

8:31 a.m.

Wednesday, April 27, 1994

[Chairman: Mrs. Abdurahman]

MADAM CHAIRMAN: I'd like to call us to order. Could I have approval of the agenda, please? Moved by Debby Carlson. Any discussion? If not, all in favour of the agenda, say aye. Any nays? It's carried unanimously.

Approval of the minutes of the April 20, 1994, committee meeting. Are there any errors or omissions? If not, could I have a motion to accept them as circulated? Sine Chadi. If there's no discussion, all in favour, say aye. Any nays? It's carried unanimously.

I'd like to extend a warm welcome to the Hon. Brian Evans, Minister of Environmental Protection. It's a pleasure to have you and your staff with us this morning, hon. minister. I'd ask at this time if you'd like to introduce your staff. I also acknowledge members of the Auditor General's department once again for being here. Thank you.

The hon. minister.

MR. EVANS: Well, good morning, Madam Chairman and committee members. It's absolutely delightful to be here this early on a Wednesday morning after the opportunity to discuss important government issues until approximately 1:20 this very morning. I'm really quite happy to be here. It's nice to be up early and at it.

I would like to begin by introducing staff members who are here with me. On my immediate left is my deputy minister, Peter Melnychuk; on his left is my assistant deputy minister of finance, Bill Simon; on Bill's left, Ken Higginbotham, my assistant deputy minister of lands and forests; and another Ken on Ken's left, Ken Simpson, who is the president and CEO of the Alberta Special Waste Management Corporation. So that's the introductions.

Maybe we can get into just a short résumé of some things we were doing back in those years 1992-93.

MADAM CHAIRMAN: Excuse me, hon. minister.

MR. EVANS: Yes.

MADAM CHAIRMAN: Could I have a little order, please? Thank you.

Carry on, hon. minister.

MR. EVANS: That seems to happen quite frequently when I speak, Madam Chairman, and I appreciate your intervention.

Of course we're dealing with the time frame 1992-93, and I would remind committee members that that was the fiscal year during which the Department of Environmental Protection was created and I had the distinct pleasure of being appointed minister. I'd like to begin by briefly addressing some of the areas of concern that were raised by the Auditor General in his annual review of the ministry's operation, and then I'll follow with an overview of the department's '92-93 expenditures and revenues. With respect to the Auditor General's report, there were five comments requiring follow-up from the report in 1992-93, and the department has made the necessary adjustments, Madam Chairman, to address those comments and recommendations.

We'll begin with integrated management systems. The Auditor General noted concern that the department didn't "have an integrated management information system to help manage and control timber harvesting." With 17 separate systems, the report pointed out a broad area that could be streamlined. The depart-

ment completed an information strategy plan in the spring of 1993 outlining specific areas that needed to be streamlined and made more effective. We're continuously identifying opportunities to increase our efficiency and effectiveness, and we'll continue this re-engineering into the summer of this year.

With respect to accounting procedures to provide better management information, the forestry, lands and wildlife revolving fund acquired a much more powerful computing accounting system. However, some staff didn't have the technical expertise to appropriately use this new system at the outset. Mr. Salmon noted that "some accounting information is not reliable." Steps are presently under way to ensure a complete review of operational financial information, ensuring that all accounting standards are met. There's a strong liaison occurring between the revolving fund administrative staff and our own accounting officers such that the latter will increase their opportunities for financial control. Further to this, financial activities of the consolidated revolving funds are now centralized under the financial policies and funds administration division.

Pricing formula. The Auditor General recommended that Maps Alberta, a component of the revolving fund, "improve the methods used to establish the selling price of products." A new accounting system has been implemented and operational for the last two years. This system provides the detail required to analyze the relationship between the product mixes and the customers, the selling prices and the overhead allocation.

Surcharge collection. The Auditor General recommended that the Tire Recycling Management Board develop procedures to ensure that all "surcharges due to the Board are collected." The audit and collection issue was really the top administrative priority for the board, and a full audit process was completed. All 1,700 registrant files were reviewed manually to identify any inconsistent remitting, and the board has implemented procedures to ensure the surcharges are collected. A process is in place to ensure registration of all tire sellers who must collect and remit the \$4 advance disposal surcharge, and this process includes a self-policing aspect that causes the tire sellers to either register to collect this surcharge or pay it to their inventory suppliers. A compliance review system that's based on sample and compulsory audits is also in place, and the board will pursue legal action for any collections where necessary. Assessing the tire revenue, the Tire Recycling Management Board was also asked to consider less costly and time-consuming ways of collecting the surcharge. Now that the collection and accounting systems are in place, the board will analyze the efficiencies and provide information back to the government for consideration of alternate collection systems.

I believe that addresses any outstanding concerns, Madam Chairman, from the Auditor General's report, and later I'll be pleased, of course, to answer any questions that may come forward.

In terms of expenditures, there were 10 votes and two revolving funds for environmental protection for 1992 and '93. A total of \$344.8 million was appropriated for the department under the general revenue fund. As well during the fiscal year, supplementary funding totaling \$26 million was obtained by way of special warrant for fire suppression. When the new face of government formed in 1992-93, a net amount of \$2.8 million was transferred to other ministries. This includes \$2.59 million transferred to the Department of Energy which had shared services with forestry, lands and wildlife and \$348,000 which accompanied the transfer of public lands staff to Agriculture, Food and Rural Development. These additions in the transfers brought the total appropriated funds to \$368 million. Of this a total of \$362.3 million was expended and \$5.7 million or 1.6 percent was left unexpended.

Going into separate votes, vote 1 expenditure covered funding for bringing together the departments of forestry, lands and wildlife, environment, and the parks division. Good progress was made toward this important goal, including the development of the Vision document. Developed through the input of our staff, the document includes vision, mission, and principle statements that provide direction and inspiration, I hope, to our staff. Also included in the vote 1 expenditure was the Alberta Environmental Protection and Enhancement Act which was passed in the Legislative Assembly in June 1992. I believe this is one of the most progressive pieces of environmental legislation in North America, Madam Chairman. It was developed in consultation with Albertans, and it reflects their views and their concerns regarding the environment.

Other strategic initiatives under vote 1 include the roundtable on the environment and the economy, a discussion paper on resource accounting, planning for the development of a forest conservation strategy in preparation for the United Nations conference on environment and development, and discussions on the North American free trade agreement as well as the environmental side agreement, the North American agreement on environmental co-operation.

Vote 1 also funds our environmental education programs, for the demand continues to grow. The department targeted efforts at the secondary school level for delivering workshops across the province to some 2,500 educators. As well, with the demand for community education also increasing, the department developed and delivered two successful pilot projects, one at Mann Lakes and the other at Pine Lake. Total expenditures under vote 1 were \$18.3 million, which is \$26,000 less than authorized.

Vote 2 included environmental protection and research. With \$51.9 million expended, that represents an increase of \$3.1 million or 6 percent over the 1991-92 expenditures. The department continues a very comprehensive and sophisticated approach to research. The Environmental Centre at Vegreville offers six environmental research and laboratory service programs: water and waste water, air and waste management, trace environmental contaminant analysis, pest management, environmental toxicology issues, and environmental enhancement. Each program is directed at solving environmental problems in our province. As well, the analytical laboratories support the licensing, investigation, monitoring, and enforcement activities of our department.

