

## Standing Committee on the Alberta Heritage Savings Trust Fund Act

2:00 p.m.

[Chairman: Mr. Ady]

MR. CHAIRMAN: I'd like to call the committee to order and to welcome the Minister of Forestry, Lands and Wildlife, the Hon. LeRoy Fjordbotten, who has consented to appear before our committee.

For the benefit of the committee, the two areas the minister can discuss before the committee today are the grazing reserves development enhancement program and the Pine Ridge reforestation nursery enhancement program. Questions from the committee are appropriate on either of those two programs. We would invite the minister to make some opening remarks if he would care to for a few minutes, and then we'll turn the time to the committee for questions.

Mr. Minister.

MR. FJORDBOTTON: Thank you very much, Mr. Chairman. It's a pleasure again to appear before the committee. I'd like to say initially that the sustainable development of our natural resources in Alberta has always been a priority of my department, and this certainly is reflected by our programs under the Alberta heritage savings trust fund. As you have stated, the programs under the heritage fund are the grazing reserves enhancement and the Pine Ridge Forest Nursery enhancement. I might say initially that if I'm not able to answer all the questions the members have today or if I don't have the answers with me, I'll certainly get back to them as soon as possible with those answers.

I'd like to touch briefly, Mr. Chairman, on those two areas, but before I discuss the grazing reserve enhancement, I'd like to take a moment to describe our general revenue fund grazing reserve program which the enhancement is under. It's a multiple-use program, and that's an extremely important comment to make. Grazing reserves provide about 1,700 livestock producers in Alberta the opportunity to graze some 128,000 head of livestock on the 32 grazing reserves. That certainly impacts our rural economy as a result of those grazing operations, and it's a substantial benefit. For example, if we were to take the weight gained on these animals in the grazing reserves, it would generate about \$17 million on an annual basis to the rural economy. Another important feature of the grazing reserves program is that it provides recreational opportunities to Albertans. Grazing reserves are about the most popular hunting locations there are in the province, and that's mainly due to hunters being able to easily access those reserves. There's a variety of wildlife habitat on there that provides opportunities for many other recreational pursuits: photography, hiking, fishing, and a number of others. We've been able to provide those opportunities through careful planning and development of the reserves. In many cases the grazing operations had to be modified to preserve and enhance some of the existing wildlife habitat that was there.

I'd like to point out that the primary purpose of the grazing reserves program is to assist the rural economy of Alberta by making grazing opportunities available for local producers. I think it has been successful and has accomplished what it set out to do, and it's reflected, as I said, in the return to the rural economy.

That program, I'm proud to say, has finally reached the point of being on the surplus side. It was on the deficit side. I think three years ago there was something like a \$300,000 a year deficit in the program, and this year it's a \$114,000 surplus. So it's great to see

that we finally were able to make those changes and get a surplus position that brings money into the Treasury.

The enhancement program that we're discussing today commenced on April 1, 1990, and it's a seven-year program. It was \$19.2 million that was spread over a seven-year period on 21 of the 32 grazing reserves, mainly in the central and northern parts of the province. That would cover some 136,000 acres of low-yielding pastureland that would be enhanced. The reason for the enhancement is primarily for livestock use, but it's also for wildlife use. This year is the third year of the program, and the redevelopment of those pasturelands will allow the program to really increase the stocking levels on those 21 reserves and to maintain existing allotments. If we hadn't done something, the allotments would have continued to drop year after year. By the enhancement we not only can maintain that, but we can increase it, and we hope between 1996 and 1997 to provide to approximately another 300 users. Like I say, there are roughly 1,700 users now. We will increase that to some 2,000. If projections are right -- and you always run a risk when you look on projections -- I believe the increase in revenues to the government will be about \$900,000 a year. By 1996-97 we anticipate it will raise revenue from grazing reserves to a gross figure of I think some \$4.3 million on an annual basis that would be payable to the general revenue fund.

I want to mention that if the enhancement wasn't implemented, they would become less productive due to brush reversion and low forage productivity. Frankly, some of the reason for that is that it wasn't done properly to start with, and there was regrowth of brush that took place in those areas. We're doing it properly now, and it will certainly enhance significantly the grazing reserves.

So I think it was an excellent place for the heritage fund to be involved, and I believe you'll agree with me that it's not only important to livestock producers but recreational users as well.

Mr. Chairman, I'll make a couple of brief comments about Pine Ridge nursery. As I indicated earlier, the other area that we're involved in with the heritage fund is Pine Ridge. The enhancement of the Pine Ridge Forest Nursery was approved in May 1990, and we've completed that expansion and upgrading of that facility. We had the grand opening of the expanded facility on July 10 of this year, so it's now in operation. We made a number of changes in that facility that were allowed to proceed because of the enhancement. We have a new seed laboratory there, and we've upgraded the original 20 greenhouses. We've added a new 6,000-metre greenhouse, and a new filling/seedling building has also been approved.

