

Standing Committee on The Alberta Heritage Savings Trust Fund Act

Thursday, August 21, 1980

Chairman: Mr. Payne

10:45 a.m.

MR CHAIRMAN: Ladies and gentlemen, if I could bring the committee back to order. I would just like to apologize to Mr. Miller and his departmental officials for the delay this morning. Mr. Miller, we have several committee members who will be joining us shortly, but we do have better than a quorum and, in the interests of time, we should proceed.

Perhaps I could ask Mr. Miller if he could commence in the usual way by having you introduce your departmental officials. Then, if you would care to, perhaps you could make a preliminary or opening comment on those expenditures in your department that relate to the heritage fund.

MR MILLER: Thanks very much, Mr. Chairman. It is a pleasure to be back here again. This is my second tour to this committee. I'm pleased to have with me this morning some of our departmental staff. First of all, there is my executive assistant, whom you all know, Brent Shervey. On my right is Fred McDougall, the deputy minister of renewal resources. Les Cooke, on my far left, is the executive director of resource evaluation and planning, commonly known as REP. We have Mac Forbes, sitting on my immediate left, who is the acting deputy minister in charge of public lands. Then we have Murray Turnbull, who is director of land management development.

Mr. Chairman, I have some information I would like to pass out in regard to the program in my department that is funded under the Alberta Heritage Savings Trust Fund. It is the grazing reserve program. I'll pass these copies around. Then I would like to make a few opening remarks in regard to what has happened in the past year.

MR SINDLINGER: Mr. Chairman, in regard to these handouts, if it's expected that we're to discuss these during these committee meetings, could we request that they be presented to us prior to the meetings, so we have time to read them?

SOME HON MEMBERS: Agreed.

MR CHAIRMAN: I'm quite agreeable to that as chairman. I would like to point out that it's only a minority of ministers that in the past have prepared these kinds of documents, but we will ask those ministers who have yet to come before the committee, who are desirous of giving us such material, to try to do so at least one or two days in advance.

MR SINDLINGER: I would like to comment further on that. This concerns me. If we're to discuss these things -- there was considerable discussion this morning on this yellow document, and we had no opportunity at all to peruse this prior to seeing it. If it's an important document, which I assume it is or it wouldn't be handed out in the first place . . . I feel very uncomfortable about sitting here and talking about documents we have never seen before.

MR R CLARK: Would it be possible, Mr. Chairman, for you to ask the various ministers to make the handouts available well in advance?

MR CHAIRMAN: Yes, I would be happy to do so.

MR SINDLINGER: I would further move that we do not accept these and discuss them at the same time.

MR NOTLEY: Mr. Chairman, I would think that where we have a situation today where we've already discussed one handout, if there is relevant information in the handout -- I don't know if there is or not, but I'll take the opportunity to look at it during discussion this morning. But the point that is made is a valid one.

I would like to suggest that this kind of thing being done by the ministers is good. The only problem is that getting it right now is not very helpful. It would seem to me that as a committee we should ask the ministers, when they are invited to come -- and we now have two and half or three weeks before the next set of ministers -- that in fact they go into their departmental responsibilities vis-a-vis the heritage trust fund in a little more detail, so that we get this kind of information. I think just sort of leaving it up to the discretion of the minister so they may or may not do it really is unfair to those ministers who take the trouble to do it. It's helpful to get it, but the key thing is to get it well ahead of time. I don't think it's inappropriate for the committee to ask all ministers to make the information available in more detailed form than this summary report, and that they should do so at least a week before the next meeting.

MR CHAIRMAN: Any further discussion on the two recommendations or suggestions of Mr. Sindlinger and Mr. Notley?

MR PAHL: Mr. Chairman, I appreciate what is being said and the point is well made. However, I think that if we start making these sorts of requests of ministers, we will probably find that they will respond directly to the information provided in the report, and the committee's activities will be the poorer for it. I think we should in some way leave it to the judgment and the courtesy of the ministers as to what they provide us and when. In my view, what will happen is that we will receive less information, not more, if we start becoming rigorous in our requirements for information. I think we should make the case, asking ministers to make any information they would choose to have us review available at an early date. But I would very much regret not having the opportunity to have some information that might have been available only at the last day prior to our meeting with them. So I would put a bit of a caveat on that rather rigorous requirement for pre-providing information.

MRS FYFE: Mr. Chairman, I would go along with Mr. Pahl's comments that it may be useful to have background information provided to us ahead of time. If that could be done, I'm sure some committee members would appreciate it. On the other hand, some of this material, like I'm sure is provided this morning, will be covered with us, taking us through this information, and we will likely have a much broader understanding by having the minister explain some of the facts as we go through. I think it's going to have to be left to the discretion of the Chair as to whether we can always have information provided to this committee before it meets.

MR STEWART: Mr. Chairman, I feel that this committee in some respects serves much the same function as Public Accounts. If we don't have this information

in advance of these meetings, we're either going to have to do an awful lot of research on our own or a lot of the questions we're going to be asking are going to be ambiguous. I appreciate the effort the two ministers have made in providing us with this information, but I feel it should be an ongoing thing. I think the committee's function is not going to be as fruitful without the information in advance as it would be with the suggestion that we have at least a week to peruse these documents before we come to the meeting.

MR R CLARK: I would simply agree with what Charlie has just said.

MR CHAIRMAN: Okay. I think we have a consensus here. As I indicated earlier today, I'm quite prepared to contact the ministers who will be coming before us in September. I will convey these expressions to them. I'm quite confident the ministers will be more than prepared to provide materials in advance. If, by chance, there are one or two cabinet ministers who prefer not to, I will satisfy myself as to the reasoning for that decision and convey it to you. Otherwise, I just don't see there is a problem.

