



Legislative Assembly of Alberta

The 27th Legislature
First Session

Standing Committee
on
Public Accounts

Sustainable Resource Development

Wednesday, December 3, 2008
8:30 a.m.

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**Legislative Assembly of Alberta
The 27th Legislature
First Session**

Standing Committee on Public Accounts

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Fawcett, Kyle, Calgary-North Hill (PC)
Jacobs, Broyce, Cardston-Taber-Warner (PC)
Johnson, Jeff, Athabasca-Redwater (PC)
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Mason, Brian, Edmonton-Highlands-Norwood (NDP)
Quest, Dave, Strathcona (PC)
Sandhu, Peter, Edmonton-Manning (PC)
Vandermeer, Tony, Edmonton-Beverly-Clareview (PC)
Woo-Paw, Teresa, Calgary-Mackay (PC)

Also in Attendance

Pastoor, Bridget Brennan, Lethbridge-East (L)

Department of Sustainable Resource Development Participants

| | |
|-----------------|--|
| Eric McGhan | Deputy Minister |
| Ken Ambrock | Assistant Deputy Minister, Fish and Wildlife |
| David Bass | Assistant Deputy Minister, Finance and Administration |
| George Hammond | Director, Finance |
| Don Harrison | Acting Assistant Deputy Minister, Forestry |
| Craig Quintilio | Assistant Deputy Minister, Lands |

Auditor General's Office Participants

| | |
|--------------|---------------------------|
| Fred Dunn | Auditor General |
| Ed Ryan | Executive Director |
| Merwan Saher | Assistant Auditor General |
| Jeff Sittler | Principal |

Standing Committee on Public Accounts

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Wednesday, December 3, 2008

[Mr. Dallas in the chair]

The Acting Chair: Good morning, everyone, and welcome to the December 3 meeting of the Standing Committee on Public Accounts. My name is Cal Dallas, and I'll chair this portion of the meeting.

Before we begin, I'd advise everyone that they do not need to operate the microphones as this is taken care of by our *Hansard* staff, and please note that the meeting is recorded by *Hansard* and that the audio is streamed live over the Internet.

At this point I'd like to invite all of our members, staff, and department officials to introduce themselves. I'll start at my right.

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

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

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

Mr. Vandermeer: Good morning. Tony Vandermeer, Edmonton-Beverly-Clareview.

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

Mr. MacDonald: Hugh MacDonald, Edmonton-Gold Bar. Good morning.

Mr. Ambrock: Good morning. Ken Ambrock, assistant deputy minister with the Sustainable Resource Development department.

Mr. Quintilio: Craig Quintilio, ADM of the lands division, SRD.

Mr. Bass: David Bass, ADM, finance and administration, SRD.

Mr. McGhan: Good morning. Eric McGhan, Deputy Minister of Sustainable Resource Development.

Mr. Harrison: Good morning, all. Don Harrison, acting assistant deputy minister, forestry division, Sustainable Resource Development.

Mr. Sittler: Jeff Sittler, principal with the Auditor General's office.

Mr. Saher: Merwan Saher, Auditor General's office.

Mr. Ryan: Ed Ryan, Auditor General's office.

Mr. Dunn: Fred Dunn, Auditor General.

Mr. Drysdale: Wayne Drysdale, MLA, Grande Prairie-Wapiti.

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

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

The Acting Chair: If our guests would indulge us, we'll just do a few brief introductory pieces of business here.

The first order would be the approval of the agenda.

Mr. Denis: One item. I just wanted to give the chair notice that I intend to speak to a point of order under Other Business at the conclusion of the meeting.

The Acting Chair: Noted. Thank you.

Would anyone be prepared to move the approval of the agenda? Mr. Jacobs. All in favour? Carried.

Approval of the minutes from the November 26, 2008, Standing Committee on Public Accounts meeting. Have you had a chance to review those minutes? Would someone be prepared to make a motion? Thank you, Mr. Drysdale. Discussion? All in favour? Carried. Thank you.

Okay. Before we begin, I'll just remind you of some of the reports that have been circulated for your reference. Today we have the report of the Auditor General of Alberta, October 2008; the annual report of the government of Alberta '07-08, which includes the consolidated financial statements of the government of Alberta and the Measuring Up progress report on the government of Alberta business plan; and, of course, the Sustainable Resource Development annual report 2007-2008. I would also remind everyone of the briefing material that was prepared for the committee by the LAO research staff.

At this point I would like to invite Mr. McGhan, deputy minister, to make a brief opening statement on behalf of Alberta Sustainable Resource Development.

Mr. McGhan: Thank you, and good morning, Mr. Chairman and Members of the Legislative Assembly and the Auditor General and his staff. I'm not sure, Mr. Chairman. Are you asking me to proceed with my opening remarks? I have about 10 minutes.

The Acting Chair: Correct.

Mr. McGhan: Thank you very much. Well, certainly, ladies and gentlemen and Mr. Chair, it gives me great pleasure, and I'm proud and privileged to be Deputy Minister of Sustainable Resource Development for the last eight months or so. The review period that we're here for this morning is 2007-2008, which primarily was prior to my joining the organization, but I'm certainly familiar and prepared, as are those who accompany me this morning, to respond to questions that the committee may have.

Certainly, 2007-08 was an exciting year. It was a year that Sustainable Resource Development was responding to the continued growth of the economy in the province of Alberta and had a significant impact on sustainable resource development from industrial development, the increase in municipal needs, population growth, and other significant pressures on the land, the forest, and certainly on those areas that we're responsible for in wildlife management and protection. During 2007-08 there were significant issues in our forest industry – and we'll get into that in more detail in a moment – and certainly some first-time ever issues in the fish and wildlife areas.

We also undertook during that period of time the introduction of the land-use framework, which everyone has heard about more recently and will hear significantly more today, in fact, and the introduction of the Alberta Biodiversity Monitoring Institute, which is a significant, world-class institute, that is developing and moving along. Another fairly significant initiative during this period of time was the introduction of the oil sands branch in Sustainable Resource Development, which was obviously needed because of the significant growth and change in the oil sands development and the need to assure the department and those people in this province that we were watchful in taking care of the development in that area with respect to lands and other things that are our responsibility.

More specifically, the Department of Sustainable Resource Development is basically lands, forests, and wildlife, so I'd like to spend a couple of minutes on each of those major areas and acquaint you with some of the major events during this period of time. From a fiscal perspective overall the budget for the department was \$356 million. The actual for the year was \$484 million, which would on the surface appear to be a \$152 million overexpenditure. It was covered by supplementary estimates, and in all cases it was the result of emergency funding, the majority of it being for forest fires. I will deal with that, I'm sure, during the question period of this morning's process.

Forestry. The major interest in forestry is to ensure that we have a healthy forest in this province. The importance of a healthy forest is to protect watersheds, the issue of carbon dioxide, wildlife habitat, recreational opportunities, and of course the opportunity for tourism. Forests are a major part of our business, and we take it seriously. The forest industry itself is the third largest industry in this province, some \$10.4 billion towards the gross product of this province, so it's very important to the people of Alberta.