Action on Waste, which is a joint venture of our department and Economic Development and Tourism, is also funded under vote 2. This waste minimization and recycling development program continues to work with municipalities to reduce solid waste by some 50 percent by the year 2000. Over \$3.9 million was expended to municipalities for regional waste management systems, including sanitary landfills, transfer stations, and incinerators.

#### 8:41

Moving along to vote 3, totaling \$48.6 million, expenditures cover water resources management. A wide variety of provincially owned and cost-shared multipurpose water management projects provided benefits to Albertans in a number of locations. These projects included 40 dams, 180 erosion control projects, 21 weirs and lake stabilization projects, three pumping stations, and over 900 kilometres of canals and ditches. Over 60 water control structures were operated to provide flood control, water conservation, stream flow regulation, lake stabilization, recreation, wildlife and waterfall habitat, and assured water supplies for many towns and villages. As well under vote 3, surveying and mapping services for the Canada/Alberta flood damage reduction program

were carried out in 18 communities. Four hydrologic analysis studies were completed, and consultations were under way with eight towns or cities in acceptance of the flood risk maps.

Vote 4, the special waste management assistance, involved an expenditure of \$28.5 million for operations of the Special Waste Management Corporation. This expenditure includes the government's share of the operating costs of the Special Waste Treatment Centre near Swan Hills as well as its share of costs associated with the provincewide programs for toxic roundups, drug roundups, and school programs.

Vote 5, fish and wildlife conservation, saw \$30.1 million spent on managing the province's fish and wildlife resources and habitats for the benefit of all Albertans. Committed to providing recreational opportunities for Albertans, our successful fish stocking programs continued with over 28 million fish stocked in 224 water bodies. Throughout the year over 1,600 charges of illegal fish and wildlife activity were laid by our fish and wildlife officers, and 275 individuals who reported poaching activities became eligible for cash awards totaling \$83,200. I should say as an aside that many of those who are eligible don't claim those moneys; they do it as a public service.

The department's undercover operations resulted in 99 charges of illegal movement and trafficking of wildlife, and another 53 prosecutions were pending. Court fines assessed during that period of '92-93 totaled \$52,800. Additionally under the fish and wildlife trust fund, the Buck for Wildlife program, the department completed 138 wildlife and fish habitat enhancement programs, and grants to nongovernment organizations funded another 42 programs. A total of \$836,000 was spent on protecting and developing 35,000 hectares of wildlife habitat, and \$805,000 was spent on various lake and stream enhancement projects.

In vote 6, to manage our forest resources a total of \$109.5 million was expended, \$2.1 million less than authorized. In that same time frame we increased our nursery operations from 23 million seedlings to 31 million seedlings, and a total of 41.9 million tree seedlings was shipped for reforestation activities across the province. Canada and Alberta signed a three-year \$30 million partnership agreement in forestry on April 15, 1992, that reinforces the partners' current initiatives in reforestation, intensive forest management, research, and public involvement and education. Also included in vote 6, the Junior Forest Wardens program continued to grow throughout the year, with over 3,500 members and 750 adult volunteers. Over 92 communities across the province participate in this youth outdoor education organization.

Forest protection remained an important service provided by the department. We continued our efforts to control the spruce budworm infestations within our northern forests. During the year a biological insecticide, BT, was applied to over 35,000 hectares in the Footner Lake, Athabasca, and Lac La Biche forests. As well, the department responded to over a thousand, 1,055, fires that burned over 3,300 hectares. This hot, dry fire season required special warrant funding of \$26 million to carry out fire suppression activities.

In vote 7 the expenditure of \$29.9 million covered public lands management and land information services. A total of \$8.6 million was expended on public lands management, and this includes managing the disposition or sale of publicly owned land for activities such as grazing and cultivation, recreation, tourism, and commercial and industrial uses as well as designating lands as natural areas or grazing reserves. Our public lands management program focuses on integrated resource planning, soil and rangeland conservation, protecting shorelines, industrial land management, and multiple purpose. A total of \$21.3 million was expended on our land information services, and this includes

developing and distributing natural resource information such as the Alberta vegetation inventory as well as providing a basic provincewide coverage of surveying and mapping products and services to government and nongovernment users.

Madam Chairman, I have a few more comments on some of the rest of the votes. Am I getting close to the time frame?

MADAM CHAIRMAN: You're still fine. You can go to 10 to 9.

MR. EVANS: I'm okay? All right.

Just under \$7 million, Madam Chairman and members, was expended on contracts to private-sector companies to provide land information services such as aerial photography, parcel mapping, and the Alberta vegetation inventory.

Under vote 8, the Alberta provincial parks of course make a very significant contribution to our provincial economy. Within the 1992-93 time frame the department expended \$30.3 million under vote 8 to operate facilities that support both recreation and our conservation initiatives. Park services celebrated its 60th year as well during the 1992 camping season, and the occasion was marked by the official opening of the Lakeland provincial park and recreation area as well as Dunvegan provincial park. Aspen Beach provincial park was also rededicated in recognition of it being our first provincial park.

Vote 9 covered expenditures of \$11.9 million for Kananaskis Country management. Millions of visitors from all around the world visit Kananaskis Country each year and enjoy its facilities like the Canmore Nordic Centre and Kananaskis Village. Of course, our focus remains on Albertans because that facility and all the lands associated with it were spent out of heritage savings trust fund moneys for Albertans. Intensive planning and facility enhancement took place in Kananaskis in 1992-93 to host over 15,000 scouts, leaders, and volunteers in the Canadian scouting jamboree. As well, \$288,000 was spent on emergency services, including search and rescue operations, within the park.

Under vote 10, the overview and co-ordination of environmental conservation, a total of \$1.6 million was appropriated to the Environment Council of Alberta. On the revenue side, the department received just over \$78.5 million, which was an increase of \$4.3 million or about 5.7 percent. I think it's important to note as well that revenue from timber rental land fees increased \$10.4 million during that time frame. That resulted from signing new forest management agreements which led to increased timber harvests in Alberta and, in turn, increased stumpage revenue during that same time frame. That revenue has more than covered off decreases in other sources such as a \$2.9 million decrease which came from reductions in payments from the government of Canada. The decrease is mostly in timber export tax or softwood lumber export tax which was withdrawn in October of 1991 when Canada withdrew our memorandum of understanding with the United States. These payments of \$2.1 million in fiscal '92-93 are residual payments from fiscal '91-92.

I will just close, Madam Chairman, by indicating to members something that should be abundantly obvious after that overview. This is a very large and comprehensive department. It deals with every aspect of air, land, and water insofar as natural resources in this province are concerned. It's an exciting department to be a part of, and I look forward to your questions.

MADAM CHAIRMAN: Thank you, hon. minister.  
Ty Lund.

MR. LUND: Thank you, Madam Chairman, and good morning, gentlemen. Back in 1991 there was an Action on Waste program, and if I remember right, there was a commitment to reduce municipal solid waste by 50 percent by the year 2000. In public accounts, volume 2, page 2.58, and vote 2.4.3, waste minimization and recycling, I think that's where the program is housed. I see that we spent some \$5.168 million, and I'm wondering really how effective this program has been and how much waste we have reduced.

