

Legislative Assembly of Alberta

Title: **Tuesday, March 29, 1994**

8:00 p.m.

Date: 94/03/29

head: Committee of Supply

[Mr. Tannas in the Chair]

MR. CHAIRMAN: I'd call the committee to order. Order. The committee is reminded that we are in Committee of Supply. For those in the gallery, it's the informal section of the Legislature. People are allowed to sit at other desks, to remove their jackets, to have tea or coffee or juice in here, but not to be talking when standing in groups. They can walk from their seat to another seat or outside the Chamber.

head: Main Estimates 1994-95

Environmental Protection

MR. CHAIRMAN: Tonight we have for the second time the Department of Environmental Protection. I'd invite the minister to make a few comments to start the evening's debate off. [applause]

MR. EVANS: Thank you very much, Mr. Chairman. I'd like to thank my colleagues on this side of the House for the warm reception. I'm sure the Liberal opposition feel just as enthusiastic about these estimates this evening. I know it's a little more difficult for them to show their enthusiasm, but I know it's there deep down inside.

It seems, Mr. Chairman, like mere days ago that I was before the committee on March 8, and I'm very pleased to be back again this evening.

I would like to take a few minutes, to begin with, to try to cover as many as possible of the questions that were left unanswered because of time restraints on the 8th of March. I'd like to begin in reference to a question from the hon. Member for Sherwood Park. He was using the terminology that we were exploiting our natural resources. I hope he was not using "exploitation" in a negative sense. I think it's important to describe what we do say in our business plan so there won't be any misunderstanding of those who would be reading *Hansard*.

Nowhere in the business plan for my department, Mr. Chairman, are the words "promoting our Alberta advantage through exploitation of our natural resources" used or even implied. In point of fact, our mission and mandate clearly state that we are stewards of Alberta's . . . natural resources, [that] we will protect, enhance and ensure wise use of our environment . . . [that we will be] accountable to our partners, the people of Alberta.

The first two goals of our business plan, in that order, clearly state that we must:

1. Ensure Alberta's renewable . . . resources are managed and used in a sustainable manner.
2. Meet the Government's targets for deficit reduction.

Certainly, in my view, the goals and strategies to meet those goals don't imply exploitation of our natural resources in any way, shape, or form.

The goals that may be causing the hon. member some concern, such as privatization and outsourcing of services and deregulation and streamlining of our regulatory processes, are merely a move to provide a much more efficient and effective delivery of environmental regulatory and resource management services to the people of Alberta. They don't in any way, shape, or form, Mr. Chairman, imply that our doors are open for exploitation of our natural resources.

Moving on, then, to another question that was posed by the Member for Sherwood Park about how many prosecutors in this province are solely dedicated to prosecution of environmental offences. I can indicate that there's one special prosecutor in our special prosecutions unit of Alberta Justice who is responsible for reviewing all our environmental prosecutions. This prosecutor handles the majority of those prosecutions, and we have regional prosecutors as well to assist whenever that's required. I think there's certainly a benefit to having one dedicated prosecutor to deal with these offences and to oversee and co-ordinate the environmental prosecutions throughout the province.

I'd then like to move on to a comment and question from the hon. Member for Lac La Biche-St. Paul. He asked whether the province still had enough in reserve to look after the Special Places 2000 and the Canadian heritage rivers system, and also asked: can we protect highly sensitive areas that are open to soil erosion and areas of special wildlife concerns where they may be problems? Certainly, Mr. Chairman, we continue to have the opportunity to protect lands that contain unique and sensitive ecological values. Environmental concerns are being addressed through land use planning on a constant basis through monitoring of developments and ensuring reasonable operating requirements are met. The challenge, of course, is to balance the economic stability and growth that we need in this province to protect our environment. Again, going back to the comment I made on March 8, the only strong environments are in areas where they have strong economies. That is the rule throughout this globe. We must continue to set aside special places that are important to maintaining our natural heritage.