You might find it interesting that that box of seedlings on the table came from Pine Ridge and was grown in one of the new facilities. I'll just give you a bit of background. I asked one of my people from my department to give me a little bit of story. There has to be a story when you bring in a box of trees like that; you don't put them there and say, "What are they?"

They were the first crop from the facility. The seeds themselves came from the Lac La Biche area. I think there are 75 trees in that tray. They were sown in February of '91 and will be pulled and wrapped now for winter storage. We have a winter storage facility at Pine Ridge, and it will store those seedlings either there or at TransCanada Storage, where we also lease some space, at minus two degrees. So it's like winter storage, and that's needed for the trees. The planting takes place in June of '93. How we do that now is that when they plant them we have a cut block, and they are going out there. They're planted by Alberta operators. They're established on a Free to Grow basis. That's the new standard that we have where they're free to grow. The companies are responsible for the regeneration and making sure they're free to grow until year 14. That's something we changed; they're not releasing that

responsibility earlier. We want to make sure those trees are healthy and are growing and are ready for the next generation of Albertans.

Currently at Pine Ridge with the new expanded facilities we're meeting a demand for about 27 million to 30 million seedlings, and we're using private-sector growers to do the balance of the seedlings that are being grown. They're an important participant in our seedling production in Alberta. That's something new as well. Just so you're clear, it's my strongly held view that Pine Ridge shouldn't get any bigger, that it should be there for research and to make sure that you keep everybody honest, and that about two-thirds of the seedlings are grown by the private sector.

2:10

The private-sector industry is proceeding satisfactorily. During 1992 we had 11 small and three commercial growers located from Medicine Hat to Grande Prairie who contracted with us, and for 1993 we've added three nurseries to that list. We're developing through that an excellent genetics and tree improvement program. The genetics facilities at Pine Ridge were built entirely by the heritage fund and have been a very important part of making sure genetics for the future are right. The ongoing selection of genetic stock from our wild forests will be invaluable for the long-term protection of our genetic resources and will help enhance the growth and yield of future forest plantings and improve their hardiness. We now have as well, Mr. Chairman, nine commercial seed orchards established, and they're managed co-operatively with the industry. We recognize the value and the benefits of using genetically improved seed for reforestation.

In 1990 the heritage fund allowed us to upgrade the tree improvement facilities at Pine Ridge. We can now increase our orchards and research programs to meet the needs in the future. With much of the recent expansion in the forest industry that's been tied to utilization of Alberta's aspen and poplar resources, we have a new aspen and poplar hardwood genetics project that we've started as well. Talks have begun with the forest industry to enter into a co-operative cost and work-sharing agreement similar to those set up for the softwood resource. So I think that's something you'll all find of interest. We're doing a fair amount of work now in aspen as well.

I should give you an update on the Maintaining Our Forests program, Mr. Chairman. That was funded by the heritage fund and operated from 1979 until 1986. Through the Maintaining Our Forests program a total of 64 million seedlings were planted on 45 million hectares around the province. The objective at that time was to mitigate a loss of our coniferous land base due to forest fires and insects and diseases. The tree improvement research plantations that are part of that and the seed orchards established through that in co-operation with the industry are all doing well. In summary, our Maintaining Our Forests plantations are developing into successful mixed wood forests where spruce and aspen are growing well together, and we'll continue to monitor those stands as required.

Mr. Chairman, all the heritage projects my department has been involved in over the years have been very productive uses of the heritage fund and benefited many Albertans. The two programs, the Pine Ridge nursery enhancement and grazing reserve enhancement, I think are true examples of that success of the heritage fund money that was used.

Mr. Chairman, that concludes my opening remarks. I'd be happy to try and answer any questions members might have.

MR. CHAIRMAN: Thank you, Mr. Minister.

The Member for Westlock-Sturgeon, followed by the Member for Calgary-Fish Creek.

MR. TAYLOR: Thank you for your report, Mr. Minister. It's nice to see a result of your handiwork. That's something more than some of the other ministers have been able to turn out.

The first question. On the grazing reserves that's an unusually good return. You've increased your fees by \$900,000, and yet you've only spent \$3 million. Unless I misunderstand the report, \$3 million increased the revenue by \$900,000 annually.

This in turn will increase revenue from grazing fees to the Alberta government by about \$900,000 annually.

Investment in 1991-92: \$3 million.

That seems a very high rate of return for 'grassifying' -- if you'll pardon the murdering of the King's English -- some leases. Can you confirm, or am I misunderstanding this report? That's on page 33.

MR. FJORDBOTTEN: I wish we could get a return like that, Mr. Chairman, but I don't believe that's accurate. We're expending some \$19.2 million over a seven-year period and that, when it's all completed, will increase revenues by \$900,000 a year. Now, you can say that that's a very poor investment, to spend that kind of money and then only get a \$900,000 increase, but you have to reflect on that for a moment and recognize that just to maintain those on a year-to-year basis costs money as well, and that's not included in that number. So actually the \$900,000 I believe is a fair return. I don't think it's a great return, but it's a fair return. If you were not only looking at the straight economics of grazing but were also looking at habitat and other things that are involved with it, I think it's a fair to good return, but it's not a great return. Even though this year is only \$3 million, we're certainly not going to get a \$900,000 increase this year.