With respect to wildfires 2007-08 was a heavy year for forest fires. Well over 1,300 new fires started, some 1,000 square kilometres of forest were consumed. That's a significant amount. On a cold morning like today it's hard to remember back in August of 2007, when we had an extensive dry spell and most of southern Alberta had to be shut down because of the risk of forest fire for almost a six-week period. It was the longest closure of the forests in this province in our history, just to deal with the forest fire issue. During 2007-08 we spent \$238 million to deal with the preparation in suppression of forest fires, and only \$121 million of that is our base budget, so we needed in this case \$117 million in supplementary estimate.

8:40

The other major issue in forests is the mountain pine beetle, which everyone has heard a significant amount about in the last couple of years. The mountain pine beetle has already consumed close to 10 million hectares of forest in this province, a significant impact on the forest industry. We spent \$74.9 million in 2007-08 to deal with it. The issue of the pine beetle is a science-based process, and we are satisfied that the dollars that we spent in 2007-08 and continue to spend to deal with the mountain pine beetle is appropriate. Certainly, we are prepared to answer questions on that process if you like.

The fish and wildlife division. We are very fortunate, in fact, to have some 80,000 different species in this province, all the way from fungi to trees to mammals, that need to be taken care of and protected for the benefit not only of the people of this province but of the world. The fish and wildlife division continues to monitor, to conserve, and to manage fish and wildlife, their population specifically and also their habitat.

The Biodiversity Monitoring Institute, as I said, was started in 2007-08. That's a world-class initiative that this province started to assure the people of this province and the world that we know what's happening on the ground and in the water and in the air today and that we monitor that and make sure that if there are any changes, we determine what the changes are, why they were, and that the impact of the growth in population and industrial development and other things is understood.

The fish and wildlife division also started to deal with chronic wasting disease in a big way in 2007-08. This is a disease in white-tailed deer, to this point at least, that is starting to make its way into this province. It's pretty significant in the province of Saskatchewan. During 2007-08 through initiatives by SRD we took some

3,400 deer and tested them. There were another 5,000-plus deer taken by hunters that were tested. We have somewhere in the neighbourhood of 25 that have been confirmed animals with the disease. So we continue with that program. Again, the \$1.7 million we spent on it we think was quite prudent.

The lands division. Mr. Chairman, I think it's probably been said before, but this department, the lands division specifically, is responsible for the management of two-thirds of the area of this province – that's the green area of this province, so it's several hundreds of millions of acres – responsible for the disposition of requests for consumption of land by municipalities, the disposition of requests for drilling permits by the oil and gas industry. In fact, in 2007-08 there were some 12,000 applications. We were processing almost 50 a day. Our inability to recruit staff in some cases to keep pace with the increased demand let us fall a little bit behind. I think you'll see that in some of our targets with respect to the turnaround we weren't quite as quick as we'd like to be. We continue to work on that, and certainly if the applications continue at the same level as they have in the past, we're going to need to provide more resources in order to keep up.

The lands division is also responsible for massive tracts of land called rangeland in the southern part of this province, virtually hundreds of thousands of acres of land that are used by ranchers and farmers. We watch over that very carefully to make sure that the lands are always kept in good shape, and we inspect them on a regular basis.

On the land-use framework, Mr. Chairman, I'm not going to spend a lot of time. That started well and continues to do well at this point.

Mr. Chairman, those would be my opening remarks. I would conclude and invite any questions of yourself or the committee.

The Acting Chair: Thanks very much, Mr. McGhan.

At this point I'd like to welcome Mr. Fawcett and Mr. Mason to our meeting. Welcome, gentlemen.

I'd now invite Mr. Dunn to make an opening statement on behalf of the office of the Auditor General.

Mr. Dunn: Thank you, Mr. Chairman. Mr. Saher will read in our brief opening comments.

Mr. Saher: Thank you, Mr. Chairman. Our chapter on the Ministry of Sustainable Resource Development begins on page 355 of our October 2008 report. On that page we have one numbered recommendation to the department, to implement accounting processes that will track when revenue is due to the Crown as opposed to only after it is received in cash. These processes are important because they will identify the revenue amounts that management should be collecting.

Starting at page 356, under the title Management of Sand and Gravel Resources, we made five recommendations to the department, three numbered and one key, to improve its processes for managing this natural resource. We found that the department needs to improve on monitoring operators and enforcing land reclamation. Also, the royalty structure needs to be assessed.

On page 386 you will find a list of all previous recommendations made to the ministry that are outstanding.

Thank you.

The Acting Chair: Thank you.

We've just been joined by Mr. Quest. Welcome.

Mr. Quest: Thank you, Mr. Chair.

The Acting Chair: At this point in the meeting we'll begin with questions. I would suggest to our guests that if at any point you wish to have an answer supplemented by members who have joined you who are not at the table, the microphone at the back of the room is available, and if those speakers could identify themselves before proceeding, it would be great.

We'll begin with Ms Pastoor.

Ms Pastoor: Good morning. Thank you very much, Mr. Chair. The 2007-08 annual report gives a net operating result of \$51,479,000. Can the deputy minister or whoever tell us if this money was transferred back to general revenues? If not, then was it used for environmental protection and enhancement as legislated under the act? If so, what was protected and where? That was sort of my supplemental as well.

Mr. McGhan: Thank you. Would you mind providing a page reference for your question, please?

Ms Pastoor: You know what? I'm sorry. I don't have that, and I should have. Do you want me to just leave that and ask for a written reply? Would that be okay?

Mr. McGhan: That would be fine. Sure. Yes.

The Acting Chair: If Mr. McGhan will review that question and answer in writing through the clerk to all the members, that would be great.

Ms Pastoor: In the meantime I'll do my own homework and get that page number. Thank you.

The Acting Chair: Mr. Denis.

Mr. Denis: Thank you very much, Mr. Chair. Just a question. SRD spent \$238 million protecting Alberta's forests from wildfire in '07-08. I understand this primarily relates to the firefighting in the summer of '07. I'm wondering if we can have some commentary as to what that firefighting season was like vis-à-vis other seasons.

Mr. McGhan: Sure. I'll ask Assistant Deputy Minister Don Harrison to respond to that.

Mr. Harrison: Thank you. Yes. During the 2007 fire season we actioned 1,349 wildfires, which consumed approximately 103,000 hectares. We also responded to the record-breaking dry spell that we had in southern Alberta, like Deputy Minister McGhan had mentioned earlier: a six-week forest closure, the first in our history.

Mr. Denis: Is that the conclusion of the answer, or do you, Mr. McGhan, want to add something?

Mr. McGhan: That's fine.

Mr. Denis: Okay. Just a supplemental. The annual report says that the \$238 million spent was \$117 million above the ministry's initial budget allocation of \$121 million for this purpose. I'm wondering if you could comment as to why the additional funding was requested and given.

Mr. McGhan: Mr. Chairman, the way that our budgeting and accounting process works, both in 2007 and to our current date, is that we prepare a budget based on base fire preparation needs. In

2007 the dollars that we advanced through the budget process were to provide for manpower, air bombers, chemicals, fuel, things of that nature, to generally get prepared for the fire season.