With that, Mr. Miller, would you like to proceed with your remarks?

MR MILLER: Thank you, Mr. Chairman. I do agree. It was probably an oversight on our part that we didn't forward it to committee members a week ago, because we did have it. I guess our only reason for not doing it is that it is an ongoing program and it is just to update what has been done in this past year relative to what had been done in former years and what we propose to do in the coming years.

I would like to point out, Mr. Chairman, that there is an error on the first page. Two-thirds of the way down we have the heading, "Total Work Completed by March 31, 1981". It is "to be Completed" by then.

It shows, Mr. Chairman, that we have 10 reserves that have been announced. We have two reserves in final planning stage, and one reserve in the initial planning stage. On page 2 we have a breakdown of why we didn't spend the total money allocated to us during 1979-80. We didn't spend \$1.7 million which was approved. If you go to page 3, you'll have a breakdown of the reserves in operation, as well as the ones in the planning stage. Page 4 gives the area of the various reserves, as well as the number of livestock which are being pastured on this land, as well as the number of people utilizing the reserves. If you look at the number of patrons, you'll note it is very significant, that we are providing pasture for many smaller farm operators who really need this sort of development.

Then from page 5 on, is a record of what has been done and what is proposed to be done in the coming year.

Basically, Mr. Chairman, that gives a breakdown of what has been done, what is proposed to do, and we would be pleased to answer any further questions which any members might have at this time.

DR BUCK: Mr. Chairman, to the minister. I'm sure that some place in somebody's office, there is a map of the province that has all these reserves in them. Is there any possibility of a small, condensed map? It sort of gives you a little better feeling if you look at Bear Creek Canyon reserve, that you have some idea of where it is. If that kind of map is available -- a small, condensed one -- I think it would give us some . . .

MR MILLER: I have the same problem in being able to locate the various areas. We'll certainly provide that map to each committee member and whoever else might want it. An excellent suggestion.

MR NOTLEY: Mr. Minister, I have a couple of questions on Frost Hill reforestation project but before I get to that, on the question of heritage trust fund grazing reserves, what provision is made to encourage the participation of local contractors? I've had a number of complaints brought to my attention, by people who have cats, for example, who find that the contract has gone to a concern three or four hundred miles away.

An ancillary question to that is, what provision do we have to make sure that subcontractors who do get work are in fact paid? I have one particular rather sad case of a constituent who is about \$60,000 or \$70,000 out because the major contractor has been rather slow in paying. What are we doing in that particular area?

MR MILLER: Mr. Notley, when we ask for tenders, we don't specify that they have to be local tenders. It can be anyplace. We select the lowest tender for doing the job. As far as being able to guarantee that subcontractors are paid, I believe -- I might check with my deputy -- a holdback is kept. It's a difficult situation; we don't run into it that often. Usually a holdback is kept to take care of some of the smaller accounts in case they aren't by the initial contractor.

MR NOTLEY: Where a subcontractor is in some difficulty, the best thing to do would be to contact Mr. McDougall immediately, to ensure there are funds held back to make sure those accounts are paid?

MR MILLER: Yes, this does happen on occasion in other businesses, as you are well aware. This is the general purpose of holdbacks, whether it be in government or private business.

MR NOTLEY: And there is no local preference in tenders at all?

MR MILLER: No, we don't give -- unless there are small jobs where it's perhaps advisable to go to contract, as it were, then it's done on a fee for service basis.

MR NOTLEY: I wonder if I could go from there, Mr. Chairman, to the question of the Frost Hill controversy, which I gather late last night some sort of truce was signed. I wonder if perhaps we could be brought up to date as a committee on the planning of the project, the problems encountered, and the resolution of the question, which I gather took place either late last night or early this morning.

MR CHAIRMAN: Mr. Notley, could you identify that project again for the secretary and me?

MR NOTLEY: The Frost Hill reforestation project, which I gather comes under "maintaining our forests".

MR MILLER: It's just outside of Kinuso. Mr. Notley, I appreciate your writing me a letter, expressing your concerns. I have been in contact with the local MLA, Mr. Shaben, the early part of last week and again yesterday. A concern was expressed by some of the local farmers that the land which was going to be reforested might have a potential for agricultural production. So in a meeting last night between officials of the forestry department and the local farms and the ADC committee and the district agriculturalist, it was agreed that reforestation would take place on part of the area set aside. We would give consideration to a re-evaluation of the agricultural potential of some of the land the farmers are concerned about; that is, approximately five sections

which they thought might be suitable for agricultural production. We're not sure whether it has agricultural potential. One of the reasons is climate; another is the rocky nature of the soil. If you recognize that the area is named Frost Hill and that it is subject to early frosts, we would like to have a re-evaluation of that aspect, to see if there is agricultural potential.

In the planning of the forestry reserve, there was contact with some of the local individuals. They thought it was a good idea. Unfortunately, some other individuals thought it would be better reserved for farming. We are re-evaluating it. As you said, the meeting was held last night. Reforestation is going to go ahead on part of the land, and re-evaluation will be made on the other aspect.

MR NOTLEY: Just to follow that up, Mr. Minister. I appreciate the fact that there was an agreement last night. I think that has gone some distance to alleviate the concerns that had been brought to my attention.