MR. TAYLOR: We've really spent about \$20 million and some to get a little less than a million return annually. That leaves the question, though, in my mind: how does the government decide which beef raisers get this sort of windfall? I mean, there are beef raisers that are handy to grazing reserves; there are beef raisers that are not. What system is used, because it's really a pretty handsome subsidy to whoever rents reserves from the provincial government, isn't it?

MR. FJORDBOTTEN: Well, Mr. Chairman, each year we have a number of applications. This year we had 2,019 applications, of which we could only accept 1,772 total. Some of them are already members of grazing reserves and want a bigger allotment, so they're considered in there as well. What we do: there is a criterion that must be met; grazing associations review it and make recommendations to our pasture manager, who makes the decision. It's actually worked very well. You want to make sure that you're serving the right people and that there aren't too many that get too many animals in and preclude others from getting animals in, but actually that selection process has worked very well.

MR. TAYLOR: It sort of looked like there was room for insiders to do better than outsiders. That is what I was asking.

The final question. You mentioned that pastures were facing brush reversion, and that low forage activity gives the impression that the redevelopment is pretty well all in forage. Is there any redevelopment going into capital structures like water wells or fences? I don't know if you would call a dugout a capital structure.

MR. FJORDBOTTEN: Yes it does, but not out of the heritage fund. It's out of the pasture revenues. The pasture revenues each year have to cover areas like -- for example, it's the weighted-average price of beef in Calgary. Then in the southern part of the province it's a

certain percentage; the central is a different percentage. That's one factor. The second factor is the municipal taxes, and the third factor is the operating costs in each reserve. That includes fencing and improving water wells and doing things like that, but that would be taken out of the annual operating costs that go into each reserve. It certainly doesn't come out of the heritage fund.

MR. CHAIRMAN: Thank you.

Calgary-Fish Creek, followed by Stony Plain, followed by Bow Valley.

MR. PAYNE: Thank you, Mr. Chairman. I've noted in some preliminary research I've had done that there's a potential demand for seedlings of about a hundred million annually by the mid to late 1990s. Now, if that assumption is incorrect I hope the minister will correct me, but my questions are based on that assumption: that we're looking at a potential demand in the near term of something like a hundred million seedlings annually. If that is the case, I wonder if the minister can comment on our present seedling facilities' capabilities. Are they sufficient to fulfill that projected demand?

MR. FJORDBOTTEN: Not at the moment, Mr. Chairman, to meet the hundred million projected demand, and that's a projected demand. It takes in factors on how quickly the forest industry develops and how quickly some of the projects get on stream, but a fair target to look at is a hundred million. Pine Ridge is capable of about 30 million, 27 to 30 million even now with the expansion, so it covers about a third of what will be needed. Presently the total sowing orders in 1992 will be up about 30 percent, I think 53 million seedlings in 1992 and approximately 70 million seedlings in 1993. We were getting some trees from British Columbia because we had a shortfall here in Alberta. I don't like bringing trees from British Columbia, so we were trying to get these private growers going in Alberta in different parts of the province. I believe the program is working extremely well, and that way we will be able to meet the projected demand we have not only for this year and next year but, in the end, of a hundred million.

2:20

MR. PAYNE: Mr. Chairman, I was struck by the minister's reference to private-sector growers. I was unaware of that development in the province. I wonder, could the minister advise the committee of the current extent of private-sector grower involvement in the tree seedling supply system, and the corollary or subset of that, does he see that private-sector involvement growing? No pun intended.

MR. FJORDBOTTEN: Mr. Chairman, the answer is an emphatic yes. It has to grow. As I said in my opening remarks, of the number of private-sector growers we presently have, during 1992 we had 11 small and three commercial growers located from Medicine Hat to Grande Prairie, and we're looking at adding an additional three nurseries for 1993. We used the starter program because to get people involved in this process takes a little time and we want to make sure their chance of success is high.

We have grading standards to make sure that . . . To give you an example that might help you understand, we basically pay those growers three times a year. Once we contract with them to grow some, we give them a certain amount of money because they don't have the cash flow to be able to go through the entire year. Then midpoint we give them another one-third. Then when we grade them and count them, they get the balance of the third. If there's some variance from what they originally started out to do and what

ended up, we can take care of that in the final count. So that has been very helpful in getting the growers started and establishing growers across the province. The unique part of it is that they don't have to be where the forest industry is. They can be in any logical location they want to develop in.

In answer to your question, yes, I believe we will get more. I don't think it should be so lucrative that you have the floodgates open and you get everybody wanting to get into it. We haven't had that, but we haven't had to go out and hunt hard to get them to come to us either. So I think we've found a good balance.

MR. PAYNE: Well, Mr. Chairman, that's a very helpful response. In my final supplemental, I wonder if I could refer to the minister's earlier comment, perhaps facetious, that he is reluctant to involve British Columbia growers in Alberta's needs. That prompts what perhaps is a bit of a naive question. I was reluctant to ask it previously, but I'll ask it today. Are efforts made to reforest areas with the same trees that were harvested from them in the first place, or to put it another way, is replanting the same kinds of trees a necessary reforestation procedure? Or does it not matter?