8:50

The process through Finance and Treasury is not to provide the dollars in the budget for the actual firefighting. It's not unlike, if you will, the costs of a municipal fire department that has fire stations and equipment and manpower waiting and the costs that they have getting ready to actually fight a fire. I think it's a prudent approach by the government not to put, if you will, \$250 million in a budget and then not have to spend it if you end up with an incredibly wet year. They give us a base budget, and then we go back a couple of times a year, depending on the year and the expenditures that we're actually incurring to fight the fires, and get the operating dollars on an actual basis of what we're incurring.

Mr. Denis: Thank you.

The Acting Chair: Thank you.

We'll move to Mr. Mason.

Mr. Mason: Thank you very much, Mr. Chairman. In the Auditor General's report on page 355 it talks about disturbance fees for tar sands mines, and it says that companies self-assess the amount of usage in calculating timber royalties, sand and gravel fees, and other land disturbance fees. My question is: how do the government and the department ensure that the correct fees are being paid and that the self-estimate is correct?

Mr. McGhan: Mr. Quintilio will respond to that.

Mr. Quintilio: I believe that the reference there is primarily to our gravel program. At least, I'll use that as an example. It's really an honour system, where they report to us annually what volumes they take out of their gravel pits. They submit with the volume report an additional, kind of, operating report that allows us to make a comparison. It basically describes what their operation has been over the past year, you know, how much they've stockpiled, how much they've taken out. In lots of cases we just accept what the companies have given us. If we suspect there's something out of line, then we would follow up with a field inspection and do a more formal follow-up with the companies.

Mr. Mason: What would make you suspect that something was, you know, fishy? I guess I'm just a little concerned that you not let people take advantage of you.

Mr. Quintilio: In the reports that come in, I guess if we saw a volume estimate that didn't match up with what they were describing in their annual operating report, then we would follow up with an inspection and then be able to basically track down what they were doing, including a formal field inspection and an audit.

Mr. Mason: Thank you.

The Acting Chair: Thanks, Mr. Mason.

Mr. McGhan: Mr. Chairman, there are fees in the forest industry, too. If the member would like some information on the forests and how we go about that, certainly we could provide that.

Mr. Mason: Yes, please.

Mr. McGhan: Okay. Go ahead, Don.

Mr. Harrison: Okay. Thank you. For timber damage assessments there are fee structures and schedules that are regulated under the Forests Act and also the timber management regulations. Those fees are set. As far as declaring the volumes that come off dispositions, as the timber is removed, volume reports are calculated, and they're taken to different forest industries, and the volumes are figured out from there. Then, in turn, they're reported to SRD, and based on the schedule of fees and the timber management regulations a fee is assessed.

Mr. Mason: Thank you.

The Acting Chair: Were you looking to supplement, Mr. Dunn?

Mr. Dunn: Well, I was just going to follow up on Mr. Mason's question. He did receive the answer to the question I think he was asking. Can I just confirm that in the department on sand and gravel you record what you receive?

Mr. Quintilio: Yes.

Mr. Dunn: You do not estimate or anticipate what you should receive.

Mr. Quintilio: That's correct.

Mr. Dunn: Can you describe how many follow-ups there have been based upon what you have received versus what should be received?

Mr. Quintilio: As the Auditor General knows, we have several recommendations from him this year on our gravel program. I think there are five or six recommendations. We're taking very seriously and doing follow-up on all of those recommendations as we speak. We've got a firm plan to have a plan done, here, by spring of this year.

Mr. Dunn: I'm not trying to be abrasive here, but is it fair to say that some of these were quite old and were not being followed up?

Mr. Quintilio: Yes, that's right. There's a backlog on our inspections that's quite significant, as the Auditor General has pointed out, and we are in the process of addressing that. Now we're bringing quite a substantial amount of resources to bear on this issue and are correcting the problems as quickly as we can.

The Acting Chair: Thank you.
We'll move to Mr. Quest.

Mr. Quest: Thank you, Mr. Chair. I can't see it here right now, but there was a piece yesterday that mentioned that reforestation measures had been dropped from SRD's business plans, and I'm wondering what we're doing to ensure appropriate reforestation is occurring in Alberta.

Mr. Harrison: Okay. Thank you. The industry's reforestation performance is managed in various ways, and it's all through regulatory activities and reporting. I must say that it is a legislated requirement for all harvested areas to be reforested within the province. SRD requires that the harvested areas be treated according to a two-year treatment rule, that all lands harvested have some kind of treatment to establish young regeneration on those lands.

Then we have what we call an eight-year establishment survey, where we go in and take a look at the amount and the growth of the timber that's on the areas, legislated every eight years. Then we have a performance survey at year 14, at which time we go back and measure how the trees are performing at year 14. These regeneration surveys and establishment surveys are submitted annually to the Alberta reforestation information system, abbreviated ARIS. All of these entries and submissions are validated by a registered forestry professional.

We follow up with our forest operations monitoring program, our FOMP program. It's a set of follow-up procedures. We go in and actually do annual audits on the records and information that's submitted.

Thank you.

Mr. Quest: Okay. Just as a supplemental: do we publicly report how the whole reforestation process is progressing?

Mr. Harrison: We already publicly report how the operators are doing. These reports are published annually, and they're available on our website.

The Acting Chair: Thank you.

Ms Pastoor.

Mr. MacDonald: Mr. Chairman, I'm sorry. I was initially on the list.

The Acting Chair: Oh. I missed that, Mr. MacDonald. We can swap those around, so you go ahead.

Mr. MacDonald: Thank you. My questions are on page 357 of the Auditor General's October 2008 annual report. My first question is around royalty rates for sand and gravel. They have been unchanged since 1991. In fact, the Auditor General notes this. I would like to know why, as my first question, there has been no change in our royalty rates since 1991 considering that we have a 75-cent per tonne royalty currently.

9:00

Mr. McGhan: Mr. Chairman, to respond to MLA MacDonald, there's no requirement, I would understand, to review royalty rates on a variety of natural resources in this province. The initiative needs to come from the administration, and during that period of '91 to 2007 it just didn't happen. It certainly was drawn to the attention of the department by the Auditor General that it hadn't been reviewed in a long time, and I can assure you that it's not only on the radar screen but in the middle of the radar screen at this point in time. It's being reviewed, and hopefully at this time next year, God willing, I will have a more favourable response for you.

Mr. MacDonald: Okay. Thank you very much.

My second question, Mr. Chairman, would be again from the Auditor's report, page 357, where it states that royalty rates "are based on amounts reported by industry without verification." I find this startling. In light of Mr. Quintilio's comments earlier how many field inspections or audits of sand and gravel operations has the department done in the year under review?

Mr. McGhan: I'm not sure of the answer to that.

Mr. Quintilio: I think the total number of inspections we did, not just for gravel but for all types of dispositions . . .

Mr. MacDonald: I'm just talking about sand and gravel operations.

Mr. Quintilio: Okay. I believe it was – this is an estimate – probably 200 to 300.

Mr. MacDonald: Okay. Two hundred to 300. So that's one every working day. Thank you.

The Acting Chair: Thank you.
Mr. Jacobs.

Mr. Jacobs: Thank you, Mr. Chairman. I'm going to stay with sand and gravel. I think this is an area that's quite interesting. I'm looking at the Auditor General's report, pages 356 and 357. I notice at the bottom of page 356 that "active gravel leases in Alberta cover approximately 160,000 acres," which is a considerable amount of holdings with potential for a significant impact.