The hon. Member for Lac La Biche-St. Paul also asked what were the department's requirements for companies who harvest timber on Crown land and private land in the white zone area, the more developed area of the province, Mr. Chairman. Removal of timber from white area Crown land occurs only if it allows for other appropriate uses as are determined through our integrated decision-making processes such as range improvement or agricultural development. On private land, however, the government does have less control. There's no question about that. We are trying to provide education and awareness to influence harvesting on privately owned land to make sure that harvesting is done in a sustainable manner, that it does not breach any of the laws we have currently under Acts such as the Forests Act or the Soil Conservation Act. We are also trying to promote our woodlot program to ensure that landowners realize that if they manage their wood resources appropriately and properly, they can have a continuing source of income and can in fact farm the lands that they have in a way that's not traditionally been identified as a farming method, namely harvesting over a sustainable time frame and a sustainable manner the timber that comes off that land.

There was another question from Lac La Biche-St. Paul about why we are paying up to 50 percent of seedling requirements for certain companies. Well, terms have varied in the forest management agreements that we have with industry in Alberta.

I understand, Mr. Chairman, you'd like me to sit down for a moment. Is that correct?

MR. CHAIRMAN: Order. Order.

AN HON. MEMBER: Come on. Sit down, you guys.

DR. L. TAYLOR: I would, but the hon. House leader is in my chair.

MR. CHAIRMAN: Minister of Environmental Protection.

MR. EVANS: Well, thank you again, and good evening again, Mr. Chairman. I was speaking about the various agreements that we have with our forest management agreement holders. In point of fact we are trying to move towards the industry supplying all of the seedlings throughout the province. We would be doing that not in an aggressive or a top-down approach but rather recognizing the contractual obligations that we have through our agreements and working with the industry, asking them to take on more responsibility. I'm happy to report to the committee that we have had very positive responses from the forest industry in terms of taking on more responsibility for seedling supply in this province.

8:10

The member also asked about whether the department would be prepared to approach the federal government to see whether we could obtain logs from the air weapons range at Cold Lake. I would advise that we have a memorandum of agreement in existence between the governments of Alberta and Canada regarding the weapons range. All rights of access to the range pursuant to that agreement have been granted to the Alberta Energy Company and the deciduous timber rights to Slave Lake Pulp. The province doesn't retain the authority to control access to the timber on the range, and quite frankly the timber is of limited volume and rather poor quality in terms of merchantability. There are as well, Mr. Chairman, certain inherent dangers in taking timber off an area that has unexploded munitions on the range, so that does pose an additional risk. I'm not quite sure the Alberta Energy Company would be too keen on moving in and exercising all the rights of access they have.

The next question I was asked about was the pressures to export logs out of the province and the effects they're having on our local operators and what about the pressures to export logs to Montana. Certainly we have tried to be conscious of the rights of landowners, recognizing as well that right now, because of very high prices and because of lack of quantity of merchantable logs in British Columbia in particular, we have a great deal of activity here on private lands. What we are trying to do is maintain a level playing field so that none of our companies in Alberta faces a disadvantage in trying to negotiate with landowners in this province to acquire private logs. I think in fairness, Mr. Chairman, because we have increased quite substantially the dues for sawlogs in this province, doubling the base rate and taking a percentage of profit over cost of production – the range is anywhere from 15 to 50 percent – there's much more incentive now for private industry in this province to acquire logs from the private sector because there isn't the low price that has been associated in the past with Crown logs. We will continue to look at ways of continuing to level the playing field.

At the same time we firmly believe that we should not be increasing interprovincial trade barriers, because it's our policy not to do so. Most importantly, from my department's perspective, we are responsible for the land base. That includes the water. We want to be sure that any harvesting techniques do not jeopardize the quality of the soil we have in this province, in particular off the properties that would be harvested if they are private lands and the watercourses downstream from properties that are harvested. So it's a continuing process, Mr. Chairman, and we're monitoring it very closely.

There was another comment from the Member for Lac La Biche-St. Paul, a concern about the 20 or so small-to-medium log operators in the riding of Lac La Biche-St. Paul and whether or not they would be running short of logs and would we be prepared to approach the federal government to see whether we could obtain some of those logs off the Cold Lake air weapons range.

I think I've explained that the logs are of inferior quality, and there are a number of dangers that are inherent in obtaining the logs in any event.