But what I would still try to elicit from the department and you, Mr. Minister, is the planning process. As you recall, one of our recommendations as a committee last year was that we quicken the disposition of public land for homestead purposes. The concerns that had been brought to my attention, by quite a gathering of people as a matter of fact, were that here was land, at least some of which that had agricultural potential -- you've indicated perhaps five sections, about 3,000 acres, that could have agricultural potential. I guess the question is, how do we get into a land-use planning situation where we get this kind of conflict, people barricading the roads, and what have you? What went wrong with the initial planning?

MR MILLER: There are five or six reforestation projects going on at this time. This area is in the green zone and it was felt by the interdepartmental committee that there would be an excellent place for reforestation. A mistake may have been made, that the agricultural potential was not fully accepted as such. When the department people met, and there was an agriculturalist on that board, he felt it was marginally suitable for agriculture. As such, he and the committee felt the best use of that land would be for a reforestation project. Some of the local people had a concern about that, so we're prepared to look at it once more and see what the potential is.

MR NOTLEY: That's fair enough. We're now looking at the concern as a consequence of a good deal of public reaction in the community. But what I would like to find out from the department as we identify projects like this for heritage trust fund investment -- which are worthy projects. The people who talked to me said, we're all in favor of reforestation, it's a great idea; we just don't think it should be on land that has agricultural potential.

What mechanism is there in land-use planning for the interdepartmental committee in fact to have some meaningful input from the communities involved? I ran into a rather bad situation in my own constituency four or five years ago, which I don't particularly lay at your doorstep, Mr. Minister, where we found that some land that was in the yellow area suddenly was stuck in the green area. We had all sorts of problems in parts of the Peace River country. Is there not some value, as we identify particularly these heritage trust fund projects that we want to set aside as a lasting investment, to have some public input and to formalize that public input in some way?

MR MILLER: Probably there was a mistake made here, Mr. Notley. In most cases we do get full public input. In this case, unfortunately everybody, with the best of intentions, thought it was an ideal site. Even some of the local farmers around there were totally in agreement with it. The department people who sat down, the representative from Agriculture, from Forestry, from

Environment, all felt it was right. We're not saying it's wrong now. The thing is that we're prepared to look at it and see if a mistake might have been made, that it might be suitable for agricultural production.

MR NOTLEY: I guess the point I want to leave with you, Mr. Minister, is that as we identify possible projects of this nature, particularly where there is potential for conflict, and with land prices so high now . . . One of the things that really impressed me when I met a number of farmers was the large number of young people. As the minister well knows, with land prices being so high, there is a greater interest in public land now among young people than perhaps there has been for a number of years. Where there is a potential for two types of use, it seems to me we should have some formalized method of public input before we proceed with drawing the maps and committing dollars to reforestation projects, or whatever the case may be. It's really a suggestion I'd like the department to consider in the months ahead.

MR MILLER: Our policy is to contact all user groups, Mr. Notley, and see what their reaction is to our specific plan. This is the way we approach it. We feel the user groups have the greatest input and the greatest need to know what the plan is going to be and how it's going to affect them.

MR NOTLEY: But in this case it didn't work, Mr. Minister. The user groups felt they weren't contacted.

MR MILLER: I appreciate that. The fact that it was in the green zone . . . The department people had a look at it, some of the local people had; unfortunately, some of the others didn't have their thoughts put forward at that time.

MR R CLARK: Mr. Chairman, first of all I'd like to ask the minister about the information made available. Mr. Minister, is that 76,000 acres the total amount that has been cleared during the life of this program? If it is, that is what portion of the total grazing reserves across the province?

MR MILLER: Mr. Clark, your question is the percentage of land we are improving within the grazing reserves?

MR R CLARK: Really two questions: first, is 76,000 acres the total amount of land that has been cleared under this heritage fund program?

MR MILLER: Yes, that will be completed by '81.

MR R CLARK: Then the question is, what percentage, roughly speaking, is that of the total grazing reserves we have across the province? Is it 50 per cent, 10 per cent?

MR MILLER: Less than 10 per cent.

MR R CLARK: So this would be less than 10 per cent of the total grazing reserves we have across the province?

MR MILLER: As outlined, the area that is outlined for the reserves. Mind you, it's a continuing program. In grazing reserves we are still upgrading some of the land for increasing grazing potential.

MR R CLARK: Are we increasing grazing reserves and opening new grazing reserves other than those reserves under this program?

MR MILLER: Yes.

MR R CLARK: Mr. Chairman, I want to ascertain how the amount done under this program during the last number of years compared to what we're doing under the normal program. Is it half, or about the same? Do you get what I mean, Mr. Minister? What I'm trying to find out is -- we've had a grazing reserve program for years. You tell me that this program is equivalent to about one-tenth of the size of the grazing reserves we have across the province.

MR MILLER: Total area.

MR R CLARK: Right. Now, during the time we've been doing this under heritage fund, how much clearing and piling have we been doing under the normal grazing reserve program?

MR MILLER: Murray, have you got that figure handy?

MR TURNBULL: Just an approximate figure. In percentage, on the regular grazing reserves, the clearing that has taken place since the heritage program started would be 20 per cent of the figure that we're doing under heritage, because those pastures have in fact been fully developed or are getting close.

MR R CLARK: So it would be about 20 per cent of this, would that be fair ball?

MR TURNBULL: That would be.

MR R CLARK: Mr. Chairman, have we been adding land to any of those grazing reserve that aren't funded by heritage fund, or have any new ones been set up in areas other than where heritage money is being used?

MR TURNBULL: There is a pasture at Hays that we're developing for sheep producers, irrigated pasture. The other site is at Poll Haven, just east of Waterton. The other pasture that we added to the original Medicine Lake site was under General Revenue. Any land that has been added has been quarter or half sections that have become available.