MR. FJORDBOTTEN: It's absolutely necessary and done for this reason. It's the responsibility of the industry to collect the seeds, and what they try and do is collect cones from the best trees and not just the weak trees in the area. They collect them and they're tagged and they go to Smoky Lake where they're cleaned and sorted. Why that's so important is that we don't want to vary the genetics of our resource in this province. We want to make sure we have the same trees going back into the same areas. For example, if you have an area that's harvested at Edson at a certain elevation, the trees that go back in there would be the same trees from the elevation. So it's not just taking a bunch of seeds and saying, "Okay, this truckload will go to X even though it really came from Y originally." It's important to see that that is there.

We must remember that if we harvest 400 trees from an area, 400 to 500 trees in a spot, the replanting will be about 1,500 but will end up higher than 1,500 because you have some natural seeding that takes place, so it's important to thin it back. But all of that is part of the regeneration and everything else and making sure the forest resource for our children in the future is every bit as good or better than what we have today but doesn't alter the genetics or turn into a monoculture.

MR. PAYNE: I guess, Mr. Chairman, this is one of those rare contexts where references to genetic purity are not as discomfiting as they are in other contexts.

Thank you.

MR. CHAIRMAN: The Member for Stony Plain, followed by Bow Valley.

MR. WOLOSHYN: Thank you, Mr. Chairman. First of all, I'd like to commend the minister on the opening of his expanded Pine Ridge nursery. I recall in the spring of 1989 a promise made on a plan to have a sister nursery come up, and at that time there was some soliciting if municipalities would want to sponsor locations. I'd like to know to what degree the plan has been implemented to start another nursery similar to Pine Ridge and to in fact complement it.

MR. FJORDBOTTEN: In answer to that question, Mr. Chairman, we're not going to do that. I think Pine Ridge is ideally located and the costs of duplication would not be a good use of public money. I believe that with the private-sector nurseries established and not only maintaining but enhancing significantly our research capability

at Pine Ridge and working with the private-sector operators as well on research, it's a far more cost-effective way to go.

MR. WOLOSHYN: So that plan was just dropped and forgotten without mention.

MR. FJORDBOTTEN: Right, it is.

MR. WOLOSHYN: I've been patiently waiting for you to get back to me to locate it in Stony Plain.

MR. FJORDBOTTEN: Oh, I know exactly. I've been hit by so many wanting it in their areas too, so there's a lineup. I'm sorry, I just can't . . .

MR. WOLOSHYN: Well, just as an editorial on it, I'm actually very sorry to hear that you would take something as successful as Pine Ridge and choose not to expand it at the whim of the commercial sector, which you are desperately trying to enhance. That's fine; that's your decision as a minister.

I'd like a clarification, however, on a comment you made, and I think it must have been an error. In your maintain our forests program you indicated there were 64 million planted on 45 million hectares, and that gives me a tree per acre. Did I not hear you correctly, or is there something magic in that single tree that can propagate and fill up a full acre on its own?

MR. FJORDBOTTEN: I'm sorry. I'll have to go back over my remarks and check. If I'm in error, I'll certainly advise you. That program ended in 1986, and I was trying to go back and reflect on the numbers. The numbers I have before me today say a total of 64 million seedlings were planted on 45,000 hectares around the province.

MR. WOLOSHYN: I heard you say 45 million hectares. Thank you.

MR. FJORDBOTTEN: Well, I've had million on the brain, I guess. I made a mistake.

MR. WOLOSHYN: Okay. You're working pretty well on single species replacement in clear-cut areas. That's what we're really talking about. Whether it's a dominant species or not, you're not replanting multiple species in a particular forested area. In our flights over the province I've noticed, although it's difficult to judge from the air, that the sizes of clear-cuts in western Alberta are quite horrendous. We are spending, I think, good dollars to approach a reforestation program, and I certainly am supportive of that. However, I would like to see as diligent an effort made at having forest management in terms of harvesting logical sizes with appropriate intervening forest in between as well as a concerted look at getting away from the blanket policy of clear-cut everywhere and anywhere. Is any kind of thrust being made by your department through forest management agreements, first of all, to diligently enforce a proper ratio between what is being forested and what is being left behind for the future and, secondly, to approach a method that is perhaps less destructive than the clear-cut? There are places for clear-cut but not the way we use it across the board in this province.

MR. FJORDBOTTEN: Well, Mr. Chairman, that would be a subject of a great debate. I'm not a professional forester, but being the minister, I'll give my best shot at giving you an answer.