There was then a question asked about the status of the federal woodlot management agreement. Is the program in place? Yes, indeed, we have a private woodlot program. We are very close to extending that agreement with the federal government. Ministers of forestry in Canada met in Fort Simpson in September of '93, and we agreed that this was a positive initiative and that it should be continued.

There was another question asked about shortfalls in the forest management agreements that we have with, in particular, Alberta Newsprint Company and whether or not this 30 percent shortfall that has been talked about is actually the case. We did ask Alberta Newsprint to complete a new inventory using Alberta vegetation inventory specifications. These are our Free to Grow standards, which came into effect in 1991. They are more significant and more strenuous standards than were used before 1991, and lo and behold unfortunately we found that there is a shortfall in the annual allowable cut in the Alberta Newsprint FMA. As a result of that, we are looking at ways to deal with that shortfall. We are looking at the other timber companies that have an interest in the wood supply in that area. We are sitting down at table with all of these operators and trying to find a reasonable and equitable way of dealing with the shortfall. Quite frankly, Mr. Chairman, this is no one's fault. The formulas that were used and the inventories that were taken were done both by industry and government using the best available information at the time, but we have better information now, and we found that those estimates were high.

There was a question then about another shortfall, in the timber management area in High Level, and I would point out that in point of fact in the Footner Lake forest we are again in a situation where the inventory does not match up to what we thought it did. We are again using the Alberta vegetation inventory standards. We have to look at other ways of increasing yield, and there are good, scientifically proven ways of doing that. The industry is being more aggressive in that, and we will keep working on it to ensure that the businesses in that area have an allowable cut that will allow them to keep in operation and keep productive.

Again, the Member for Lac La Biche-St. Paul asked about the La Crête area, made a comment about the sensitive nature of the environment in that area and the fact that it was habitat for woodland caribou. He wanted to know how we could save the caribou and at the same time allocate logs to people who could use them to create employment in the region. That is a challenge that we have on a regular basis, Mr. Chairman. Indeed, we've confirmed that caribou are found in the area. The identification of habitat requirements that are critical to maintenance of the caribou will certainly be included in determining the annual allowable cut. We want to ensure that there's sufficient habitat for the caribou to be maintained, along with a reasonable level of harvesting activity to promote employment in northern Alberta.

There was also a question by Lac La Biche-St. Paul about the status of timber allocations generally to ensure sustainable yield for Albertans. I would just like to state that we do conduct on a regular basis audit of our forest inventories, and we communicate that information both to the industry and to Albertans generally. We will continue to do so.

Another question from Lac La Biche-St. Paul was about Grande Prairie paper going through a Natural Resources Conservation Board process with respect to its timber allocation while Tolka – that's up in the High Prairie area, and that's not even finally approved at this point of time, Mr. Chairman – is not being

required to undertake that same kind of a review and a question about consistency. Well, Grande Prairie paper was a pulp mill proposal. Pulp mills are a mandatory review under the NRCB process. The Tolka proposal is for an oriented strandboard mill, and that requires an environmental impact assessment report to determine whether there are significant adverse environmental impacts. If that is the case, then they would have to go to the next stage, to an NRCB hearing. Quite frankly, of the existing oriented strandboard plants in Alberta, the environmental impact is very insignificant compared to pulp mills. It's not likely that the Tolka proposal, if it is approved, would be subject to an NRCB hearing.

8:20

There was then a question from the same member about B.C. and someone wishing to sell timber from private land having to advertise it for sale so that local operators would have an opportunity to bid on it. Again what the member was getting at was: let's make sure that we have a level playing field here in the province of Alberta. We have neglected vigorously to have onerous requirements on private landowners, recognizing at the same time that we want to ensure that we protect the land base and the water that we have in this province.

I'll then move on to some questions that were asked by the Member for Lethbridge-East. He raised an issue about assessing annual fees for water licences and whether that would not encourage efficiency but would encourage licensees to use the full amount of their water withdrawal because if it was paid for, they might as well use it anyway. I would say in answer to that comment that there is certainly a cost to pump water, and I don't believe that any licensee would unnecessarily pump water and waste money in the process. All water users within the irrigation districts are currently paying a fee for the infrastructure that brings the water to them. That is paid whether or not they use water. If we were to put any kind of an additional fee on, that would be added to the water rate that they are paying at this point in time. We are looking at this whole issue of water use fees. I think that's one of the things that the member was alluding to. We have a standing committee that is investigating this.