MR R CLARK: Would it be a fair conclusion, then, to say that since the heritage fund program money became available, we've really ceased adding to or doing a great deal of clearing on existing reserves, that we've cut our program back in those areas? And that we've basically put the heritage money into new reserves? Is that pretty much what has happened?

MR MILLER: Not totally. I think our main thrust, though, would be in the new reserves.

MR R CLARK: Are we spending as much money out of the general budget of the province toward expansion of grazing reserves and new grazing reserves now as we were, let's say, before the grazing reserve program under the heritage fund came into existence?

MR TURNBULL: About the same.

MR R CLARK: And it's been the same for five years, has it?

MR TURNBULL: Essentially.

MR R CLARK: So in essence we've fallen behind about 50 percent. Is that a fair statement? Inflation has been about 10 per cent.

MR MILLER: In this regard, I don't think inflation has been that high, Mr. Clark. There has been some, but it hasn't been that great.

MR NOTLEY: In clearing, piling, and breaking?

MR R CLARK: Farmers in my riding tell me it's more expensive to clear and break ground now than it was five years ago.

MR MILLER: But not 100 per cent.

MR R CLARK: I said 50 per cent.

MR MILLER: Oh. Yes, I agree with that.

MR R CLARK: So we're doing about 50 per cent of the amount of work we were doing five years ago.

MR MILLER: No, I wouldn't . . . We're looking at other aspects of it. We're doing some spraying, for example, as a brush control measure.

MR R CLARK: But we've been doing that for years.

MR MILLER: Yes. Mr. Turnbull points out that many of these pastures are fully developed, so the input to them wasn't needed as in the new ones.

MR R CLARK: I guess the point I want to make to the minister and the committee is -- I'm not being critical of what is being done, Mr. Minister. What we have here is a classic example of money that was funded from the General Revenue Fund of the province to make about 90 per cent of the grazing reserves across the province. Now in the last five years, we're using totally from the heritage fund for new grazing reserves. We're using heritage fund money to do something that was done out of the normal operating budget of the province in the past. The point can be made that the amount of money wouldn't have been available in the portion it has been, and that's fair ball. But we're also saying, your officials have already said, that we have had virtually no increase in the budget, the normal operating fund of the province, for the past five years. So that means that if we take inflation at 10 per cent per year, we're only doing half as much work as we had been doing. I just want to lay that in front of you, Mr. Minister, and in front of the committee. It seems to me to be one of the questions this committee has to come to grips with. Do we kind of slide some programs out of the heritage fund, and what effect does that have on the operating budget?

MR MILLER: I appreciate what you're saying. The only thing I would like to mention, Mr. Clark, is that where these pastures before were pretty well developed, it doesn't take the input costs that it does on these new ones. The General Revenue Fund can't carry it at the level.

MR R CLARK: When we've got a surplus of how many billion in the General Revenue Fund?

MR MILLER: Not in this department.

MR R CLARK: Not in your department. You used the term General Revenue Fund.

MR MILLER: I meant in the general revenue in this department for that program.

MR SINDLINGER: On that point, Mr. Chairman, for clarification: from what's been said, do I understand there are two similar programs in place today, one being funded by the heritage fund and the other not?

MR MILLER: There was a program in place before we came in with this expanded grazing reserve program. We did have provincial grazing reserves which were in operation. This is the one Mr. Clark is referring to.

MR SINDLINGER: Following up on that then, if I may, Mr. Chairman, and picking up on Mr. Clark's point, is the criteria which are used to determine which projects would be funded by the heritage fund and which would not be -- as I recall from reading *Hansard*, when the heritage fund was being debated, Mr. Speaker used the phrase, the fund should be used for such things that we would otherwise not do. Premier Lougheed picked up that phrase and used it as well, saying that the best criteria for fund decision-making should be to do those things that we would otherwise not do. I think we'll be addressing the subject a little later, when we talk about some other things. I would just like to make that point now and reiterate that the criteria of investments by the fund are very nebulous at this time and would require more clarification.

MR PAHL: Mr. Chairman, to the minister. I have had occasion to see from the air the Three Creeks grazing reserve. I was very much impressed by what you might call the ecological design of the reserve, in terms of accommodation, I guess, wild animals as well as domesticated animals, with shelter belts and escape routes. But I also noted that it was in reasonably close proximity to the Peace River in situ pilot plant. My question to the minister, Mr. Chairman, is how would you reconcile the investment of almost \$1 million to this point in that grazing reserve if the heavy oil development goes ahead? Will it cancel out the grazing reserve?

MR MILLER: No, Mr. Pahl. In fact this is one of the beauties of the planning aspect of the whole program. We feel that we can accommodate, as you say, not only the wildlife aspect but also natural resource development, along with the grazing potential. I happened to be on that trip when we flew over it, and I think we were all impressed with the quality of work being done and the way the planning aspect has taken place in developing both the natural resource and the wildlife and grazing potential for that area. I thought it was an excellent plan.

MR NOTLEY: I just have one or two supplementary questions, then a new area of questioning. Just to come back to the heritage trust fund grazing reserve program, I just want this clear in my mind. Mr. Minister, you and your officials are saying that the total amount we are now allocating from the Heritage Savings Trust Fund is about equal in actual dollars, not inflated dollars, to what we were doing five years ago?

MR MILLER: No, that's not true.

MR NOTLEY: Okay. Can we then have the comparative figures? Do we have those figures?

MR MILLER: Five years ago it was less than a million. It has been increased to take care of the normal inflation, but we don't have the figure available of what it was this past year. But we can get you that figure, Mr. Notley.