MR. EVANS: Madam Chairman and committee members, this is an important program, and it continues to be a high priority at the Canadian Council of Ministers of the Environment. All of us at the federal, provincial, and territorial levels are committed to meeting that goal of a 50 percent reduction by the year 2000. As you mentioned, Mr. Lund, Action on Waste expenditures are a part of our waste and chemical expenditures under 2.4.3, and our waste disposal in our landfills is reducing and has reduced on a per capita basis by about 15 percent, a little less than that, which exceeds the national average of about 13 percent. That's done primarily through our curbside and depot recycling efforts. When you look at newspaper and cardboard, even though we don't have many avenues in place for dealing with cardboard, we've reached 48 and 50 percent levels respectively on those two. We are also, of course, recycling other materials like our plastics and metals and glass.

8:51

I think it's fair to say that in communities around this province the understanding of the need to recycle is increasing all the time. It sometimes is a bit of a task for local organizations to collect and continue to collect when markets aren't proven, but there's an amazing dedication out there in real world Alberta, whether that's cities, towns, villages, what have you, in undertaking this task and doing it on a consistent basis.

We are also working on a national packaging protocol with our counterparts throughout Canada, and we're making quite substantial progress on that as well. So we're certainly moving in the right direction.

MADAM CHAIRMAN: Thank you, hon. Minister.  
Supplementary, Ty.

MR. LUND: Thank you. I'm wondering – of course, it's very difficult to tell since this program is just one of those housed in that vote – how many dollars actually are being spent from this vote on this program, and as it relates to municipalities, do you have any idea how much this program is costing them?

MR. EVANS: Bill Simon may have that fairly handy here. He's got all the tables.

MADAM CHAIRMAN: Bill Simon.

MR. SIMON: I'm looking for the answer here.

MADAM CHAIRMAN: That's fine. Take your time.

MR. SIMON: The total amount of dollars spent in this particular element, 2.4.3, was \$5.1 million.

MR. LUND: Yes, I knew that. But this particular program?

MR. SIMON: Okay. We should have it.

MR. EVANS: We have lots of elements here.

In terms of municipalities themselves, we have over 200 unacceptable landfills. They've been closed, thank heaven, and have been replaced by some 24 regional sanitary landfills and transfer stations numbering almost 160. I'm really proud of Alberta communities, because there are over 200 that have collection programs in place for recyclable materials, and 13 municipalities actually have processing facilities for recycled materials. So obviously we're going to continue encouraging municipalities to develop regional programs and work together so we can have some economies of scale.

Bill.

MR. SIMON: Just to supplement that, under element 2.4.3, waste minimization, there was \$2.2 million in grant funds for Action on Waste and recycling.

MR. LUND: Thanks.

The tire recycling program has reduced the number of tires in the system, I guess, by a large volume. You talked about a reduction of 15 percent. Are tires included in that reduction?

MR. EVANS: All waste products, Ty, are included in the figures we're using. We take a gross volume and then take from that the amount that we are reducing. That's the only way we can be consistent across Canada. And of course we are making some considerable progress on used tires, processing them and recycling them as well.

MR. CHADI: Madam Chairman, if you don't mind, I'd just like to ask the minister on a point of clarification. Is that fine?

MADAM CHAIRMAN: Well, if it ties into what Ty was asking.

MR. CHADI: Yes, of course.

MADAM CHAIRMAN: Let's hear it first.

MR. CHADI: Mr. Minister, you mentioned something about 200 landfills that were unacceptable?

MR. EVANS: Yes.

MR. CHADI: Could you define "unacceptable"?

MR. EVANS: Well, they've been abandoned. They are no longer operational. They don't meet our health standards. With respect to leachate, they don't have liners that meet our current standards. Of course, we're very careful now when we try to identify sites for landfills. We make sure they have a till or clay base so we will not have leachate moving out beyond the site of the landfill, Sine. Now, we're lucky in this province because - what's the percentage of the province that is alluvial till? It's very substantial anyway, so there are a number of locations throughout this province where we can site a landfill. We've taken a pretty strong view on what is acceptable and not acceptable on that basis, and a number of landfills have been abandoned.

DR. PERCY: My questions relate to the Alberta Special Waste Management Corporation, and I'm going to be referring to volume 3 of public accounts, pages 1.132 and 1.333 and some of the footnotes thereon. Madam Chairman and Mr. Minister, my first

question relates actually to note 12 where it states that "the Corporation and Bovar have jointly and severally guaranteed payment of certain joint venture housing mortgage loans." Could you tell me specifically what those loans are? Are they housing loans for management, or what?

MR. EVANS: They're housing loans for staff. They were entered into a number of years ago. In the fall/winter of '92 and then into the early part of '93 we did a wraparound mortgage because there was an acquisition of some other houses that became available in Swan Hills, Mike, as a result of some of the oil sector people moving out. So the corporation acquired a few other houses and wrapped it all into one mortgage.

Is that to Metropolitan, or was that the old mortgage?

MR. SIMPSON: That was the old one.

I think in general terms, as far as the mortgages go, it is a single mortgage now for all the staff housing the system owns within the town of Swan Hills. Really, the reason we own housing in Swan Hills is because there are so few private-market houses available in Swan Hills. Most of the housing is either owned by oil companies or the municipality or whatever. We don't particularly want to be in the housing business, but in order to attract good staff and hold good staff in a small community, the decision was made that we would provide housing to as many staff as required it. We're trying to phase ourselves out of that housing policy, but it will take several years to do so as we try and encourage ownership by the employees themselves.

MR. EVANS: I think the focus of your question was: was this housing merely for management? No, it's not.

DR. PERCY: Moving right along to note 13 and subsequent events, this is a cryptic note, and I was wondering if it could be amplified. Specifically, it says that the agreement between the corporation and Bovar has been amended.

The return on investment paid to Bovar as contribution . . . will accumulate to be repaid to the Corporation subject to certain limitations, through a sharing of Bovar's future earnings.

Could you explain that in some detail? Exactly what is the import of that note?

MR. EVANS: I can start, and then I'll ask Ken Simpson to go into more detail. The intention is that because we are in a 60-40 sharing partnership relationship with Bovar and because there is a loss position right now, we have an agreement that we will keep track of the loss position, which the government is picking up. There's a guaranteed return on investment to Bovar. That was part of the original contract when the partnership was formed back in 1985. We will keep track of those losses over time, and as the corporation becomes profitable, those profits will by formula offset the accumulated losses. I don't have the specifics of the formula, but Ken Simpson may be able to give further clarification on that.

9:01

MR. SIMPSON: In general terms this is a much improved clause in our agreement with Bovar. It does allow for a return of what we call the system contribution, which is the subsidy the corporation pays because of losses in the system at the present time. Once the system becomes profitable - and we're now predicting that between the years 1999 and the year 2000 this system will start to turn a fairly substantial profit - our corporation, which owns 40 percent of the system, will receive, of course, 40 percent of those profits. However, as the minister explained, because of

the clause in the new agreement we're accumulating the notarized accumulated subsidy beginning in 1993, and that particular subsidy will be paid down out of Bovar's share of the profits. So we not only get 40 percent of the profit; we also start to return part of the profit of Bovar's which went towards the initial subsidy. So it's a very much improved deal over what was.