First of all, our cut blocks are much smaller than anywhere else, certainly much smaller than in British Columbia. We don't allow cutting on the grade of slopes they allow in British Columbia. We also are very careful. The planning done before a cut can be made has to take into account wildlife corridors and also soil quality: how will regeneration take place, and will it be easy to regenerate or difficult to regenerate? Here it takes on a . . . "Clear-cut" is a bad word. When you mention clear-cutting, everybody says, "Oh, how terrible." But to get proper regeneration, you have to open up the area. If the ground is too cool, it doesn't regenerate properly. So that is taken into account. We are doing some selective cutting in Alberta in some areas, but that is not something that works in the type of forest we have here.

One other thing I'd like to clear up as well is that we are not trying to develop a monoculture by putting just one type of tree back into a certain area. A lot of the forests have some mixed stands. We want to see those mixed stands and that same type of mosaic there for the future as well. So when we cut lodgepole pine, we replace lodgepole pine. If you cut spruce, you put back spruce. Where we have areas with a lot of aspen and there's some interspersed conifer in the aspen, we take that into account as well. I'd be happy at any time to take any member of the committee anywhere in this province to look at the new Free to Grow standards and the new approach we use in cutting and why we do it. If you can come back and have even one argument with it, I'd really be surprised.

MR. CHAIRMAN: Thank you. The Member for Bow Valley, followed by Edmonton-Beverly.

MR. MUSGROVE: Mr. Chairman, in my constituency we have some areas that they call provincially operated community pastures. Now, I know there is a distinction between that and grazing reserves. We also have association-operated provincially owned pastures and there's a whole series of things, but the community pastures and grazing reserves in particular . . . First off, maybe we could ask the minister to explain the distinct difference in those.

MR. FJORDBOTTEN: I don't know if I can do that. I think you could probably answer it better than I can. Why don't you give us your definition?

MR. MUSGROVE: Well, I really don't know what the difference is either. But my question was going to be about the difference in revenue to the province, if there's a difference in revenue to the province through these different types of . . .

MR. FJORDBOTTEN: Well, sure there is. I don't know if I can answer the question, but I will get you an answer.

MR. MUSGROVE: Okay. One more supplementary, Mr. Chairman. I'm particularly in favour of multi-use of any provincially owned land. But is there any problem with hunting in the grazing reserves, particularly for the livestock producer?

MR. FJORDBOTTEN: Not really, because all grazing reserves are managed with a multiple-use aspect. It's one of the greatest hunting areas there is because of the ease of access, et cetera. Basically, the livestock are out before the hunting season starts, so really we haven't had a problem with that.

I will get you an answer on the pastures. In fact, they're writing it now, and if they send it down to me . . . It's one I couldn't answer, so I've given them the signal and hopefully I'll have it before we end.

MR. CHAIRMAN: Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. I'd like to welcome the minister.

I have two questions. First, on the grazing reserves, I certainly support the initiative there. Perhaps qualifying the fact that the removal of brush and trees to enhance the grazing of those leases -- I understand you have a departmental technique you use when you do this. I am concerned, however, about the possibility that the removal of brush and trees on the other hand may have a detrimental effect in terms of topsoil erosion and the lack of preservation of moisture. With no snow and so on, these things back up. Are you monitoring this kind of enhancement to see that we in fact are meeting the requirements of, first of all, increasing grazing abilities but also the preservation of the land and the soils as well?

MR. FJORDBOTTEN: A very good question, Mr. Chairman. The answer is an emphatic yes, but it goes beyond that. We don't want a clearing of all brush on grazing reserves either, because some of that brush is needed as wildlife habitat. So before any work can be done, we have to clearly define what can be done and what must be left and how it is done, very much so.

MR. EWASIUK: I think we talked about this last year a little. You did allude just a moment ago that basically the livestock are gone when hunters come on. I thought we had some conflicts with public entry on the grazing leases and so on. Is that not a problem?

MR. FJORDBOTTEN: I think you're confusing grazing reserves and grazing leases. Grazing leases are leased to ranchers, and they have the authority, then, to control access. Grazing reserves are managed for multiple use. You don't need permission to access grazing reserves, and they are managed so they actually do turn out to be the best hunting areas.

MR. EWASIUK: Just coming back to recreational use of the grazing reserves, I think it's certainly appropriate the concern about all-terrain vehicles, the four-wheel . . . What do you call those things?

AN HON. MEMBER: Quads.

MR. EWASIUK: Yes, quads and those kinds of things hunters use and so on. The impact of that kind of equipment in a grazing lease is adding destruction to the topsoil in particular areas.

MR. FJORDBOTTEN: It's not only an issue on grazing reserves. It's always an issue. There's always some conflict with that, because it's an issue of all hunters in being able to use all-terrain vehicles in some places. I can honestly say that I haven't heard any complaints about it on grazing reserves particularly. When we do integrated resource planning in the Eastern Slopes, for example, one thing is that snowmobilers and off-road vehicle users want to make sure they're not excluded. Hunters say they shouldn't have the right to ride out when they're hunting. That is one area there is a lot of conflict in, but not so much in grazing reserves.

Mr. Chairman, could I answer quickly before we go on to the next one.

MR. CHAIRMAN: Sure.