MR NOTLEY: The point I think we want to assess: under this, we in fact are doing considerably more than we were doing before. Is that correct?

MR MILLER: Yes, no question about it.

MR R CLARK: Mr. Notley, the point also has to be made that in the operating budget of the province the increase in that appropriation has not kept up.

MR NOTLEY: Right. That was the supplementary point I was coming to: the operating budget. I wonder if we could get those figures. I think it would be useful if we had them, Mr. Minister, so when we get to the point of considering recommendations we might keep that in mind.

MR MILLER: We'll get that figure for you, Mr. Notley.

MR NOTLEY: Okay. I have one or two supplementary questions, Mr. Chairman, back on the Frost Hill question. Is there an integrated management land plan in place in the south shore of the Lesser Slave Lake?

MR MILLER: No, but we are going to undertake that. I had a delegation in meeting with me and they expressed . . .

DR BUCK: Mr. Chairman, could the members use their "front step" voices so the rest of us can hear?

MR CHAIRMAN: I thought perhaps I was the only one straining to hear, so I am reassured by Dr. Buck's suggestion.

DR BUCK: Pretend you're on the front step of the Legislature.

MR R SPEAKER: In front of a thousand nurses.

MR MILLER: I'm sorry. I always had the impression I spoke too loud. I will speak louder, Dr. Buck, so you can hear me in the corner down there.

Mr. Notley, your question was whether or not an integrated plan had been made for this specific area. It hasn't been, but we are in the process of getting in a position where we can have that plan made available. A delegation was in to see me last June from the Kinuso area, with a request that consideration be given to such a plan being developed so we could identify the agricultural plans as well as any potential there might be for grazing reserves in that area. They had specific requests in those two regards, and we assured them we would be looking at some form of plan to be developed in the near future.

MR NOTLEY: Mr. Minister, the reason I asked you that question is that I find it a little strange that if we don't have an integrated management plan in place we would be going ahead with this reforestation. What I'm trying to get at is how the thing got away on us, how we got into it without an integrated management plan. It would seem to be that the first step would be to have your integrated management plan and then you would be in a position to look at something like the reforestation project. We would then be able to examine it from the perspective of public input, user groups, and what have you. But you would be doing it against the context of an integrated management plan. So how did we get into one without the other?

MR PAHL: Mr. Chairman, may I interject here. I am interested in the points Mr. Notley has raised, but I'm also under the understanding that

reforestation, homesteading land, is in fact under the minister responsible for Energy and Natural Resources. The co-ordination questions that I think Mr. Notley is raising are really sort of budgetary questions and the whole layer of things that happened before things come to the Heritage Savings Trust Fund, which is really a funding decision, not a co-ordinating decision. So I would respectfully suggest that perhaps at least these questions be referred to the minister responsible for reforestation.

MR NOTLEY: Mr. Chairman, on the point of order, in fact we've already been discussing the matter. We're talking about renewable resources here; we're talking about land-use planning; we're talking about something that clearly comes under the purview of the Associate Minister. And we're talking about an investment of heritage trust fund dollars in maintaining our forests with the person who is most likely to know what he is talking about, as well as his officials, who know what they're talking about because they are the people who are doing the planning. This is the place where the question should be asked, not when we're talking about Syncrude after the fact, you know, bringing up extraneously a reforestation project. That minister is going to say, ask Mr. Miller, the person to ask is Mr. Miller. He is here today and the time and place to do it is today.

MR CHAIRMAN: Mr. Miller, could I ask you to comment on the question posed by Mr. Pahl?

MR MILLER: Yes, reforestation, as Mr. Pahl says, is under the Department of Energy and Natural Resources, Mr. Leitch, who is to be coming forward and will explain all the ramifications of the reforestation projects. As far as the planning aspect is concerned, it is under my department. As such I would just have to say that the reforestation program was going ahead faster than our planning program, in this one instance. We had to make a decision. We thought it was the right decision. It was in the green zone. We're prepared to accept the fact that perhaps we came a little too close to the question of whether it's agriculturally suited or not. We recognize that fact. We're prepared to have another look at it. Of the five reforestation projects, the others are going ahead full steam. This one is open to question as to whether or not we had made the right decision in moving a little close to agricultural potential land.

MR MILLER: And your department, Mr. Miller, was involved in the planning with respect to the other four projects that are going ahead?

MR MILLER: Yes, they were. Is that not right, Les?

MR COOKE: Yes.

MR NOTLEY: I wonder if I could move from there, Mr. Chairman . . .

MR CHAIRMAN: Mr. Notley, could I just clarify whether Mr. Clark's question was in fact a supplementary, or were you going to probe new areas as well?

MR R CLARK: It rather relates to the area Mr. Notley is talking about, not with regard to the Frost (Hill) situation, but the situation that took place west of Rimbey last year, where we had a similar kind of problem develop. At least from the view of the people down there, government officials went down, well meaning I am sure, but rather laid a plan on the good folks in the Rimbey area, or southwest of Rimbey. The feeling there was very similar to the people up at Frost (Hill), that in fact there hadn't been adequate input

before. They said their views were going to be solicited, but they came down with the plans finalized. One, I'd like to know how come that happens, Mr. Minister, and, secondly, what has happened in that particular situation.

MR MILLER: Well, Mr. Clark, I've had occasion to meet with the people from Rimbey and with the people from Rocky Mountain House. In fact only this morning I met with the Rimbey Fish & Game Association people. They were concerned from the wildlife aspect and what effect it would have on the recreational area. We had an excellent meeting this morning. They recognize the fact that it is going to enhance the wildlife habitat. It won't affect the recreational area. Mr. Neville Roper, with whom you're well acquainted, was one of the people. They were quite happy with the program as it is presently outlined.