MADAM CHAIRMAN: Final supplementary.

DR. PERCY: Yes. Thank you. This relates, then, specifically to the projected revenue flow and follows in this particular sector. It has been certainly suggested by a number of regional hospitals that the environmental protection is ensuring a steady and rising revenue flow as a consequence of enforcing environmental regulations, that are at this stage voluntary, and closing an array of regional incinerators, particularly for medical wastes – we've heard this: Lethbridge, U of A hospital, and the like – and that in effect a monopoly is being created that will ensure the corporation and Bovar a very steady return but at the expense to the hospital system, for example.

MADAM CHAIRMAN: Hon. minister.

MR. EVANS: Yeah. I'm happy to discuss that. We're not talking about Swan Hills now, Mike. We're talking about the Beiseker facility. About a year ago now Alberta embraced standards for emission from smokestacks that had been worked on and endorsed by the Canadian Council of Ministers of the Environment. This was not a stand-alone initiative by the province of Alberta. We did embrace those higher standards on the basis that they were environmentally sound, and my colleagues from around the country agreed that they were sound. I must say publicly, because I have said privately to my colleagues at the CCME table, that they haven't been quite as aggressive in endorsing and enforcing those standards as has the province of Alberta.

That said, we've come to recognize that with hospital incinerators there is a problem with hospitals either meeting the current standards or upgrading to be able to meet the current standards. The upgrading costs could be between 1 and a half million dollars and 2 and a half million dollars per hospital incinerator. So with that in mind we have been extending licences to hospital incinerators so long as they segment their waste. They don't have a problem if they segment their general waste from their biomedical waste. If the biomedical waste, which oftentimes makes up far less than 10 percent of their total waste stream, between 2 and 5 percent in a number of circumstances – if they segment that waste and deal with it in an accepted licensed facility, then they can continue to use at this time the hospital incinerators for their general waste stream. This is, quite frankly, an interim measure, but I think it reflects a practical approach to dealing with this issue, recognizing the substantial costs that would be incurred were they – they being the hospitals – to upgrade their facilities.

Any further comments from Peter or anyone?

MADAM CHAIRMAN: Thank you, hon. minister. Thank you, Mike.

Gary Friedel.

MR. FRIEDEL: Yes. I'm referring to volume 3, page 1.129, dealing with the Alberta Special Waste Management Corporation, fairly near the bottom, about eight lines up. In the joint venture expenditure, contribution to operations, I noticed that from the budget of \$19.8 million there was actually an increase of about \$5

million in this expenditure. I'm wondering if you would care to comment on the reason or logic of the increase.

MR. EVANS: Yes. Sure will, Gary. In the year 1992-93 there were expansion activities going on at the treatment centre. This is the year that we had final designs completed, vendors selected, and construction of the new rotary kiln initiated. Now, the intention of that expansion was to transform the treatment centre from a plant of limited capacity to a truly world-scale operation which would be capable of processing volumes that are necessary to make the operation self-sufficient. Now, with the plant expansion also went a slowdown in processing. You know, in the limited area that you have there you can't be as productive in your operation as you normally would be if you didn't have that ongoing. So our revenues during that period of time were down by approximately \$4 million, and, of course, the operating costs were up. What is intended here, again, is to ensure that the new kiln, which went through a review process by the Natural Resources Conservation Board, will allow us to deal with volumes that will be sufficient to turn a profit at the Swan Hills facility, as Ken Simpson says, by probably the year 1999.

MADAM CHAIRMAN: Supplementary, Gary.

MR. FRIEDEL: Yes. Can you update us on the present status of the expansion?

MR. EVANS: Sure. The incinerator itself was certified as mechanically operational and complete at the end of October of 1993. That was on schedule, and it was also on budget. A trial operation took place in March of this year, and testing since that time has confirmed that we are having both excellent operating and environmental results. We project that all of our licensing requirements at that facility are going to be met by the end of April and that we'd then be in a position to go into a commercial mode and that other supportive infrastructure would be in place by midsummer of this year.

MR. FRIEDEL: When the expansion is completed and the production is increased accordingly, how will this affect the contribution of the corporation to the operation's expenses?

MR. EVANS: Well, the increase in capacity, of course, even during the test-burn period added quite a major boost to our plant revenues and in turn reduced the corporation's operational support that we're bound by under the agreement. Maintaining that production at near-capacity level – and that's certainly our hope – will result in operational profits and will eliminate that need for an operational subsidy. As you know, the corporation has proposed to treat and dispose of wastes from other jurisdictions. As I alluded to earlier, the NRCB will be beginning its process to hear input from Albertans. The first meeting is May 16, I believe, in Swan Hills, then moving from there to Edmonton, to Calgary, and then back to Swan Hills. Once we've had that input, then a decision will be made as to whether we should move from an Alberta-only position with respect to hazardous waste treatment to an Alberta-first position.

MADAM CHAIRMAN: Thank you, Gary.

Sine Chadi.

9:11

MR. CHADI: Thank you, Madam Chairman. Mr. Minister, my questions are going to be with respect to forest protection, page

2.5.9 of volume 2, particularly related to 6.6, fire suppression. The area that I'm interested in is the fact that we estimated \$12,500,000 for fire suppression in the year 1992-93. I went back for the last five years to find out what it is that we actually expended over the past five years and how much we've expended within this year. In the year in question we expended about \$35 million. Now, you look at the past five years, and we've always expended right around the \$30 million mark. I think the lowest year we've had was \$23 million in '89-90, but the average was \$34 million right throughout. Why is it that we would have estimated so low in this particular year?

MR. EVANS: Sine, that's a very good question and one of the headaches that all of my staff have had in terms of net budgeting. What had been the policy before we changed our way of accounting was that we would always have this ability to special warrant. Of course, when you're balancing your books, it makes it a little difficult to do that if you are not accounting for what is a reasonable expenditure. You're quite correct that over the past five to 10 years - by our estimates I think it's about \$44 million, Ken, we've averaged in fire suppression. So the \$12 million has been a very, very basic amount which had no relationship with the reality of our fire suppression costs. It was put into the budget with the understanding that we would special warrant. Now, of course, that's not available to us any more. Last year we saw a budget of \$35 million. This year we're up to \$37.2 million, which is much more reflective of what we estimate the costs will be.

I'll just share with you, though, that I was more than a little bit concerned in the latter part of May and the first part of June of last year. It wasn't just because I was in an election campaign; it was because I was tracking the amount of money that was going into fire suppression. We had a very dry early summer last year, and we were spending up to about a million dollars a day on fire suppression. That luckily did not continue through the rest of the summer. We had this thing called rain, and it fell quite prolifically around the province. That kept our costs within that \$35 million umbrella. Had that not happened, had we had a very, very dry year, we would have had substantial problems.