Going over to the next page, to 357, I see from the Auditor General's report that

SRD is behind, in some cases up to 20 years, with environmental inspections. SRD has not confirmed the area disturbed or reclamation status of approximately 240,000 acres of land which has been explored and 5,000 acres of inactive holdings.

I wonder if someone could respond to that and explain to us why you're so far behind with environmental inspections and reclamation status.

Mr. Quintilio: Well, I don't want to sound like I'm making excuses, but if you look over the last few years at the number of approvals that our department has issued, if you go back to 1995, I think we were issuing around 6,000 approvals a year. In the year 2000 that went up to 9,000. In 2005 we hit over 20,000. As the deputy minister mentioned in his opening remarks, I think we're back this past year to around 11,000 or 12,000. A lot of our staff attention goes into the approvals – again, I'm not making excuses – and that has taken staff time away from our inspections.

I can tell you, as I've mentioned earlier, that we are responding to the recommendations from the Auditor General and are changing that. We've introduced a new inspection program within the department that will put a lot more rigour to the inspections. What we're trying to do with limited numbers of staff is to apply a risk-based approach to this. I would suggest that on the gravel explorations there are a large number of those. For the most part, a gravel exploration is, you know, a guy in a pickup with a small backhoe or even a Bobcat going out and digging some small holes, usually, to test for gravel. If it proves up, he will apply for a gravel lease, and that area will become a lease, and any reclamation would get looked after in the lease. For the most part on a gravel exploration there's really very little disturbance. In a risk-based approach we would suggest that that's probably not an area we would concentrate on as much as the higher risk dispositions.

Mr. Jacobs: Okay. For a supplementary, then, let's go to the next bullet, where it suggests that "there are few consequences to operators for not fulfilling their environmental or legal obligations." Would it be true that it is "potentially less expensive for an operator to abandon a security deposit than to reclaim land damaged by aggregate extraction"?

Mr. Quintilio: Well, it would depend on the specifics of the site.

Mr. Jacobs: Could you be a little more definitive?

Mr. McGhan: Mr. Chairman, I'll just jump in. I think, generally speaking, the answer to your question is yes. I think what Mr. Quintilio is saying is that if it's a small site that wouldn't require much to reclaim, then maybe the cost difference wouldn't be that great, but on a large site that requires a lot of work, the security that we are holding possibly doesn't cover that. So another area that we're looking at is significant securities to make sure that the dollars are in place and that we're holding them, either a bond or some other security instrument, to make sure that when the site is to be reclaimed, the dollars are there. Either the operator reclaims it or we reclaim it, but certainly it's not at the expense of the taxpayer.

Mr. Jacobs: Thank you, Mr. Chairman.

The Acting Chair: Thanks, Mr. Jacobs.
We'll go now to Ms Pastoor.

Ms Pastoor: Thank you, Mr. Chair. I had actually discussed this in the House yesterday in the supplementaries. How much was spent on wolf sterilization and wolf cull programs? I'll give you the supplemental at the same time; we can handle it all. Is there any dedicated funding left over from the suspension of these programs, how much, and how was it allocated? Where else would it have been sent to?

I guess the other question would be: how do you evaluate the success of wolf sterilization and wolf cull programs? Is it based on an environmental point of view, or is it based on the satisfaction of farmers that haven't had livestock eaten?

Mr. McGhan: Mr. Chair, I'd ask Mr. Ambrock to respond to that. Among many other things he's also a wolf expert.

Mr. Ambrock: Thank you, Mr. Chairman. First of all, we are not sterilizing wolves. There was a university research proposal that we were discussing at the time about doing a wolf sterilization project. We are not moving forward with that.

Having said that, we have used wolf control in two specific situations. One has been to help us recover woodland caribou populations in west-central Alberta, and in '07-08, I believe, we spent about \$150,000 to do that. We culled some wolves and were able to stabilize the population because of that as well as working on some habitat initiatives.

In terms of the wolf control on agricultural lands, we have done some wolf control where producers have expressed concern about loss of cattle. I'm not sure of the exact numbers in '07 and '08, but we probably lost 45 or 50 head of cattle where we applied wolf control to deal with ranchers' concerns.

The Acting Chair: Mr. Fawcett, please.

Mr. Fawcett: Yes. I believe it's on page 25 of the annual report. Just in the first paragraph there it says:

Revenues were greater than budget by \$28.4 million . . . The growth in revenue was primarily due to the Softwood Lumber Export Tax. In addition, increased revenue resulted from new agreements initiated with the Government of Canada to aid in the funding of mountain pine beetle projects.

How much funding came from the government of Canada out of that \$28.4 million?

9:10

Mr. Bass: What we received from the federal government related to softwood lumber was \$65.6 million, and that was tax that they

collected from the softwood lumber exports to the States that were returned to us less the administration fee that they charge.

With respect to the mountain pine beetle, we received \$8 million from the federal government to fund the mountain pine beetle related activities. We also received \$4.8 million related to fighting fires on federal lands.

Mr. Fawcett: Okay. Out of that \$8 million that came from the federal government to fight the mountain pine beetle, how much money was given by the province for that exact cause?

Mr. McGhan: Mr. Chairman, the total expenditure by the department on the mountain pine beetle initiative was around \$75 million in 2007-08.

The Acting Chair: Thanks, Mr. McGhan.
We'll move now to Mr. MacDonald.

Mr. MacDonald: I'll go after Mr. Mason.

The Acting Chair: I'll recognize Mr. Mason.

Mr. Mason: Thank you very much, Mr. Chairman. Mr. McGhan, the Auditor General's report at page 361 suggests that your "new policy does not consider current or past environmental performance as part of applicant eligibility." Now, I'm wondering: if you made that a condition of new licences, would you not get instant compliance? Would it not be a very effective means of making sure that people met their obligations, that these companies met their obligations, if you denied them a new licence if they had not performed up to standard on their other holdings or in previous holdings?

Mr. McGhan: Mr. Chairman, to respond to MLA Mason, I think that's one of the criteria that the department certainly should consider in the future along with other criteria that we may wish to use to determine whether or not we're prepared to issue access dispositions. It would be something that wouldn't necessarily be foolproof if a person wanted to hide behind the veil of a corporate structure or something of that nature or change the name of the organization. You wouldn't necessarily be totally assured that that person would be responsible in every and all cases.

Certainly, it's something that we will pay attention to in the future as we've agreed with the Auditor General's recommendations and comments completely in last year's report. There are going to be other things that we will put in place to give the people of this province even greater assurance that any sites that are disturbed in this province are properly and totally reclaimed in due course.

Mr. Mason: I did not see a specific recommendation on that exact point from the Auditor General. Are you telling the committee that you will be modifying the policy so that previous performance or current performance and failure to meet the obligations that the company has agreed to and that you've set out will in fact result in a new licence not being approved?