MR R CLARK: Mr. Minister, my question is, how did that happen? This is six months later; that took place last March.

MR MILLER: The information was made available to the different organizations, to the user groups, in both Rimbey and Rocky Mountain House. They were made aware of what the plan was, what we were going to do, how much was going to be developed for grazing potential. Some of the people didn't totally agree with it. We feel that now there is agreement.

MR R CLARK: But, Mr. Minister, I met with those people back in March and they met with you the same day. At that time, it was a matter of those people feeling they hadn't had a chance to have any input before the interdepartmental committee worked out a program. My question to you is, how did that happen? It seems to me strangely familiar, that the same kind of thing happened just in the last two or three weeks. It may be a question of local land use west and south of Rimbey, or a question of what land is agricultural or what land isn't up near Kinuso. But it seems to zero in on the kind of communication and input that people have a chance to make before decisions are made rather than after, not having to do -- we'll work out an agreement late at night that everybody will have another look at things, which is what happened up north.

MR MILLER: They're totally different, Mr. Clark. Les, would you like to comment on the way the plan was developed and the local input from Rimbey and Rocky Mountain House?

MR COOKE: I think the first difference to note is that in the case of the Kinuso area there has not been an integrated management plan. Clearly we're moving to complete one in that area, certainly as our program -- appreciating that we have a pretty big program of planning studies already.

The Rocky Mountain House grazing reserve in fact has undergone an integrated management plan. The planning process included consultation with the potential user group, which is primarily in the Rocky Mountain House area, and in fact a number of groups in the Rimbey area. The question related to Rocky Mountain House is really when is the best time to involve people in the consultative process of the planning process. The planning for Rocky Mountain House had advanced to a further degree than perhaps we would now have it before we would involve the local public. Notwithstanding that, the draft plan was provided to the groups in the Rocky Mountain House and Rimbey areas who had indicated some interest in reviewing it. The concern raised was one of whether or not there should be a grazing reserve, rather than one directed at the details of the plan itself. In undergoing fairly close scrutiny of the activity on the ground with the local groups from Rimbey, the impression that

the planning staff was given was that people were satisfied with the way the development was being undertaken and with the general plan for the area. The concern that existed at that time was whether or not there should be a grazing reserve in the Rimbey area that services some of the agricultural or grazing needs of the Rocky Mountain House area.

MR R CLARK: I take it from your comments that if the thing were being done today, you would involve people in the local area, especially the Rimbey area, much earlier before the draft was made available to the people there. Is that a fair assessment of what you told me?

MR COOKE: Yes, it is. Certainly if we were doing the plan today, we would involve the group in Rimbey at an earlier stage.

MR R CLARK: Why didn't it happen then?

MR MILLER: One of the reasons, Mr. Clark, was that we were a little pressed for time. If we were going to have any clearing done -- the clearing has to be done in winter.

MR R CLARK: That was last March.

MR MILLER: The clearing was done in January.

MR R SPEAKER: To Mr. Miller. I'd like to talk a little about the return on investment of projects such as the ones we're talking about here. I look at our total investment. By 1987 we will have \$32 million into clearing these grazing reserves. If you look at that even on a 10 per cent return, you're talking about over \$3 million. In the statistics you have handed us, there is nothing that would indicate the number of cattle that we can place on each one of these grazing reserves, such as Blueberry Mountain, plus some of the others. I just raise the point here that we really haven't consulted the local citizens on what's going to happen on some of these things. Has anybody sat down and done a return on investment of this kind of procedure? I think in terms of historically, we've gone to the southern part of the province. There we've had open plains where there is little investment in many cases in order to improve the grazing capability of the land, whereas here the process is expensive. My question is, has anyone done a return on investment, taking say a 30- or 40-year period? Has anybody even asked that question along the line? If we're spending all this kind of money, I think this committee should be asking that kind of question.

MR MILLER: Yes, that has been made. I would like to point out that there are spin-off effects which we might not be able to put a dollar value on. We have an asset that has very little value, and if we can improve the grazing potential at the same time we also improve the wildlife habitat. That's something we can't put a figure on. But our main concern is to be able to take an asset that has limited return and upgrade it to the point where we can utilize it. Fred, would you like to comment as to the return on the investment?

MR McDOUGALL: Depending on what one includes, of course, you can come up with different numbers. What we haven't factored into our cost/benefit analysis, if you like, was the importance of this supplementary grazing to the agricultural community in the north. The Heritage Savings Trust Fund program has been centred on the gray-wooded soil zone, because of the need for additional grazing capacity in that part of the province. The earlier grazing

reserve program was tending to concentrate in established settlement areas and had ignored, to a large degree, the area in the gray-wooded zone, central and northern Alberta. So there is the supplementary or unqualified benefit to farmers in that part of the province that is difficult to factor in with numbers. Strictly from the point of view of our grazing revenues, there is not a positive return of any size. But I'm not sure one should just look at revenues.

MR R SPEAKER: I can understand that, but my question is more in terms of -- here in the Blueberry Mountain area there have been some farmers in a difficult situation for some years. Will the grazing reserve in that area enhance their income to the point where they're viable? Can they put enough units of cattle on that reserve -- and I don't know how many it is, because the numbers aren't here -- that will bring a reasonable income for them? Will it enhance the general district? In Blueberry Mountain we're spending \$541,000. Will it enhance the return in that general area \$50,000 to the farmers each year? You know, 10 per cent on our investment. Have we done anything like that? I know the payments we're going to get from the farmers using that reserve aren't going to be anything. The amount of money you get from that source is insignificant.