So what we've done is tried to estimate the average cost, recognizing that our priority is a first-attack capability. We have, I believe, the finest fire suppression capability anywhere in Canada in this province, and it is to ensure that we protect our forest resources, not only for the forest industry but also for the recreational users of our forest. I'm very proud of the work that our staff do.

What we have looked at and received Treasury Board approval for is a natural resource emergency fund, and that natural resource emergency fund will come under the umbrella of our environmental protection and enhancement fund under the Environmental Protection and Enhancement legislation. What we are going to be doing with that is taking a number of additional revenue sources that are available in the department and putting moneys into that fund so that if in 1994-95, even though we've budgeted \$37.2 million, we have a higher cost than that, then we're going to have a fund, so we're not going to have to come back to the Legislature and ask for approval. To set that up properly we do need some changes, in my opinion, to our Legislation, and hopefully we'll have time in this spring session to deal with that. I think we have the mechanism in place; it's just to fine tune that.

One of the biggest contributors to that natural resource emergency fund will be the forest industry through the stumpage fees that we have negotiated with that industry. As you will recall, Sine, we announced with the Alberta Forest Products Association a new stumpage fee regime which doubles the base fee that is paid

from 70 cents a cubic metre to \$1.40. So it doubled that base and then takes on a market approach to the balance of the profit that comes from that forestry operation.

So we take into account what the cost of operation is for the forest industry. We add to that a reasonable return on investment, and that becomes the base. Thereafter, as sawlog prices increase, we share in the proceeds and the profit of that because, again, it's a provincial resource that the industry is taking off our Crown lands. It has a responsibility, of course, to reforest, but it is using a provincial resource. I'm very proud of, again, my staff and I'm very proud of the industry for recognizing that this was a reasonable thing to do. So we will be sharing in those profits, between 15 and up to 50 percent of those profits. Those moneys will go into the natural resource emergency fund and provide us with an ability to respond to those emergencies and those dry summers. I know you wanted that information, Sine.

MR. CHADI: He didn't even come up for air, Madam Chairman.

MADAM CHAIRMAN: I'm not quite sure whether your deputy minister, Peter, was finding it more fascinating or Sine.

MADAM CHAIRMAN: Supplementary, Sine.

MR. CHADI: Thank you very much. Mr. Minister, I appreciate the comments with regard to the natural resources emergency fund. It's a well needed fund in the province, one that I think we may draw upon from time to time, but my concerns are not so much that we should put more money in reserves. I'm wondering if there are ways that we can actually reduce the expenditures, and that is the focus that I think I want to have my questions looked at this morning. My understanding is that there are certain FMA holders in the province right now - and I guess maybe when we look at forest fires, we look to preserve, like you say, the recreational areas and the areas for the industry. As a child I can recall that when you lit a match . . .

MADAM CHAIRMAN: Sine, please get to your question.

MR. CHADI: I will get to my question, Madam Chairman, but it's only fair that I have a chance.

When you burn ditches and you burn fields and this sort of thing, you've got a fresh growth almost immediately, and it's nice and lush green. My question is: are there areas that you prioritize and you say, "Well, why don't we work with the FMA holders and let that area burn out?" - maybe it's an unproductive area - instead of going in there and expending a great amount of money to suppress those fires when you really don't need to?

MR. EVANS: Well, there's this little thing called controlled burns, of course, and we do try to encourage that if you have the appropriate set of circumstances. I can give you two examples where the lack of interest, shall I say, and the lack of enthusiasm for getting after a fire really caused dramatic problems. This past summer in Saskatchewan in the Primrose area we had to get involved assisting Saskatchewan when they allowed that fire to get out of control. You'll recall that a few years ago down in Yellowstone park the National Park Service in the U.S. said, "Well, a fire is a natural occurrence, so we'll allow it to happen," and they devastated, absolutely devastated Yellowstone national park in the process. So I think it's a matter where we have to use those controlled burns and the technology that surrounds them effectively and efficiently, but I am not one to encourage allowing a fire to burn itself out. Unfortunately, with the changing weather

conditions that we have – wind changes, directional changes, et cetera – fires can get away from you very quickly.

Could I just ask my assistant deputy minister of lands and forests, who is truly an expert in forest fires and forest fire suppression, to supplement my answer, Madam Chairman?

MADAM CHAIRMAN: Yes.

MR. HIGGINBOTHAM: I think the thing that I would add is that we've developed what we call an intelligent fire management information system, which is a fairly complex computer system, to try to evaluate the risk of letting a fire burn for a period of time without taking really aggressive action with respect to it. The technology to do that is advancing now, and at the tail end of the last fire season there were a couple of fires up in the High Level area which, because of what this fire management information system told us, we let burn for a day or two before we took any real action. We felt that the risk was relatively minor in doing so. But we want to do that very cautiously and conservatively because, as the minister has indicated, fires tend to burn out in areas where you might be just as happy to have them burn.

9:21

MADAM CHAIRMAN: Final supplementary, and if you could get straight to the question, Sine.

MR. CHADI: I will. Thank you, Madam Chairman. When the fires are actually burning the FMA areas, is there an involvement by the industry? If we expend even \$35 million dollars – and that's not the only area where we expend it; the whole forest protection area has a massive amount of money that is expended – is there a cost recovery from the industry at all? Do we charge them back for protecting the FMA?

MR. EVANS: In fact, the industry does spend a considerable amount of money on fire suppression each year. I think it's in the neighbourhood of \$5 million a year. They of course assist as well because they have their own teams, and mostly that's their woodlands operation people, who have fire suppression capabilities. They involve themselves in fire suppression, but they also contribute financially to our fire suppression budget.

MADAM CHAIRMAN: Thank you.  
Yvonne Fritz.

MRS. FRITZ: Thank you, Madam Chairman. Mr. Minister, in volume 2 on page 2.58 and under 5.1.5. My question refers to the statement that the budget for corporate services was overexpended by \$774,000. You can see that there. Would you provide an explanation of why it was overexpended? That's a fairly significant amount of money.

MR. EVANS: Sure. Over \$700,000 of that, Yvonne, was from paying commissions to our private hunting and fishing licence vendors, and that's a different way of accounting, quite frankly. I had some interesting discussions with the Provincial Treasurer about that during the time frame, and I think we're going to continue to work on that, quite frankly, because I don't think it should be shown as a net loss. We collect the hunting and fishing fees. We pay these folks who are collecting that a commission, and that commission amounted to, as I say, in excess of \$700,000. It is shown as an expenditure, but really it is an outsourcing of that responsibility and I think saves us considerably because we don't have any of the infrastructure. We don't pay any salaries, et

cetera. We merely pay a commission. So our staff are going to continue to work with our friends at Treasury to try to convince them that this indeed should not be shown as an expenditure.

MRS. FRITZ: So with the cost savings that we're looking for, I guess what that leads me to is wondering why there would be such an increase in the commissions. What would have caused that?

MR. EVANS: There was no increase in the commissions themselves. Again, it was just a matter of how they were accounted for. In the past the vendors just took that commission off and then sent in the balance. This 1992-93 year everything was paid in and then we paid them out, so that's why it shows this difference. Again, I think some more focused discussion on that will hopefully find us in a different accounting mode for this so that it won't show as a loss. I don't consider it a loss, Madam Chairman, because it's merely a change in the way that we do our accounting processes.