Mr. McGhan: Mr. Chairman, I have to be careful about the commitments I make because I know that not only is everything on the record, but Mr. Mason has a very long memory. What I can assure you is that every aspect of the gravel business is being reviewed from the security side, the applicant side, to make sure that the nonrenewable asset in this province is being protected, utilized, and that the people of this province receive the proper value for that

resource, and that's under review this year. As was previously stated, we believe we're making good progress, and if we're not, certainly the Auditor General will make sure that he reminds everybody if we're not making good progress and following the processes that we've undertaken.

The Acting Chair: Thanks, Mr. McGhan.

Before we proceed to our next question, I'll remind members that we are discussing the fiscal report from the year 2007-08. We're not engaging in a policy discussion at this point.

I'll now recognize Ms Woo-Paw.

Ms Woo-Paw: Thank you. I think I'll jump to my second question. My question is on page 104 of the annual report. I would like to know: how are the trust funds being administered? How are these funds managed? Are they managed by boards or agencies? Are they governed according to a governance framework? They're at \$19 million.

The Acting Chair: Ms Woo-Paw, could you identify the page number in the report.

Ms Woo-Paw: Page 104.

Mr. McGhan: Mr. Chair, if you don't mind, our senior financial officer is in the audience. His name is Mr. George Hammond. If I've given him proper notification to step forward to the mic and if he could respond to that, I'd appreciate it.

Mr. Hammond: Yes. In answer to your question, those funds are administered by the Department of Finance and Enterprise. We just collect the money and put it in there, and then when we return the money to the depositors, we just cut a cheque from those bank accounts.

Ms Woo-Paw: So it's not administered by this ministry. I'm just seeking clarification. Is that the answer? Okay. Thank you.

The Acting Chair: Do you have a supplemental?

Ms Woo-Paw: No.

The Acting Chair: Thank you.
Mr. MacDonald.

Mr. MacDonald: Yes. Thank you, Mr. Chairman. On page 358 of the Auditor General's report from this October it states that Sustainable Resource Development "revised its sand and gravel allocation policy in June 2006." It goes on to say here that "holdings over 80 acres became subject to a bonus bid process," but as of March 31, 2008, at the conclusion of this fiscal year, a bonus bid process had not occurred. I want to know why it had not occurred when it was policy of the department going back two years.

Mr. Quintilio: When we implemented the new policy, you're correct that we put a – the old policy was basically a 40-acre maximum. If a person applied for that and proved out the gravel, they basically got the lease at a maximum of 40 acres. The new policy moved that maximum to 80. So anything that's 80 or less is still basically on a first-come, first-served basis. If it's over 80, the policy suggests that we would put that up for some kind of a competitive bid process. So far we have not had any applications for anything over 80 since the policy went into place.

Mr. MacDonald: Thank you. Also on the same page in the next paragraph: "Alberta has 64 public [gravel] pits." Why do you not consider it necessary to audit public pit operations?

Mr. Saher: A point of clarification. In scoping out the work that the Auditor General did in the area of sand and gravel resources, we made a decision that we would not audit public pit dispositions.

Mr. MacDonald: Okay. So does the department audit them?

Mr. Quintilio: Several of those pits are large operations. We actually have a management contract running the pit on our behalf, and we do an audit of their books periodically. Many of those are small pits where if you want, you know, three or four loads of gravel, you can go in there and basically get a gravel permit to take gravel out on kind of a short-term basis.

9:20

Mr. MacDonald: Thank you.

The Acting Chair: Thank you.
Mr. Jacobs.

Mr. Jacobs: Well, thank you very much, Mr. Chairman. I wasn't going to get into the subject today, but after hearing the response to the question from Lethbridge-East, I couldn't help but ask this question, a couple questions from a rancher's perspective. We were talking about wolves, and I'd like to add bears to the subject also. My question is: how did you arrive at the number you gave of animals killed by wolves?

Mr. Ambrock: That was a number that was given to me by our staff, but I indicated in my comment that I was probably hesitant in providing an exact number. If you would like an exact number, we can go back and provide that.

Mr. Jacobs: Okay. I'll leave that and go to my next question.
This is a question I get from ranchers and farmers all the time. How much does the department spend in an average year counting bears and wolves?

Mr. Ambrock: In an average year counting bears and wolves, well, I'm cognizant of the fact that we're talking about '07-08, where we did a DNA census from essentially highway 16 south. Probably with the Foothills Research Institute we're looking at in the order of \$750,000, \$780,000. That's not all money spent on bears because there are other things like BearSmart, education programs, access management planning. In reality there was probably more spent on bear management.

Mr. Jacobs: Mr. Chairman, could I ask one supplementary?

The Acting Chair: We'll have a go at that.

Mr. Jacobs: Okay, then, how much did you spend compensating farmers and ranchers for livestock losses?

Mr. Ambrock: I don't have an answer to that, Mr. Chairman. Compensation for livestock losses is provided by the Alberta Conservation Association on our behalf. We could certainly get that information, but I don't have a number to report today.

Mr. Jacobs: I'd be happy to receive a written response.

The Acting Chair: Yes. If I could then request that through the clerk the committee receive a response to all members on a reasonable time frame.

Mr. Ambrock: Okay.

Mr. Jacobs: Thanks, Mr. Chairman.

Ms Pastoor: Actually, I was going to go after the bear thing, too, but I think now it's – I'm just . . .

Mr. Jacobs: Go ahead.

Ms Pastoor: No, it's fine. I guess just a personal comment. I happen to be very blessed and have a place at Lee Lake, which is right close to the Crownsnest Pass, so I'm very familiar. I don't mind sitting at night listening to the wolves; however, I can understand the cost to the rancher when it's being done.

Well, maybe I will ask because it looks like a fair chunk of money that's being spent on counting wolves and bears. I'm pleased that you've said that there are education programs, et cetera, that go in it, but what progress has been made on the grizzly DNA population survey, and what was the total cost of the initiative? We'll be getting that in writing, so I can appreciate that.

Also, do we do black bears? I have black bears that go across my deck.

Mr. Ambrock: I'm sorry. Do we inventory black bears?

Ms Pastoor: Yes.

Mr. Ambrock: We haven't done an extensive inventory on black bears.

Ms Pastoor: So it's strictly been the grizzly population, then?

Mr. Ambrock: It's been grizzly.

Ms Pastoor: Okay. What progress has been made on that? I know that you've spent the money, but what actually has happened? How do you evaluate what it's costing? Like, we know what it costs. How do you evaluate? What's your mandate, I guess, to be able to evaluate if you've really accomplished what you wanted to?

Mr. Ambrock: I assume we're still in '07-08.

Ms Pastoor: Yeah.

Mr. Ambrock: There has been a lot of progress made this year, actually, that I could report on. In terms of '07-08, the grizzly bear recovery plan was accepted. In there there were a number of things that the minister was given advice by the Endangered Species Conservation Committee to do, and we've implemented a number of those things. The reality is that some of them have not been completed, but we are obliged to report progress against the recovery plan, and we will be doing that.

Ms Pastoor: Thank you.

The Acting Chair: Mr. Drysdale.

Mr. Drysdale: Thanks, Mr. Chair. Somebody just asked the question I was going to ask. The amount of money that the Alberta

government received from the softwood lumber, as you just said, was \$65 million. A supplemental to that: could you tell us where that \$65 million was spent or what you did with it?