MR MILLER: We are improving our asset.

MR R SPEAKER: I don't argue that. I don't want to generalize; I want to be specific. Mr. Miller, you can generalize about improving the asset; I can't argue with that. That's right. But are we improving the asset as well as improving the livelihood of people who live in that northern part of Alberta in a meaningful way? We only live shortly in terms of government, so we should ask that question: is that investment bringing us the best return during our period of administration as a group of people? Maybe that \$541,000 could be spent moving those people in Blueberry Mountain around, or building a pellet factory up there and shipping in the hay from southern Alberta. Maybe that's a better venture. Has anybody looked at that kind of thing?

MR MILLER: Perhaps Murray Turnbull would be able to give you figures on that, Mr. Speaker.

MR TURNBULL: Specifically on the Blueberry Mountain pasture, we estimated that when the pasture was fully developed we could graze 1,600 head of livestock, with the possible number of patrons at 40. That would be quite an asset.

MR R SPEAKER: That's 1,600 head that they're not presently grazing somewhere else, in addition to what they have at the present time?

MR TURNBULL: That's our assumption.

MR R SPEAKER: But no one has really done this cost analysis or this rate of return in a more sophisticated way? That's my question. You generalized about it, saying we improved it by 1,600 head, 40 patrons. It looks good; let's go; we've got the money.

MR MILLER: Murray, have you got that figure available, that cost/benefit?

MR R SPEAKER: You don't have to give it to me now. I just want to know if it's available. You can supply it to the chairman; I'd be happy with that.

MR MILLER: We'll get that figure to you.

DR BUCK: Mr. Chairman, to the minister. When we're looking at the gray-wooded soils, could someone give us a brief rundown on how much we do enhance these soils, that they will increase their carrying load? How successful is the work with the gray-wooded soils?

MR MILLER: In much of this area, Dr. Buck, as you're well aware from being in an agricultural community, where you get total bush on a portion of land there is very little benefit to anything, either wildlife or for grazing potential. So whatever is developed has to be a plus. I presume your question is, how great is that plus? Murray, would you comment on that?

MR TURNBULL: It was mentioned by the minister that at the present time, in the native state the majority of this land is covered by aspen. As far as the grazing capacity is concerned, there is essentially very little or no grazing available right now. We estimate that it will take approximately five acres of developed pasture per head for the summer season. So that way it's a plus as far as grazing that is available. I suppose right now it would have to be no domestic grazing.

MR NOTLEY: I want to go into another area, but just on the number of head and patrons. When you're getting this information, I think it would be of some value if we had it for all of them. I'm sure you have it for all of them, rather than just giving us the figures for Blueberry Mountain.

MR R SPEAKER: Mr. Chairman, I just used that as an example.

MR NOTLEY: Okay.

MR CHAIRMAN: Mr. Sindlinger, do you have a supplementary before we take Mr. Notley's new question?

MR SINDLINGER: It was with regard to Mr. Speaker's request for rate of return on investment. I think a more appropriate term for an expenditure of this sort is a cost/benefit analysis. It's my understanding that's what our consultant is doing, identifying the costs and benefits ex post facto of these investments. I wonder if you could comment on that for us.

MR CHAIRMAN: If I could comment on the status of that work?

MR SINDLINGER: That consultant is undertaking the work of the nature requested by Mr. Speaker, is he not?

MR CHAIRMAN: Yes.

MR SINDLINGER: Does he get into these areas specifically?

MR CHAIRMAN: Selected areas, yes.

MR SINDLINGER: Is this one of the selected areas?

MR CHAIRMAN: I do not know. I will be distributing to you and other members of the committee at mid-day or early afternoon an interim report. I am hopeful that the index or the topics within that interim report will answer that specific question. I do not know.

Mr. Notley, your new question.

MR NOTLEY: Just to comment on that, I think the kind of cost/benefit study we get from a professional economist would not be as valuable to us as having some indication from the agricultural community and the people planning what their yardsticks are in determining a cost/benefit analysis. That seems to me to be rather more significant.

I want to move from there to Recommendation No. 4 last year, where as a committee we recommended that "there be an intensified program of opening up new homestead agricultural land for farmers, and providing sufficient services, including infrastructure." I wonder, Mr. Minister, if you would give us an outline of what specifically the department has done with that recommendation; what changes, if any, have been made; what the rate of homestead sale is this year compared with last year. That was one of our major recommendations with respect to your department last year, and I think it would be worth while if we assessed what you have done with our recommendation.

MR MILLER: Mr. Chairman, is it your wish for me to deal with the recommendations that went forward from this committee, or would you refer them to the Provincial Treasurer in his remarks?

MR CHAIRMAN: Well, I'm not so sure it has to be an either/or response, Mr. Miller. Perhaps it might be useful to obtain your response, bearing in mind, Mr. Notley, that Mr. Hyndman has committed, I believe, September 10 to bringing a status report of the implementation of all recommendations.

MR NOTLEY: I realize that, Mr. Chairman, but I think committee members would agree that we would be in a much better position if we were able to get it from the person who in fact has to deal with the recommendation, either if it's a good recommendation or a bad recommendation. We'd like your comments on it, where it's at.

MR MILLER: Mr. Chairman, I do have a handout with this information which I could provide at this time if that would be of assistance to you.