MR. FJORDBOTTEN: Grazing reserves are operated solely by the department. Community pastures are operated by the users, often an association. So that's why I can't answer what they charge in community pastures. We don't have anything to do with them. It's

just grazing reserves that are operated by us, not community pastures.

MR. TAYLOR: Let me go back a bit on the trees and how many we turn out. Is there a fee charged to the industry, or are we turning out trees and then picking up for it with an increased royalty? Is there a direct charge between the forest cutting people and the seedling to supply?

MR. FJORDBOTTEN: A very good question. Historically they didn't plant the trees; it was natural regeneration. They left some of the trees and that reseeded the area. They didn't plant the trees. To do it, we as a government pushed into that area, and for doing that, the agreement made with them was that we would provide the seedlings and they had to plant them and manage them. The way that worked out was that the cost of regeneration, then, was approximately 20 percent to the government and 80 percent to the company because the cost of planting and all that was about 80 percent of the cost.

We have worked our way away from that to some degree. For example, if you look at the case of Al-Pac, when they're in operation they'll use about 3 million trees annually. We will provide about 600,000 of the 3 million, and the rest they'll have to provide on their own. Now, some in the province are providing a portion of their own seedlings. Some were providing all the seedlings. It's been in transition and growing. It's my personal view that the forest industry should be responsible in the future for 100 percent of the cost of the seedlings, but it takes a transition to do that. You don't change that overnight. Does that answer your question?

2:40

MR. TAYLOR: I can see a problem. If they're responsible for a hundred percent of the planting, then in the bid for royalty and development they compensate, and if you're responsible for a hundred percent, then they compensate the other way. I see the problem you have there, but it leads to the second problem then. How do you bring the private-sector enterprise into seedling raising if you're really supplying the trees for a nominal charge? There might be an indirect charge to the company. How do we develop a free enterprise industry if indeed our own seedling factories are supplying the trees for nothing? How do they get compensated? You're compensated by royalties and development, but how are they compensated?

MR. FJORDBOTTEN: Well, we're buying the trees from the private sector. As well, some of the companies that are responsible for providing some of the trees have their own nurseries, and some are buying from the private-sector operators as well. I would like to see the government not having to pay for any of those trees and the private sector paying for them. I believe that will happen, but it's going to take some transition time to do that.

One of the things you want to make sure of in any business in the province is that you don't change the rules all the time. When a business locates, you don't decide tomorrow to change the rules. You can't do business that way. If you're going to make changes, it should be with consultation and some lead time so that transition can be made. With seedlings and the cost of those seedlings, I believe I've said often that they should be more responsible, if not totally responsible, and that it will be a transition. It won't be all of a sudden that you wake up tomorrow and the law has been changed.

MR. TAYLOR: Do you see the possibility, then, as you move more and more to the private sector of auctioning off our seedling factories to the private sector?

MR. FJORDBOTTEN: No, I don't. I don't think we should expand Pine Ridge anymore, but I don't believe it should be privatized. The reason I don't think it should be is that it does more than just grow seedlings. It has research, and it also gives us a bit of leverage with respect to quality and a number of other things that I don't feel comfortable we could do the other way. There have been some that have suggested to me that we should privatize Pine Ridge. My answer has been an emphatic no, and if it were ever to take place, it would be sometime in the future, down the road, certainly not now.

MS MJOLSNES: That's a hard act to follow, Mr. Chairman. I'd like to follow up on the minister's opening remarks when he talked about grazing reserves and their multiple use. I understand that this is a very positive component of the reserves, and I know that the minister talked about the recreational opportunities in terms of hiking trails, photography. I can't remember what else he said. I'm wondering if the minister could tell us what specific reserves have developed recreational facilities, if you like, the numbers of reserves out of the total.

MR. FJORDBOTTEN: We have 32 grazing reserves, and there's a recreational component on every one of them. It might be 4-H camping; hunting is certainly on most of them as well as a variety of other uses. That's a very strong element of all 32 of them.

MS MJOLSNES: Okay. Now, obviously these recreational areas on the grazing reserves are available for all Albertans to use. I'm wondering if there's any advertising done -- maybe there is and I've just missed it -- to let Albertans know that this is available to them.

MR. FJORDBOTTEN: No, it's really not. I don't really know if I would favour advertising them. When you have cattle on a grazing reserve, you don't want people running around there. When you talk about multiple use, you're not going to have 4-H campers out there the same time hunting season is on. I mean, there are certain uses that take place at certain times of the year. Not all Albertans understand that they're available and they're there, but certainly a good portion of them are aware of the availability of grazing reserves through 4-H and other youth organizations.

MS MJOLSNES: Then the usage is very controlled so that you'd only have certain people using them certain times of the year and that kind of thing?

MR. FJORDBOTTEN: Yes, depending on the use. You can have access to a grazing reserve at any time. You don't have to ask anybody's permission to go in there. It's not like private land or leased land, but by the same token, if you've got cattle in there during breeding season, you don't want a bunch of people running around either. So you have to use a little common sense. Actually, even the multiple-use aspect has worked extremely well. Whether it's hunting or whether it's 4-H'ers or whoever else is using it, they have to respect other users as well, and they're very popular. I'm venturing out on thin ice here. I'm not sure I'm totally accurate, but I believe there's been far more use in the central portion of the province in the multiple use than there has been in the southern part.