MADAM CHAIRMAN: Supplementary?

MRS. FRITZ: Thank you, Madam Chairman. I'm interested in how many private vendors there are in Alberta and how they qualify.

MR. EVANS: As I mentioned, this is a great source of outsourcing, quite frankly. We have about 1,200 vendors located throughout this province. We make sure that they are conducting a business that is associated with hunting and fishing licences before we would grant them that kind of an opportunity to sell these licences and collect the fees. We do have an audit capability on these folks, as well. That, of course, is part of our overall responsibility. I know the Auditor General's office would not be too pleased if we were not conducting that audit periodically on the 1,200. We don't have somebody going every day into one or another of these businesses, but we do periodic audits.

MRS. FRITZ: Thank you. Thank you, Madam Chairman.

MADAM CHAIRMAN: Thank you.  
Debby Carlson.

MS CARLSON: Thank you, Madam Chairman, and good morning, gentlemen. My questions are on volume 2, page 2.5.8, with regard to water management headworks on line 3.1.5. The estimates there were \$5.76 million, but only \$2.96 million was in fact expended. Could you tell us what changes were made there and the rationale behind them?

MR. EVANS: I believe that was a moratorium on capital expenditures. Again reflective of our need to reduce our expenses, we prioritized the projects that had been approved through the budgetary process, and we were able to save those additional moneys through that prioritization process.

Peter Melnychuk, who of course was the assistant deputy minister of water resources management before he became the deputy minister, is very, very aware of those projects, and perhaps he could supplement my answer.

MR. MELNYCHUK: Part of the other reason for the unexpended balance there is the fact that certain projects could not proceed because of land acquisition problems. That, too, added to the unexpended balance, but primarily it was the moratorium in order to meet our expenditure reduction targets.

MS CARLSON: Can you tell us how the Buffalo Lake stabilization project was affected under this heading?

MR. EVANS: The time frame for completion of those works was spread out by two years, I think. The capital amount as well was reduced. I don't have, Debby, just off the top of my head the amount, but there was a reduction in the overall capital expenditure as well.

MR. MELNYCHUK: That is correct. The overall cost of the project hasn't changed. It's just that the cash flow will be spread out over an additional two years in order, again, to meet our expenditure targets for capital expenditures. So the project is proceeding, but it'll be two years later in completion.

MADAM CHAIRMAN: A final supplementary?

MS CARLSON: Yes. Can you provide us a list of those projects that were either slowed down or abandoned? At some point; it doesn't have to be this morning.

MR. EVANS: Yes. Sure, I undertake to do that. That's no problem.

MS CARLSON: Great. Thanks.

MR. MELNYCHUK: Madam Chairman, we don't have the specific list here. However, we'll undertake, as the minister said, to provide it to the committee.

MADAM CHAIRMAN: Thank you very much, hon. minister, Peter.

Jocelyn Burgener.

MRS. BURGNER: Thank you. I'd like to refer to page 2.6.1 in volume 2, particularly the provincial park land disposition item that's noted there under statement 2.8.4. And by the way, good morning.

Under this particular statement the revenues related to provincial park land dispositions increased by over a quarter of a million dollars. Raising revenue through land disposition may be a matter which some Albertans would believe inconsistent with the mandate of the Department of Environmental Protection. My question is: why did revenues for land dispositions rise so sharply in the last year, and how do you as minister, Brian, view this apparent contradiction in your department's mandate?

MR. EVANS: Thank you, Jocelyn. I don't think there is a contradiction. What we have as part of the overall parks mandate is to manage our land base in, obviously, a fiscally sound and prudent manner. To do that, parks undertook a rent review process that increased our minimal surface leases, some of which were issued a number of years ago, to bring those up to current values. In addition to that, parks began increasing cottage fees as the contracts on cottages were renewed as well. In 1993 a significant number of those contracts came up for renewal, and that's reflected in the revenues.

9:31

MRS. BURGNER: Thank you.

MADAM CHAIRMAN: Supplementary.

MRS. BURGNER: Yes. So that revenues from camping permits would remain almost identical between '92 and '93 - could the minister explain why the permit revenue remained static last year? Is it due to a reduced number of campers, or were fees adjusted up or down?

MR. EVANS: Well, as I was discussing earlier in answer to Sine Chadi's question, there was a fair bit of precipitation last summer, and because of that wet summer, which was really the wettest we've had in recent memory, we did have an overall reduction. I think, quite frankly, the camping revenues were rather consistent, and it's a reflection of the services that are provided by our park staff. People obviously come for the good weather, but they stay because they're happy with the kinds of services that they are being provided.

The year before, of course, was the 60th anniversary of parks in Alberta, so that was a big year. It was a focal point for people to use our parks. In reviewing that year, better weather, by and large, and comparing it to a normal camping year and to the bad weather that we did experience throughout Alberta last summer, I think that explains any difference between the two years.

MRS. BURGNER: Thank you.

My final supplementary would be that the revenue for a parcel mapping program went from over \$2 million in '92 to zero in '93. What is the fate of this program?

MR. EVANS: That program is being developed to create a digital property boundary base for the province to which both private and public sectors can relate parcel-based land information. The program funding was approved with agreements in place between our government and Alberta Government Telephones, Canadian Utilities, and TransAlta. They were to contribute over \$5 million towards the program funding. The contributions from these people were over a two-year period of time, and that \$2 million in 1992 was the final payment under that program.

MADAM CHAIRMAN: Thank you, Jocelyn.  
Leo Vasseur.

MR. VASSEUR: Thank you, Madam Chairman. Good morning, gentlemen. In vote 5.1 of fish and wildlife conservation the budget amount was \$8.57 million; the expenditures, \$9.86 million. Could we have an explanation on the overexpenditure?

MR. EVANS: Yeah. If we can just track that down, Leo.

MADAM CHAIRMAN: Did you catch the vote?

MR. EVANS: Yeah.

MR. VASSEUR: On page 2.53 of volume 2, I believe.

MR. EVANS: Generally in terms of our expenditures - of course, we have officers all around the province. In fact, our department has officers in all parts of our departmental operations in 122 communities. What we have been trying to do with our fish and wildlife officers is to ensure that we have at least two of them in each one of our locations, because they have a large land area that they are responsible for. We want to have field personnel as well as someone who can deal with the administrative tasks that are associated with the operation of the offices. I think history will show that the revenues have not met the expenditures, but I think in terms of the degree of responsibility that these



officers have, that overexpenditure is money well spent. We of course will try to balance that out, but I'm certainly not going to reduce the expenditures at the cost of our fish and wildlife resources in the province.

Peter, did you have some more detail on that?

MR. MELNYCHUK: Yes. We could provide some. There was \$190,000 of the deficit that was due to the voluntary severance option program, where people were taking the severance option and were paid out according to a formula that was applied provincewide.

An additional part of that deficit was the contract payments required for the vendor commissions that the minister just responded to in another question, which actually was not an expenditure but an accounting change.

MR. EVANS: That's the \$716,000.

