be happy to do that, Madam Chairman. First of all, I would like to extend thanks to the minister, the deputy minister, and members of his staff who joined us bright and early this morning for estimates debates on Environmental Protection: Mr. Simon, Mr. Henderson, Mr. Nichols, Mr. Schulz, Mr. Hicks, Mr. Doug Wright. Ken, you got in there; good for you. Thank you very much for attending and being forthright in answering questions.

I would like to just ensure, Madam Chairman, in terms of any

undertakings that were given by any of the staff members or the minister, that they be made available to all participants in the estimates meeting rather than just to that specific questioner about a particular issue.

I will say, Madam Chairman, that I am somewhat disappointed to learn that there is more to come in the budget for Environmental Protection, a more detailed business plan that we did not have an opportunity to address and review for this session, the research business plan that we did not get an opportunity to review and look at for this particular session. I must say that I'm disappointed that we didn't get that opportunity. Having said that, I would like to wish the very best of luck this year to the staff of Environmental Protection.

Thank you.

THE CHAIRMAN: Thank you. You will have an opportunity to meet with us next year.

I would like to say thanks to all the members, both government and opposition, who were able to make it here at the time and the date that we chose. It was quite a morning. I'd like to also thank the minister himself and his staff and agency people who were very open and very informative in terms of giving answers. Thank you very, very much for being so co-operative.

With that, we need to have a motion under Standing Orders 56 and 57 that the designated supply subcommittee on Environmental Protection now conclude its consideration and debate on the '96-97 estimates of the department prior to the conclusion of the four-hour period allocated. Can I have unanimous consent?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Anybody disagree? We're now adjourned.

[The committee adjourned at 10:41 a.m.]