MR. MUSGROVE: Mr. Chairman, I was wondering about these private operators growing seedlings. Now, is there a standard contract or is this put up for bids? How are those people chosen?

MR. FJORDBOTTEN: We have tendered them, and then you have to meet certain criteria, and you might be rejected even on a tender if you're not able to meet that criteria. But if you do meet it, then you have to be able to provide a certain grade of seedling. I mean, frankly we're not going to pay good money for junk trees. It has to be a quality seedling; it has to meet a certain criteria. When an individual or a company tenders for them, before we give them that tender and rely on those seedlings, we want to feel very confident that they can deliver. That's been the reason for the starter program. You get some experience through the starter program with a smaller number of seedlings so that if you get up to a larger number, it's something you grow into rather than just all of a sudden start.

MR. MUSGROVE: How is the cost compared to what we grow in Pine Ridge? Are the costs about the same, or is there some differential in the costs?

MR. FJORDBOTTEN: That's funny; it depends on who you listen to. Some of my department says that we grow them cheaper, and the private sector says that they can grow them cheaper. I don't know what the answer is. Pine Ridge also cleans the seed and has storage for the seed and everything like that. They don't have that expense at a private-sector grower. So the costs, I guess, are relative in those terms.

MR. MUSGROVE: Okay. One more question, Mr. Chairman. We have the Free to Grow program. In B.C. they use sheep to keep the undergrowth down in these new forests. It seems to be quite successful, and it's also a very good program for the sheep grower. Has anything been thought about for that in Alberta?

MR. FJORDBOTTEN: Not only thought about, Mr. Chairman, but we have done some of it. It's not as easy as it might sound. With the size of this province it's going to take an awful pile of sheep in order to get enough sheep to do anything. You can't just turn sheep loose because there are a few other predators out there, and you've got to herd them. It's not simple, but we have done some. I've been to areas -- I believe it was the Athabasca area -- where they have done some of that, and we're looking at small areas. The sheep producers have met with the industry, and there are areas where it can work very well, but believe me, it takes a lot of sheep to have an impact.

MR. CHAIRMAN: Edmonton-Beverly, followed by Stony Plain.

MR. EWASIUK: Thank you, Mr. Chairman. I'm a little curious. I think you spoke about genetics, Mr. Minister -- I won't use manipulation -- to improve the forestry stock, and you do that primarily by selecting the best seeds and so on. I suppose that's certainly the way to go. However, I just want to expand that possibility, and perhaps you're doing it now. Are you practising any area of grafting trees to also improve their stock, perhaps grow quicker and so on. Are you doing that as well?

2:50

MR. FJORDBOTTEN: Yes, they are. In fact if you go to Pine Ridge, you can see that they are doing some grafting to do some things like that but with great caution. What we're really not looking for is a fast-growing tree that provides a better source of material for mills in this province. We don't want to vary the biodiversity that we have in Alberta. But having said that, with the Free to Grow standards and using genetically better trees, like taking the cones from the better trees and doing some things like that, we can end up with a forest that is much healthier and better.

If you see some fire-burned areas in the province, when the trees come back, they come back too thick. You have a whole bunch of trees this big around and very close together. There's no grass underneath. They're not very big trees. They're very tall, but their diameter is very small. By making sure that they're free to grow and making sure that there's a separation between those trees, we have the same trees except they are much healthier and have trunks that are much, much bigger. So varying it that way but being very cautious. We really don't want to have a monoculture or vary the biodiversity. I want my children's children to be able to go the same areas of the province and enjoy the same kind of forests that we enjoy today. I think that's what all Albertans want as well, and we're trying to do that.

MR. EWASIUK: I certainly agree with that. Just one other question, Mr. Chairman. I think it was alluded to earlier. I've been to Pine Ridge, and it's certainly an excellent facility. I'm very impressed with the operations there. Didn't you make some comment about some smaller expansions in the province? I wondered if there is any possibility of Slave Lake being included in one of those expansion areas. The reason I ask: I have been approached by some people who are interested in that area and I find it an opportune time to ask that question.

MR. FJORDBOTTEN: I think we have to be extremely careful in government that we not tell people all the time where they have to locate. They have to make their own decisions, and we try and facilitate and help them, not only Slave Lake but anywhere else in the province where growers want to do it. If it has any common sense or reason at all, if it can work and be viable, we're open to it. Slave Lake, certainly.

MR. CHAIRMAN: Stony Plain.

MR. WOLOSHYN: Thank you, Mr. Chairman. We have these grazing reserves, and they're spread out pretty much all over the province, and periodically in any given chunk of the province we have a bit of a disaster going on. Currently there's a drought in northeast Alberta. You know, weather comes along, and we have these problems throughout the province in any given year. In your method of allocating livestock spots on the grazing reserves, is there any consideration being given this year for next spring's allocation to accommodate the needs of the north for example, in this case the northeast farmers, to utilize a grazing reserve to substitute pastures which they wouldn't have, people who would not normally be using grazing reserves? I would like to know if there is any sort of cushion kept behind, say, the nearest group of reserves to accommodate areas of that nature. If the answer is no, would you consider talking to Agriculture to do the same?