I hope, Mr. Chairman, that I'll have an opportunity to deal with some of the other questions as the night progresses. Thank you.

MR. CHAIRMAN: Okay. The hon. Member for Sherwood Park.

MR. COLLINGWOOD: Thank you, Mr. Chairman, and thanks also to the Minister of Environmental Protection for his reply and comments on issues and questions and concerns raised by members from both sides of the House on the first day of the estimates for this department.

Mr. Chairman, I want to start this evening with something that's fresh in our minds from debates that occurred earlier today, and that was in relation to the surface reclamation of abandoned well sites that is part of the debate and discussion on Bill 5 that's been presented by the government, the Oil and Gas Conservation Amendment Bill. The Minister of Energy has indicated that the inclusion of surface reclamation in the Bill is virtually impossible because it's already covered off under the Environmental Protection and Enhancement Act. The difficulty is that the minister doesn't see a way to having that included in Bill 5 because it's already been legislated in the Environmental Protection and Enhancement Act and there's already a system and a process in place that deals with the reclamation certificate, how that assessment is done, who gets it, and so on.

The other point that was made, of course, is that the environmental protection and enhancement fund is the source of revenue that would be used, then, for surface reclamation of an abandoned

oil field site, oil well site. Again the legislative authority comes under the Environmental Protection and Enhancement Act to take funds from that fund and use it for that purpose. Now, in some debate earlier today, Mr. Chairman, it was suggested that perhaps it would be a better and more streamlined approach to have, in fact, surface reclamation form part of the abandonment fund that is being contemplated and suggested in Bill 5 rather than having surface reclamation a separate process, a different process – two processes for industry and for landowners to have to deal with in terms of reclamation of an abandoned well, both in terms of the down-hole reclamation and in terms of the surface reclamation. Essentially in debates the minister left with us: raise it with the Minister of Environmental Protection; it's in that bailiwick; it's their problem to deal with; it's not mine.

It seems to us, Mr. Chairman, that it only makes sense to revisit that issue, and if the government is now intent on bringing in a well abandonment fund that would in fact be funded by the industry, it's worth while revisiting whether or not surface reclamation costs can be included in that fund rather than in the environmental protection and enhancement fund. As it stands right now, given the business plan of environmental protection, the fund revenue is going to come from an increase in stumpage fees. It's going to come from an increase in hunting and fishing licences. It's going to come from an increase in gravel fees, water hydro rental fees, and so on. It would then probably appear to those who are funding that particular fund that if the provisions as they stand now under section 128 of the Environmental Protection and Enhancement Act are invoked so that money from stumpage fees can be used to go and reclaim land on an oil well site, perhaps the funding source should stay closer to the kinds of things we want the fund to use and not necessarily what's already legislated and in the Act. That would be for things like abandoned well sites and the surface reclamation of those.

The energy industry has indicated it's prepared to place funds into a fund that would be used for down-hole reclamation. I don't think it would be too much of an extension to say to that industry that the surface reclamation may be part of a responsibility to the industry as well, because the environmental impact has been from that industry and not from consumers who purchase hunting and fishing licences or gravel haulers or the forestry industry who's paying the stumpage fee. So I'd like to leave that with the minister. The issue was raised earlier today. The Minister of Energy suggested that we deal with it through the Minister of Environmental Protection in estimates debates. I've taken the opportunity to do that. Perhaps the minister can let us know whether or not he'd be prepared to revisit the issue, sit down with the Minister of Energy, talk about whether or not surface reclamation can move over into that department, and give some greater certainty and some greater clarity to the energy industry about obligations that they may have in terms of the reclaiming of the site. So I'll leave that first issue with the minister on something that had been raised earlier today.