MR. MELNYCHUK: Some of the other minor reasons for the deficit were that data processing costs were higher than budgeted for in developing a mainframe computer charge, things like postage, and also some manpower funds due to payouts again for the voluntary severance. So those are some of the reasons, Madam Chairman, that resulted in the deficit, so to speak, as compared to the estimates.

MR. EVANS: Probably correct to say that the authority was the VSA, and I forgot to include that in my analysis. We did lose some people, of course, in that program, and the amounts were fairly high per person when we had people retiring from government service because the Department of Environmental Protection is a very technical, regulatory department, quite frankly, and the average salary is in excess of \$30,000 per employee. We had, by the way, Leo, about 4,400 people in the department when I took it over in December of 1992.

MADAM CHAIRMAN: Thank you, hon. minister.  
Supplementary, Leo.

MR. VASSEUR: Yeah. On the very next line, 5.2, we've got a \$6 million budget and expenditures of \$2.8 million. Is that because of the elimination of a specific program, or was this a program that was transferred to another responsibility, another department?

MR. EVANS: I don't think we had, Leo, any responsibilities in fish and wildlife transferred to another department. We had some transferred to Energy, and that was in the services that we were sharing between forestry, lands, and wildlife and Energy. Then we had a transfer again of funds over to Agriculture, Food and Rural Development when we moved some of our public lands people over. But I don't think that is what it's all about.

MR. MELNYCHUK: We'll have Mr. Simon explain this particular deficit.

MR. EVANS: Okay. Bill Simon will speak about that.

MADAM CHAIRMAN: Bill.

MR. SIMON: Yes. Just to supplement that. The reason for the surplus is due to lower claims. Sufficient funding was available from the trust fund, and that left \$3.2 million on the table. So the funds weren't required from general revenue.

MR. VASSEUR: Going back to fire suppression, which we were discussing a while ago, out in the counties or MDs that are bordering massive areas of Crown land. From experience, fires that break out on Crown land, if they're within the municipal boundaries, become the responsibility of the municipality, or there's been arguments about whose responsibility it was in the past. Now, is there a policy by the department on who's responsible for a fire on Crown land regardless if it's within the boundaries of that municipality or not? The cost of the fire suppression at times can be exorbitant to the point where it would break the municipality.

MR. EVANS: Quite frankly, going back to my earlier comments, Leo, we're much more concerned in terms of getting the fire under control than standing around putting a line in the sand as to what's your responsibility, county and improvement district or municipality district, and what's our responsibility. I guess I shouldn't have put improvement district in there because of course that is our responsibility. But we are much more concerned about that first-attack capability. We make sure that our four superintendents and our staff liaise quite regularly with those areas that are adjacent to our forests in this province. Wildland fires do create immeasurable damage, and when you have property close by, that is just highlighted and the damage increases dramatically.

We have an education process where our superintendents talk to landowners about those wonderful things like cedar shakes and wood exteriors to houses, which if you're in a timber area, a forest area, create really some fuel for a fire if they break out. Our staff are working with municipalities to try to have a co-ordinated emergency disaster response.

Ken Higginbotham, again, is our lead player in the department in co-ordinating that, so I wonder if he might have an opportunity, Madam Chairman, to supplement my answer.

9:41

MR. HIGGINBOTHAM: Perhaps two comments, Madam Chairman. One is that it's probably just as common for fires that start in the municipality to burn onto Crown land as it is the other way, which leads to some of the discussions going on that the minister is talking about. Generally speaking, where there are large contiguous areas of Crown land, those will be our responsibility to both suppress the fire and pay for it. There are certain areas in the province where parcels of Crown land are imbedded in private areas, and sometimes they are not inscribed in the overall forest protection area of the province. We do try to work out relationships with those municipalities as to who would deal with fires that start in those particular areas. We work with the municipalities to define the areas of the forest protection boundary and then create agreements as to who will pay for them if they start on Crown land and burn into the municipality, but generally speaking it's our responsibility.

MR. VASSEUR: Even though it's on Crown land within the municipality?

MR. HIGGINBOTHAM: That's right.

MADAM CHAIRMAN: Thank you.  
Richard Magnus.

MR. MAGNUS: Well, thank you, Madam Chairman. I'd like to thank you so much for allowing me to hone my semaphore skills to get on your list this morning.

Good morning, minister and staff. My question to the minister has to do with timber management, and it's in statement 2.8.3, vote 6. There seems to be an awful lot of money budgeted for administration. Under vote 6.4, timber management, just a little over \$4.4 million is budgeted for administrative support. My concern is that the entire remainder of that vote is only \$3.8 million. Could the minister explain why they need 116 percent of the subprogram for overhead for administration in this area?

MR. EVANS: Thanks, Richard. In no way, shape, or form does this area of our budget require 116 percent of the subprogram as administration. The size of the budget in that area is due to the fact that all of our permanent field staff who are involved in timber management activities in our 10 forest regions were paid out of this element. So it's not really a correct way of detailing what is under that budget, and we have made changes to that to ensure that we're more reflective of reality in the future.

MR. MAGNUS: If field staff are represented under vote 6.4, what types of duties are performed by this staff complement? Specifically, are these positions simply support services?

MR. EVANS: No, they are not just support services. The staffing involved in this aspect also includes our foresters and our forest officers. At the forest district level our timber management staff conduct a number of activities dealing with forest activity, whether that's preharvest assessments or monitoring of our timber operators, reviewing our scaling operations, inspecting our mills and conducting studies of mills and planers. That's only to name a few, Richard. Then at our forest headquarters there are other forest management elements involved as well: our silviculture activities, our growth and yield projections, issues dealing with our watersheds and the impacts of forestry on those watersheds. So all of those various functions are included.

MADAM CHAIRMAN: Final supplementary.

MR. MAGNUS: Thank you. There appears to be a need to provide a better description of what is and what isn't covered under this vote. Is the minister prepared to make changes in this area to allow the committee and all Albertans to better understand what is defined as administrative costs for this vote?

MR. EVANS: Yes, indeed. In this year, 1994-95, we have segmented out what are our true administrative costs so that we are keeping the real nits and grits of that particular vote in one section and the administrative costs in another.

MADAM CHAIRMAN: Thank you.  
Pearl.

MS CALAHASEN: Me?

MADAM CHAIRMAN: Uh huh.

MS CALAHASEN: Well, thank you, Madam Chairman. Mr. Minister, I would refer to the Auditor General's report, and on page 100 there's a recommendation regarding the collection of a surcharge revenue. The AG recommended that the procedure should be in place to ensure that surcharges due to the board are collected. I wanted to know what measures the board has taken to ensure that it receives all surcharges collected by the tire retailers.

MR. EVANS: Thank you. That's a good question. When the first Auditor General's report came out reviewing the Tire Recycling Management Board and the tire surcharge, it was very early into the operation of the fund. The fund had kicked in in September, and of course we were dealing with a period to March 31 of the next year. So there were some start-up problems, if you will, just in terms of tracking things.

What has been done to ensure that we now have an accurate and a thorough description of what is being collected and what is coming through is that the board hired a consultant to address all of those concerns that had been identified by the Auditor General. The steps have been taken so that now we keep track of whether the money is paid at the time that the inventory is acquired by the tire retailer or whether it is paid out at some time after sale. There are the two possibilities there.