MR STEWART: Mr. Chairman, in looking at this new handout, recognizing it's value, I wonder how we reconcile that the heritage trust fund committee are the only ones privy to this information and the discussion of it, and not the Legislature. I don't find anything, in just glancing at it, that is relative to the Heritage Savings Trust Fund, from a funding point of view. I feel that what we're talking about here is the department function that is outside the realm of the Heritage Savings Trust Fund.

MR CHAIRMAN: Mr. Notley, did you wish to respond to the question as to relevance?

MR NOTLEY: With great respect to Mr. Stewart, anything that is made as a recommendation by this committee becomes relevant in terms of response by the minister to the committee. If we made a recommendation last year that was outside the purview, then that was our mistake. But the fact of the matter is that we made it; it was moved, seconded, and carried, and presented formally to the Legislature as a recommendation from this committee. Therefore a response to any recommendation that we make has got to be relevant. Maybe we'll have to be more careful in recommendations we make in the future, but once you make a recommendation and it's presented to the Legislature, a response to the committee is perfectly relevant and in order.

MR CHAIRMAN: Any other committee member wish to respond to this question?

MR R CLARK: Mr. Chairman, I haven't got the citing before me, but the same question came up last year in the course of our discussions. If my memory is accurate, I believe you, sir, made a ruling that this kind of discussion was fair game.

MR CHAIRMAN: Any other comments on the question? I'm persuaded by the logic of Mr. Notley's position. In view of the fact that his question relates to material that has been developed in response to a formal recommendation of this committee, tabled in the Legislature, it seems to me that logic dictates that we regard it as relevant.

MR MILLER: Mr. Chairman, I don't know if you want me to go over this with you at this time, or whether to leave it with you for information. What would be your wish on that, Mr. Notley?

MR NOTLEY: Could we ask you to summarize it for us. I think the major thrust of the recommendation was that there be an intensified program. What would be useful would be any information that you would bring to our attention that would indicate a quickening of the pace or, if that is not the case, why.

MR MILLER: Well, we are increasing the number of parcels of land that can be put up for disposition, with due respect to the infrastructure that has to be in place when we do offer lands for sale. There is a time element we have a problem with. As you're well aware, once the planning takes place the land has to be posted. Then we ask for applications. Then the applicants are interviewed. Then a selection is made. Then there is an appeal to be made, the unsuccessful applicants before an ADC committee. We have found this is one of our time aspects we had a problem with, the length of time we have to make in the selection process. One of the problems we have dealt with which you might be interested in is in areas -- specifically in the La Crete area, which is our first one -- where we are accepting applications for lands without -- the applicants don't specify a parcel. They just say that we would, or the notice is such that we're asking for interested people to make application for land in the certain area that is up for disposition. The ones who make application under what we're proposing in this one specific area is to be able to select those that are eligible for a draw, and do it on the draw basis. Because of the problem we ran into when we posted land on an individual parcel basis, an individual could make application for each and every parcel. Then he could appeal them all, and it was bogging down at the ADC committee level. We hope -- and the draw hasn't taken place yet. We have posted the land. The applicants are being interviewed. When the applicants' names are submitted, they are interviewed. If they are unsuccessful in being able to have their name placed in the draw, at that point in time they can appeal. So that the ones who are accepted, their names are put in the hat and will be drawn, with the first person out of the hat being given the first selection of the land that is being posted.

This is new. I add that in addition to this information here to show that we are looking at a new way of being able to select successful applicants.

MR NOTLEY: How many parcels would you have up at a particularly time for a draw for a quarter section?

MR MILLER: We have some different sized -- in Valleyview, for example, we're giving consideration to having one and two quarters in a group, selecting some quarters that would be for an addition to an existing unit; others where there would be larger, perhaps 300 acres that would be cultivatable, where an applicant would make application for those. So we're making that division

right there and are hopeful we will be able to satisfy those who want to expand compared with those who want a complete new unit.

MR NOTLEY: In new areas like La Crete or some of the adjacent areas, you would then be opening up a number of parcels when you go through this draw process?

MR MILLER: Yes, but we would have it on a parcel basis, not on a quarter basis, Mr. Notley. We hope that will speed up being able to finalize the successful applicants.

MR NOTLEY: Am I correct that the increase you're projecting here on page 2, from 1,500 quarter sections to 1,700, is about a 12 or 13 per cent increase?

MR MILLER: One of the problems is in the planning process, in getting the land . . . And we've talked about that this morning, how it's necessary to get input on the department recommendations. Climatology is very important, we've discovered, a very important aspect when we're looking at opening up new areas. The other area we're finding in northern Alberta is the drainage problem. These assessments have to be made before we can put land up for disposition.

MR NOTLEY: How serious is the land inspection problem, the staff shortages there?

MR MILLER: I would be remiss if I didn't admit that we have a problem, that the number of dispositions we have going through, not only with homestead lands but pieces with natural resource development, is increasing steadily every year. I think this past year there were over 60,000 separate dispositions on Crown land in Alberta. Certainly we could use more staff.

MR NOTLEY: Perhaps that's a recommendation we should make to the Provincial Treasurer.

MR MILLER: I would appreciate that.

MR CHAIRMAN: Are there any more questions of Mr. Miller? If not, on the committee's behalf, Mr. Miller, I would like to thank you and your department officials for participating with us today.

I would now like to suggest to the committee that we adjourn. In light of Mr. Clark's request that we devote part of the lunch hour to discussion of some matters not related to ministerial appearances, could I suggest that we reconvene perhaps at 12:30? That would give us a half hour before Mr. Cookson joins us at 1 o'clock.

HON MEMBERS: Agreed.

MR CHAIRMAN: Okay. We adjourn, then, for approximately 30 minutes.

The meeting adjourned at 12 noon