[Mr. Clegg in the Chair]

The next issue that I want to raise – and I did just briefly touch on it, Mr. Chairman – is in the business plan. It is in relation to the environmental protection and enhancement fund. As we have seen from the fund, there is the indication and the pro forma statement that the fund will probably receive in total in terms of revenue in the year '94-95, for the next fiscal year, something in the range of \$20 million. Now, unfortunately that's simply a lump sum amount that's indicated to be sourced from, quote,

royalties or economic rent. Now, within that number there's a whole variety of fees that are talked about: hunting and fishing licence fees, water hydro power rental fees, mineral surface lease fees, timber stumpage fees. So I wonder if the minister could give us a bit more of a breakdown on that. The lump sum doesn't really tell us what's going to fund the environmental protection and enhancement fund. We'll assume that the majority of the money will be from the timber stumpage fee for the next year, but there is no clear breakdown of where the sources are coming from for that \$20,900,000. If he has an idea of in a pro forma statement where that's coming from, perhaps he could give us some indication. I suppose the same could be said for the previous category. I'm reading from the business plan on page 9, the comment about user fees. Again there are a number of user-pay sources there, but only a lump sum is provided to us. Perhaps he could give us a further breakdown in a pro forma situation as to where that's going to come from.

8:30

Mr. Chairman, I'll move now into the votes and just make a comment. Recognizing that one of the commitments of the government in terms of the budget for this year, in terms of the three-year business plans, has been to try and identify and seek out and deal with areas that have duplication, areas where there's waste, areas where it is not taxpayers' moneys that are expended wisely, I was struck as I read through the various votes and the descriptions by the amount of duplication in terms of what votes dealt with what issues. I've just been able to grab a few as I've gone through. Perhaps I'll raise these just as examples for the minister of what appears to be a duplication of effort that perhaps could have been streamlined in a better fashion, and perhaps the minister could comment.

Start with looking at vote 3.5, which is Action on Waste. Now, we've got to recognize, Mr. Chairman, that this is the first time that Action on Waste has been in this vote, at least to my understanding. I believe it has always been to this point in time a vote in economic development and has not been a vote in Environmental Protection. I suppose the first question that we could ask the minister here is: what was the decision in terms of carrying it over from economic development into Environmental Protection? Why is the shift taking place? Give us an explanation on that.

I notice in Action on Waste – and I'll just sort of briefly describe part of the function of the Action on Waste group – that one of its mandates is:

Manages contaminated sites and decommissioning and reclamation initiatives for contaminated sites. Gives direction with regard to policy and protocols expected to be followed for issues concerning contaminated sites.

That's one of the mandates for Action on Waste. Then we go to wastes and chemicals, which is in fact vote 2.4, and part of that mandate is:

Manages contaminated sites and decommissioning initiatives and gives direction with regard to policy and protocols expected to be followed for issues concerning such sites.

Well, it sounds like it's exactly the same thing, so why are we spending the money in keeping this group Action on Waste? Recognizing that that's not all they do but in terms of duplication, why is Action on Waste involved in doing that when the department is already doing that under vote 2.4?

Another example, vote 3.4, data collection and inventory, talks about investigating the "effect of developments on groundwater resources." So we're talking about groundwater resources and the effects of development on groundwater resources in this vote. Then we go back to vote 2.4 again, which is wastes and chemicals, and there it talks about ensuring that "relevant municipal and

industrial developments have minimal impact on groundwater quality." Well, again it sounds like it's the same thing being done in vote 2.4 as is being done in vote 3.4, so again we appear to have duplication. We're spending twice as many dollars, perhaps, as we need to. It is glaring, and it does appear to be a duplication of effort within this department.

The last example that I want to raise for the minister to comment on is vote 3.3, water resources planning and co-ordination. Again, part of the description there for water resources planning and co-ordination is: "develops new policies and programs for water resources management." Well, then if we go vote 11, which is the Water Resources Commission, the mandate of the Water Resources Commission is "to advise the government on policies and programs respecting Alberta's water resources." Well, it sounds like it's exactly the same thing, recognizing again that it's not the full spectrum of the effort of the department in that vote or the Water Resources Commission in terms of what it's doing. These are glaring examples of what appear to be from the description in the estimates a duplication of effort.