In terms of keeping track of how many tire dealers are operating in the province, some of it is not all that scientific. It's very manual. It's looking in the yellow pages to check to see who's opened a new business and trying to keep track that way, because we don't have a central agency, nor do we want to create a bureaucratic nightmare by requiring one, of all the tire dealers in the province.

I believe the changes that have been implemented, Pearl, are totally consistent and in accordance with the recommendations by the Auditor General.

MS CALAHASEN: Just on that issue then. It seemed that the surcharges owed to the retailers were almost unaccounted for. Could you indicate, then, the actual amount of surcharge retailers owed to the board as of March 31, 1993?

MR. EVANS: Yes. We're a little over \$4 million for the period ended March 31, '93, and that includes revenue from September of '92 right to March 31 of '93.

MADAM CHAIRMAN: Mike Morgan, Auditor General's department.

MR. MORGAN: Yes. If I could just perhaps clarify some of the problems that we faced as auditors. I guess I can't overstate what we say on the bottom of page 100, whereby the legislative framework set up for the assessment and collection of these surcharges does create quite a number of administrative difficulties for the board. As the minister has rightly said, they've come a long way in identifying who all the potential or actual retailers are and getting them registered. To some degree they're experimenting with how they're going to ensure that every one of those registered retailers knows how to collect and does collect all the surcharges both for the tires they sell and for the tires they consume themselves and the tires that go on new vehicles and all those sorts of things. The audit is under way again at the moment, and we've had discussions. They are addressing it, but just to what extent we're going to be satisfied, as they can be satisfied, that all revenue that should be collected has been collected is still a little in the air at the moment.

9:51

MR. EVANS: If I may address that as well. That is a concern for the board, of course, and for their consultants. There are a couple of ways that we're trying to address the problem. One is by compliance reviews, where we go out and check to see what kinds of methods are being utilized. About 70 of those were conducted in the fall of 1993. As well, there are selective audits. So the process is in hand as much as possible. I think it's accurate to say that we'll never be able to say with a hundred percent assurance

that every single tire dealer in this province is complying. We may be able to say that at 10:01 on a Wednesday, and at 10:03, when a new shop opens its doors, cuts its ribbon, and sells its first tire, we may not be able to say it.

MR. WINGATE: I think this stresses the importance of our recommendation 28. We're convinced that there must be an easier and more economic way of levying this charge. We would encourage the minister to look at these various alternatives, because we feel that it can be done very much more easily while still reminding people of the charges for the consumption and disposal of tires. That's the point we'd like to emphasize.

I think for recommendation 27 the department has done its very best to deal with the concerns we've raised, but it's still a very complicated issue, as the minister has just said.

MR. EVANS: If I may just briefly address a comment that was made by Sine Chadi. He said: why don't you collect it at the wholesale level? That's still an administrative issue, and you still have to account at that level for all the moneys that are expended. Who is then reporting? Are you having the wholesaler report? What's the compensation for the wholesaler doing that? Or do you then put it back to the retailer? So whether it's at the front end or the back end, there's still a responsibility there for the retailer to get that information packaged in a way that is subject to audit.

MADAM CHAIRMAN: Thank you, hon. minister.  
Your final supplementary, Pearl.

MS CALAHASEN: Well, I think most of the questions have been answered, but I just want to reiterate: are you then saying that the board cannot implement something that will collect these surcharges as efficiently and effectively as possible?

MR. EVANS: Again, we are doing our best and working with the Auditor General's department to identify that hundred percent solution. I guess the Auditor General's department would be satisfied with a 99.96 percent solution, and we may have to settle for that. We want to reduce the administration here as much as possible, because it's just costly and doesn't necessarily give us any better information or any better control over the system.

MS CALAHASEN: Thank you.

MADAM CHAIRMAN: Sine Chadi. Sine, we've got two minutes.

MR. CHADI: Thank you, Madam Chairman. I then want to follow up on some of those comments that were made on tire recycling. I would suspect that it is an administrative nightmare dealing with 1,700 retailers, but I can't imagine there being any tire manufacturers in the province of Alberta. Not all, but most of these tires are being imported into the province. Why don't we impose the fee right at that level, where we have only a handful of people to deal with and could actually collect our \$4 at that source rather than dealing with 1,700 and creating the administrative nightmare you talk about?

MR. EVANS: Part of this process, of course, is to make Albertans aware of the importance of recycling their tires and the environmental issue we have if these 2 million or so tires that are coming

into the waste stream every year are not dealt with in an effective and efficient manner. If we move all of the collection to that wholesale level, I hope you're not suggesting that we would keep that responsibility or those costs at the retail level and have it as a hidden cost to the consumer. That would defeat one of the major reasons for setting up this process.

MR. CHADI: I quite agree with you, Mr. Minister, but something similar, say, to what . . .

MADAM CHAIRMAN: Through the chair, please. I don't want to get into a debate. I'd like a supplemental question.

MR. CHADI: I'm sorry. Madam Chairman, I would think – and I want the minister's comments on this – that if there was a situation quite similar to, say for example, the GST, where the \$4 was collected, it could work its way down the system. So indeed the onus would be on the tire dealer, the retailer at that point to collect the \$4. If he were to collect – because he already paid it to somewhere else. So that way it would work. Please comment on that.

MADAM CHAIRMAN: Excuse me, Sine.

MRS. BURGNER: A point of order. Is this not something that's happening in the current year? I feel we're dealing with – public accounts should be directed to past practice.

MADAM CHAIRMAN: As chairman of Public Accounts, we have allowed hon. ministers when they've been here and members from the government side and the Official Opposition to indeed through the business plans, and if the minister has raised up-to-date policy or part of what's happening today – that has certainly been set as a precedent. I feel that it also ties into the public accounts '92-93, so it's certainly in order.

MR. CHADI: Can I speak to that, Madam Chairman?

MADAM CHAIRMAN: No, I don't think it's necessary. I've ruled.

MR. CHADI: Well, recommendation . . .

MADAM CHAIRMAN: Excuse me, Sine. I'd like the hon. minister to answer. We're just about running out of time. If he could make it concise so that we can finish on time, please.

MR. EVANS: Efficiency and effectiveness are the two goals that we have in the administrative part of this process. I know that there has been consideration given to dealing with this at the wholesale level and keeping the accounts at that level. I'm not convinced and I don't think our representatives from the Auditor General's office who are with us today are convinced that that solves any more problems than it creates. So we'll just continue working on that efficiency and effectiveness and hopefully get a system that will get us as close to a hundred percent accountability as possible.

MADAM CHAIRMAN: Thank you, hon. minister. I want to express my sincere appreciation for your openness and also through you to your staff for appearing before Public Accounts.

It's much appreciated. Also once again to Mr. Andrew Wingate and Mike Morgan for appearing before Public Accounts.

Moving on to other business, please note any memos that have been circulated through Corinne. Also, the date of our next meeting is May 4, and it's the Hon. Tom Thurber, Public Works, Supply and Services.

Because of the hour we now stand adjourned. Thank you.

[The committee adjourned at 10 a.m.]