Mr. McGhan: Mr. Chairman, to MLA Drysdale: in '07-08 the funds, as Mr. Bass reported, that come back to the province of Alberta through the federal government go into general revenue. That is something that we have to be quite careful about because the softwood lumber agreement is very specific that there can be no subsidies to the Alberta wood producers that other producers in North America don't get, so it can't go back to the producers. It certainly can't go back directly or in any fashion that can be seen to be subsidizing the forest industry.

In '07-08 those funds went to general revenue. That's where they were deposited and used by the province in a general fashion.

Mr. Drysdale: I guess supplementary to that: I understand that you can't directly subsidize any specific industry with the money, but could there be some way that that money could be used generally to help our forests in the province? I suppose general revenue does that.

Mr. McGhan: During 2008-09, which is the current period, we're looking at a variety of options so that we can aid and assist the forest industry through the FISC report, which has a number of recommendations, and also opportunities where we may be able to use the refund of the taxes that the forest industry has paid to benefit the forest industry in an indirect fashion. That's being worked on now, and hopefully in the not-too-distant future we'll have some results of those efforts.

Mr. Drysdale: Thank you.

The Acting Chair: Thank you.

Mr. Mason.

Mr. Mason: Thanks very much, Mr. Chairman. My question relates to the department's annual report at page 17, the creation of the oil sands branch. This is also referenced at the beginning in the minister's section on page 5. I understand that the land-use framework is being released. Is it today or tomorrow?

Mr. McGhan: Half an hour.

Mr. Mason: Will this be included in that land-use framework? Or maybe I can't ask you that for half an hour.

Mr. McGhan: Thirty-two minutes.

Mr. Mason: Thirty-two minutes, but who is counting?

I'm interested in the oil sands branch and what exactly it's going to do. It says that it'll co-ordinate your department's role, and it will find "policy gaps or conflicts that prevent the sustainable development of Alberta's oil sands." It sounds to me that it's more oriented towards facilitating oil sands development than protecting the environment and the land around the area.

The Acting Chair: Mr. Mason, Mr. McGhan, if I can interrupt here. I believe we can have a discussion around the initiatives of the creation of the oil sands branch and expenditures that were completed in '07-08, but again it should not be advancing the discussion to today. I don't know if you can frame an answer, Mr. McGhan, for Mr. Mason inside that context.

Mr. McGhan: I'll give it my best shot, Mr. Chairman. I think – and it was during this period of time because I think I was with the department for a few days before the end of March – one of the first questions I asked was: "Why do we have an oil sands branch? Shouldn't that be in Energy or Environment?" I have to tell you that I've been tremendously impressed by all of the staff in SRD but none more so than the people in our oil sands branch and the work that they have undertaken on behalf of the mandate of SRD. They undertake to participate in a number of environmental impact assessments that are prepared by the major oil and gas organizations. They would do things like this, Mr. Mason, if there happen to be, as there are north of Fort McMurray, a variety of wetlands, small creeks, rivers, in fact, in some cases lakes that are headwaters that flow through the areas that are being excavated. Those rivers and creeks in a number of cases have a significant amount of fish, certainly lots of wildlife that use them as corridors from the lower Athabasca inland to other grazing areas and things of that nature.

9:30

The oil sands branch spends a considerable amount of time considering the appropriate levels of setback from the edge of the wetlands, the streams, the rivers, keeping in mind that all of the setback areas are oil sands areas, all areas that could be excavated to significant depths. So they end up discussing, negotiating with the major developers about the appropriate setback, so to speak. Should it be 50 metres, or should it be 400 metres? In a recent example the difference between 50 metres and 400 metres through the length of the river for this excavation was 60 million barrels of oil, which is a significant impact to the investors. Obviously, they're not going to just quickly agree to things of that nature when we're asking for that level of protection.

This very small work unit is doing, in my estimation, an incredible job to protect environmental aspects of the oil sands development area.

The Acting Chair: All right. Thank you.

Ms Woo-Paw.

Ms Woo-Paw: Thank you. Well, I understand that the ministry has a very important responsibility to protect our natural environment, and I really appreciate information about how the ministry is operated and meets your mission and mandate. I think the goals of the ministry are immensely important. I mean, they're all very important. My question is whether the ministry over time or in the coming year would include performance measurements that would actually communicate to Albertans the status of Alberta's public lands, whether they are healthy, productive, and sustainable, as stated as your goal 1. When I look at the performance measures, they're very clear about how you measure the work of the ministry. I would like to know whether there will be performance measures that would inform Albertans about the quality of our public lands, the bigger, longer term outcomes.

Mr. Quintilio: Well, one of the measures we have in our department that kind of reflects some of what you're asking for is in our rangeland management, where we've got a range health assessment that we do on our leases. We are in the process, actually, department-wide here of looking at more of a kind of composite index of sustainability or whatever you want to call it. I believe that won't show up in next year's annual report, but it's kind of lined up for the year after, I think.

Ms Woo-Paw: I understand that they do take a long time to develop. Thank you.

The Acting Chair: Thank you.
We'll move to Mr. MacDonald.

Mr. MacDonald: Thank you very much. I'm referencing page 361 of the Auditor's October 2008 report. The Auditor General indicates that regarding environmentally negligent operators who still receive sand and gravel leases, there are new policies, but the new policies do not consider current or past environmental performance as part of applicant eligibility. Now, the Auditor finds, Mr. Chairman, that we have 154 operators currently holding active as well as unsatisfactorily reclaimed aggregate holdings. Why is the department allowing that practice to continue? That could be as many as one-third of commercial operators in this province. Why are you allowing that activity to continue, please?

Mr. McGhan: Well, we're not any longer. In fact, as previously answered in a couple of different sets of questions this morning, this is something that the Auditor General has identified. Certainly, we accept everything the Auditor General has said about our need to get on top of the gravel management area in this province and have allocated and dedicated resources and responsibility and the attitude towards getting it fixed. What's happened in the past has happened. It's most unfortunate. Hopefully, as I said, God willing, this time next year we're going to be in much better shape. That's all I would report on that point.

Mr. MacDonald: Okay. My supplementary question is also centred on the same page. The Auditor notes that some operators are directors of multiple companies, and while one company may have outstanding legal obligations, a related company may operate independently under separate agreements and that Sustainable Resource Development cannot legally restrict this practice. Why not?

Mr. McGhan: I guess it's the law. In a lot of cases you have to have reasons to deny the ability for people to make application or operate. Certainly, this is another one of those areas, through the application, the review, the criteria we use for approval, that we'll be looking at to make sure we get the best possible operators who are well funded and that we have the satisfaction and assurance that they're going to operate in a professional, businesslike fashion and reclaim the site.

Mr. MacDonald: Thank you.

The Acting Chair: We'll have a supplemental here.

Mr. Ryan: Mr. Chair, if I just may supplement for a moment here, we found that the applications are made on a specific corporate entity basis, and the corporate entities are persons, applicants, holders of the applications under law. So two separate corporate entities, although they may have common directors or owners, are still separate persons under law. That was the reason we put that phrase in there. It's an element of the law.

Mr. MacDonald: Thank you.