MR. FJORDBOTTEN: I have to say, as far as I know, that there's really no consideration for that because you have grazing reserve patrons who rely on it year to year, and if it's dry in an area on the private land, it's certainly going to be dry on the grazing reserve as well in the immediate area that would be closest for them. So really there's not a cushion there.

MR. WOLOSHYN: Well, if I can just supplement that particular one for a moment. This is the whole point I was trying to make. In the case of allocating the grazing reserves, as you point out very well, Mr. Minister, if you didn't utilize to a hundred percent the usage of the reserves and kept a cushion for every reserve, two things would happen: on good years your reserve would regenerate because you wouldn't be grazing to the limits, and in the years when

you have a crisis, as we're currently going through, you would be able to reallocate at least some spaces on the reserves for the ones who are willing and able, if not all the farmers in the areas but even just the ones that are utilizing the reserves that are hit. Certainly you would have to now be in a cutback situation on some of your reserves due to the weather. Is that correct?

MR. FJORDBOTTEN: Yes. On reserves we cut back each year depending on weather conditions on that reserve. If I understand what you're saying -- if there is a cushion there, would that be available to the farmers in the area that really need it? -- I can't say that that can be accommodated in all areas, but I think your comments are certainly worth noting.

MR. WOLOSHYN: You've referred to the rehabbing of some 26 reserves, I believe you said. Could you be a little bit more specific about what is being done? For example, there is brush cutting. Are you then flipping the soil in some form of cultivation, or are you just going to go to straight aerial seeding? Is the enhanced domestic pasture compatible with what would be the normal growth for the area? Just a bit more detail on what is happening in these particular projects.

MR. FJORDBOTTEN: What the problem was initially was that they wanted to bring the reserves and get the cattle on them right away. So they brushed it, cleared it, and got the cattle in there quickly. Well, what happened was that the roots grew again under the ground, and it just reverted back to brush because it wasn't done properly. We have to be careful too. On each grazing reserve we don't want to reduce the total carrying capacity of it, so it has to be done on a kind of rotational basis, where you take an area in the fall and you work it down. In the spring you can seed it to something else as a kind of cover crop to make sure about erosion and other things, and then you work it again the next fall and seed it the following spring so that the roots and everything don't come back again. You rework that again to make sure you don't end up with it reverting to brush. We'd hate to spend \$19 million on 21 reserves to do it and not do it properly this time, so it is being done properly. Does that explain the process?

MR. WOLOSHYN: I wouldn't argue with you.

The second one is just a comment to the third one. Thank you, Mr. Chairman.

MR. CHAIRMAN: The Member for Westlock-Sturgeon.

MR. TAYLOR: Cycling back fast. I'm a little intrigued by the minister's movement over the last few years towards involving the private sector more in tree planting. Knowing that you have a huge number of trees being turned out by the government sector, what are you doing to get people to raise trees when they know that next year you could be expanding the government sector? What are you doing to encourage the private sector to get into silviculture?

MR. FJORDBOTTEN: Well, it's pretty easy when you spend a little time in the horticultural industry to find a crop that you can grow that has a secure buyer year after year. You can't think of anyone more secure than the government and trees over a long period of time. It's not easy to get into. You don't just all of a sudden start planting trees tomorrow unless you have some expertise. You start into it recognizing that if you do it well, you've got a guaranteed market for your crop year after year. That attracts most private-sector people, and I know that it certainly would be attractive to me.

MR. TAYLOR: That's half an answer. It's a very good one too. You can tell them that the market is holding, guaranteed, or even expanding, but have you told the private sector that as long as you're minister you will not be expanding the public sector in the tree planting?

3:00

MR. FJORDBOTTEN: Yes, I have. I've said that I think a very good blend is about one-third from the government and that it would be capped at that and two-thirds from the private sector. I've said that clearly, and I would hope my successor would do the same, because I don't believe you can go into silviculture and growing seedlings and have the rules changed tomorrow. I think it's quite an investment to make, and I don't think the private sector would let any politician get away with that now anyway, because they make an investment and if they do a good job, why would the government want to get into it?

MR. TAYLOR: I'm impressed, Mr. Chairman. I'm going to send him a membership.

MR. CHAIRMAN: Members of the committee, that concludes the list that I have before me. I would like to thank the minister for his comments and answers and the committee for their participation.

Prior to entertaining a motion for adjournment, I'd like to tell you that the Hon. Rick Orman, the Minister of Energy, will appear before us at 10 a.m. tomorrow.

Someone for a motion for adjournment? The hon. Member for Lloydminster.

MR. CHERRY: I move.

MR. CHAIRMAN: Those in favour? It carries.

[The committee adjourned at 3:02 p.m.]