Mr. Dunn: Why we put it in and what we were concerned about are related parties. You have a set of owners who own one company. They set up a second company or a third company, and if the management of the first company does not appropriately conduct itself, if you will, they'll just carry on that same business in the second or the third company. This is all directed towards related

parties and making sure that they look through the corporate veil at the ownership and control of those organizations.

The Acting Chair: Thank you.
Ms Pastoor.

Ms Pastoor: Thank you, Mr. Chair. Quite clearly, as you will see from my questions, some of this is personal in a way. However, the first question really does go right across the province, then, because of a decision that's been made. On page 56 in the annual report it states that \$340,000 was provided for a forest hydrology study to understand how watersheds may be affected by wildfires and mountain pine beetle infestations. What were the results of the study? My other question – I'll do all the supplementals at the same time. Has one been done for the Crowsnest, considering the clear-cut that's being considered for the Crowsnest and Kananaskis areas? As a result of the other study was any action taken to initiate changes, implement new procedures, et cetera? We have already had a huge forest fire, of course, as you are aware, behind Turtle Mountain and in the interior, and now with this clear-cut I think it's going to have a tremendous influence. How much study has been done on hydrology in those forest areas?

9:40

Mr. McGhan: Mr. Chairman, I'm going to ask for part of the response to come from Mr. Harrison, but I'd ask for your ruling, too, on the last part of that question relative to the period of time which we are being examined on, '07-08, and that the question, I think, pertains to the months of October, November of this year. This is Public Accounts, not question period.

The Acting Chair: Yes. Well, I think you can proceed to answer that portion of the question that pertains to events in 2007-08 and expenditures associated therewith.

Mr. Harrison: Okay. Thank you. Those are really good questions. As a result of the Lost Creek fire in 2003 we've undertaken, through the Foothills Research Institute, hydrological and watershed studies. The ministry has employed two PhDs, watershed foresters that are currently studying the effects of what went on at the Lost Creek fire. Those individuals, also along the eastern slopes, particularly in the southern Rockies area, evaluate from a watershed point of view all the forest management plans that come in, and the watershed concerns are addressed in their forest management plans and also in their annual operating plans.

As far as what we've done in particular out of the Lost Creek watershed as a result of the research, that research is continuing. The Foothills Research Institute is the primary researcher with our two watershed foresters. Those reports, madam, are still forthcoming.

Ms Pastoor: Okay. Would they be on the web after?

Mr. Harrison: Yes. Once they're published and peer reviewed, they would be posted. Yes.

Ms Pastoor: Thank you, Mr. Chair.

The Acting Chair: Mr. Mason.

Mr. Mason: Thank you very much, Mr. Chairman. I wanted to ask about the Natural Resources Conservation Board – it reports to the minister – and its role and responsibility for the confined feeding

operations. There were some recommendations made in 2006-07. The Auditor General said that it could manage environmental risks more effectively if it clearly defined the environmental risks applicable to CFOs, if it better prioritized and categorized CFOs and their environmental risks, then instituted sampling and testing to validate the environmental risks, and selected and delivered appropriate compliance and enforcement actions.

Now, this has not been audited since. I guess my question, first, to the Auditor General is whether or not this requires follow-up on your part or if you can shed light on progress made to this point.

Mr. Dunn: I won't be able to answer the latter one. I'll turn that over to the ministry and the department. We will follow up on that recommendation that we made in 2006-07. I believe we're going to follow that up in 2009-10.

Mr. Saher: We will start that follow-up in the next calendar year, 2009.

Mr. Mason: Then for my supplementary, Mr. Chairman, if I could ask the deputy minister to bring us up to date on what the department has done with respect to these recommendations.

Mr. McGhan: Mr. Chairman, it wouldn't be the department; it would be the ministry that would be responsible. This is an area that I would need to do some research on and have the NRCB respond through the minister to this committee.

The Acting Chair: That would be appropriate if you would, Mr. McGhan.

Mr. MacDonald.

Mr. MacDonald: Yes. Thank you. On page 363 of the Auditor General's October 2008 report the Auditor provides quite a bit of background on the security deposit of a thousand dollars an acre. Given that Sustainable Resource Development encourages progressive reclamation, if a project will proceed in phases and the first phase occupies 10 acres and the security deposit will be \$10,000 even if the total holding is for a greater area, does the department consider that security deposit enough to provide reclamation costs later on?

Mr. McGhan: Mr. Chairman, I think, kind of picking up on previous comments, it would depend on the specific location, the nature of the disruption, how significant it was. I think that in general terms, considering today's costs of excavation and rehabilitation, restoring land to its natural state, the answer would have to be no.

Mr. MacDonald: Okay. I appreciate that. Further down the page the Auditor notes that reclamation is expensive. In this report it states: "two Edmonton environmental service companies that reclaim sites for industry and received estimates of between \$5,000 and \$20,000 per acre to restore gravel pits to their original condition." Why, again, is the department only requesting a thousand dollars an acre as a security deposit?

Mr. McGhan: Mr. Chairman, that would be a similar answer to what I provided previously with respect to the questions on the overall royalty. This is part of the review process to determine not only the royalty aspects of it, the revenue, but also the type of security and the value of the security which we are going to be

asking for to make sure that it's more in keeping with current economic times and costs of recovery. So it's one of those coming out of the overall audit recommendations and review that we'll be looking at and have in place before the end of this current fiscal period.

Mr. MacDonald: Thank you.

The Acting Chair: Ms Pastoor.

Ms Pastoor: Thank you, Mr. Chair. Page 387 of the Auditor General's outstanding recommendations. How much money has been spent on conducting risk assessments of confined feeding operations, and have they been ranked in compliance and the enforcement activities of these feeding operations based on that risk assessment?

Mr. McGhan: Mr. Chairman, if you wouldn't mind, I would like to add that to the other NRCB question and ask NRCB to provide the information in a detailed fashion to all members of the committee.

The Acting Chair: Thank you, Mr. McGhan.

Mr. MacDonald.

Mr. MacDonald: Thank you. I also have some questions from the annual report. My first question would be from page 133, please. I'm looking at the unaudited statement of remissions, compromises, and writeoffs for the year ended March 31, 2008, and sections 21 and 22 of the Financial Administration Act apply here. Can you provide a breakdown, please, of the total writeoffs in the department for the \$938,000 that's listed there?

Mr. McGhan: Mr. Chairman, that would be a fairly long list, so I think it would be in order to make sure that it was not only complete but very accurate that we would submit that detailed list of the writeoffs to the committee.

The Acting Chair: That would be appropriate if you could do that on a timely basis for us.

Mr. MacDonald: Thank you, Mr. Chairman. Also, how are these writeoffs determined?

The Acting Chair: That could be included in that same written response, if you would.

That concludes the time we have for questions; however, we would provide an opportunity for members who had outstanding questions to read those into the record with the intent that our guests would provide a written response through the clerk to all members of the committee. At this point are there questions to read into the record? Mr. MacDonald.

9:50

Mr. MacDonald: Yes. Thank you, Mr. Chairman. My first question is on page 107 of the annual report, and this is concerning public lands. "Public Lands Management and Grazing Reserves revenues come from the collection of fees for various dispositions, e.g., grazing, surface, etc.," established by the Public Lands Act. There is a shortfall in dedicated revenue initiatives of over \$1 million. I would like to know why.

The Acting Chair: Thank you.

Ms Pastoor.

Ms Pastoor: Thank you, Mr. Chair. Page 24 of the Sustainable Resource Development '07-08 annual report. How much has the department spent on addressing and controlling chronic wasting disease? I sort of had touched on that before, but this goes to the domestic elk. I've always thought that domestic elk was a bit of an oxymoron because they really are wild. What studies have been undertaken to examine when the problem would be eradicated or at least reduce the 53 cases that were reported on page 24? I'm assuming the 53 cases were wild and not within the domestic population, but how often is that domestic population tested?

The Acting Chair: Thanks, Ms Pastoor.

At this point the committee will move to other business. I'd like to thank our guests for attending this morning. We understand you have a very busy day, and we wish you all the best with the work of your ministry over the next year. Thank you again for joining us.

Mr. McGhan: Thank you.

The Acting Chair: Ladies and gentlemen, with your permission I'm now going to provide the chair back to Mr. MacDonald, who will conclude the business of the meeting.

[Mr. MacDonald in the chair]

The Chair: Good morning. Mr. Dallas, I would like to thank you for your job this morning. I appreciate it. The Member for Calgary-Varsity had to go to a WCB hearing with a constituent this morning, and it was certainly interesting to get an opportunity to ask questions at this meeting.

Items 5 and 6 on the agenda. We have other business to deal with. I would like to note that written follow-up responses have been received for all 2008 meetings from April 23 up to and including October 22, and I would like to note this and also ask members to review those documents and ensure that all your questions that you raised were answered.

Now, we have other business at this time. Mr. Jonathan Denis has indicated earlier that he has a matter he would like to discuss before the committee. Mr. Denis, proceed.

Mr. Denis: If I could, Mr. Chair. Thank you. Given the lateness of the hour I will be brief. I'm rising – sorry, I'm sitting – with respect to an appeal to a point of order which I raised on November 26. The chair ruled it out of order, and I'm here speaking with respect to Standing Order 65(2)(b), which indicates that the decisions of a chair in a committee are always subject to appeal to the committee. It's also supported by *Beauchesne's* 821, which I quote: "All rulings of the Chairman may be appealed to the committee."

With respect to the actual complaint in the beginning, I have actually obtained copies of *Hansard*. It was with respect to a question asked by the Member for Calgary-Varsity. His exact verbiage was "an 'advertising plan,' which implies the need to sell or manipulate a message." While I acknowledge that the past practice of this committee is to relax the rules in order to promote discussion, I respectfully submit to all members of the committee that the verbiage used by the member is a clear deviation from the above-noted rule, and it's clearly out of order. The verbiage "to sell or manipulate a message" is not found anywhere throughout the subject report of Executive Council.

In addition, the letter that I have submitted to all of you indicates that a definition of advertising as a bringing into force. As well, the dictionary defines to manipulate as to manage, control, or influence in a subtle, devious, or underhanded manner. Having reviewed the

documentation in question and the specific meeting of the committee, there is, respectfully, no indication as to the ostensible falsehood of the advertising done.

That is my submission, and I wish to appeal the ruling of the chair to the committee as I'm entitled to do so in accordance with the standing orders, as I mentioned, and *Beauchesne's* 821.

Mr. Mason: Mr. Denis referred to a letter that he'd sent to members of the committee. I don't have that letter.

Mr. Denis: It was forwarded on Wednesday. I can send you a copy if you like.

Mr. Mason: Do you have a copy now?

Mr. Denis: I have an electronic copy if you'd like.

Mr. Mason: Does anybody have a hard copy?

An Hon. Member: This is the letter, right?

Mr. Denis: Yeah, that's it.

The Chair: Mr. Fawcett.

Mr. Fawcett: Is Mr. Mason done?

The Chair: Yes.

Mr. Mason: Yeah. As I was not present at that meeting, I'm just finding this fascinating and catching up.

Mr. Fawcett: Mr. Chair, I think Mr. Denis raises an interesting point. I have to admit that at times I am concerned about the line of questioning that we use in this committee. I think Public Accounts has a very, very important role to play in our government, a role that I think all members of the committee should take very, very seriously. That role, however, is not to be partisan, nor is it to question government policy, particularly government policy of the day.

In the meeting referred to by Mr. Denis – and I've even gone back and looked at the transcript – along the same line of questioning the Member for Calgary-Varsity had asked questions about \$25 million in rebranding, which was in this year's budget. It was a government expenditure in this year's budget that had no relevance to the previous year's annual report. To me, it seems like what we really do when we allow ourselves to ask those types of questions is that we diminish the role and the importance that this committee actually has in our government process.

I just want to go to a document that I was looking at from the Canadian Council of Public Accounts Committees, *Guidelines for Public Accounts Committees in Canada*. I just want to mention four of them.

The Public Accounts Committee should operate in a non-partisan fashion if it is to effectively conduct a searching and rigorous scrutiny of government expenditures . . .

The role of the Public Accounts Committee is to hold the government accountable for its spending of taxpayers' money and its stewardship over public assets . . .

The Public Accounts Committee should not concern itself with the policies of the government or with determining if they are good or bad. The Committee should be concerned with ensuring that the policies . . . of government are implemented in an effective, efficient, and economical manner . . .

Finally:

Public Accounts Committees should hold public servants accountable for their performance of the administrative duties and implementation activities which have been delegated to them.

Mr. Chair, the thing that actually really concerned me about some of the lines of questioning was the unfair position that we put some of the people in that appeared before our committee as they have no power over government policy or the direction set by the government. All they have is the responsibility to spend that money in the best and most appropriate manner. I think we crossed the line with several of those questions.

Thank you, Mr. Chair.

The Chair: The chair is going to remind all members of this committee that the chair's rulings are not subject to debate. The hon. member raised an alleged point of order last week. The hon. member did not even have a citation at hand. The chair ruled. That's it. If the hon. member wants to write his letter, that's fine. There was no point of order at that time. The chair ruled. We are again moving on. I thank the member for his letter.

10:00

Mr. Denis: Subject to appeal.

The Chair: But subject to appeal on that day.

Mr. Denis: It doesn't say "on that day" here, Mr. Chair.

The Chair: Hon. member, I would remind you that we're bound by the same rules as the Legislative Assembly.

Mr. Denis: Where does it say "on that day"?

The Chair: Let me finish, please.

Whenever the Legislative Assembly deals with a point of order, it's dealt with, and then we move on. The same rules apply in Public Accounts as apply in the Legislative Assembly. Sorry. You had an opportunity.

Mr. Denis: You cite the rule.

The Chair: It's parliamentary practice, hon. member.

You had your opportunity. I'm sorry. We can't go back and revisit issues on a weekly basis. So we're moving on with this. That's it. Fine. Okay?

Now, are there any other items under Other Business that we would like to discuss this morning?

Seeing none, if there is a meeting next week, if the session is still on, it will be with Alberta Agriculture and Rural Development at the usual time.

Motion to adjourn? Mr. Mason. Anybody opposed to the adjournment motion?

Mr. Denis: I am.

The Chair: You are. On the record noted.

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