Those are three examples that sort of jump out, and I'd like the minister to comment and I guess essentially assure Albertans that it is not duplication of effort within the department and there are separate mandates and separate work that is being done. We're in a period of fiscal responsibility. We're in a period of fiscal restraint. We're in a period of streamlining. It appears on the face to be something that could have been taken further. We need assurance that in fact it was looked at.

The last comment, I guess, is on Action on Waste, since I did raise this already. Again, I believe it has just come over this year from Economic Development and Tourism. Questions to the minister on Action on Waste: how are the members of this organization appointed; you know, who sits and how do they get on Action on Waste? I guess more to the point, how is Action on Waste accountable for the dollars it spends and the programs it initiates in coming over from economic development into Environmental Protection? Who are they accountable to, and how are they accountable for the dollars that are given to them to dish out? Who do they report to?

Actually, that probably begs the next question. In a number of cases within the department – again recognizing the new direction that the government is intent on taking, which is going to the three-year business plans, and that's a positive move, one that's appreciated – it probably would have served us well if we had had a separate business plan on Action on Waste and if perhaps we even had separate business plans for essentially stand-alone organizations within the department. Perhaps the Environment Council of Alberta and even perhaps the Water Resources Commission – if there had been at least a separate look into the future, a three-year plan of what it was that those organizations intended to accomplish with resources that would be made available to them. So perhaps a comment from the minister on whether or not business plans might in fact be coming forward from those kinds of stand-alone organizations would assist greatly, actually.

Okay. I want to move into just speaking on some of the votes specifically, moving through program 1 and then on and just raising some comments and checking my notes as I go here as well.

The minister has heard me comment on this before, and I'll certainly not pass up the opportunity to comment again, and that would be in response to vote 1.0.6. Vote 1.0.6 is the standing policy committee on natural resources and sustainable development, which is a \$60,000 bill to Albertans for a committee that has a broad spectrum of Tory MLAs, strictly government MLAs. It is not an all-party committee. It should not be an expenditure

of government. It runs a full and broad spectrum of various members of government, but I do not see that there is in fact funding or resources coming from any other department for this standing policy committee on natural resources and sustainable development, which includes the Department of Labour. Well, I guess the question that I'll pose once again and have in the past is: how in the world can the minister justify \$61,000 from his budget for the running of this department when, as I say, it covers a broad spectrum and is not an all-party committee? I'll leave that one with the minister as well and, as I say, I'm happy to have every opportunity to raise that one with him.

8:40

I dealt with the issues that I wanted to deal with I think, Mr. Chairman, on programs 2 and 3. Maybe I can come back to them, but I won't do that now.

I'll move to program 5, which is land and forest services; in particular, vote 5.4. I suppose rather than dealing specifically with the number, although it is down for this year, it does tend to raise the question as to how in fact is the shared stewardship of Crown lands funded between the Department of Agriculture, Food and Rural Development and the Department of Environmental Protection? Who's running the show and who's paying for it, I guess is essentially what the question is here, because I see we are still spending almost \$6 million on land administration, vote 5.4, in land and forest services. Now, in fact, that may not be just the Crown land issue. Perhaps there's a more detailed explanation, but I'll leave that with the minister and ask him to respond specifically to that.

We have, of course, Mr. Chairman, amalgamated lands and forests with environment to create the Environmental Protection ministry, but again I notice that while there has been some reduction, we still have program support in vote 5.1 of almost \$17 million in expenditures. As you know, the description of program support is two lines in the estimates, so it doesn't really give us any clear indication of where we're spending almost \$17 million on program support. It has been somewhat of a reduction from the '92-93 of \$21 million, so it has been reduced. But we're still spending a significant amount of money there, and perhaps the minister can comment on that one.

I have not specifically seen – and I apologize to the minister if it is in fact in here – within this vote the question of the Pine Ridge nursery. I guess over in heritage estimates is where it would be. It may be inappropriate to raise it here, but, you know, we've talked a lot about privatization of various government assets and services, and it seems to me that that one is one that should be looked at very carefully as to whether or not that's something that the government can get out of the business of being in. In the Pine Ridge nursery I notice again we're spending a fair bit of money on upgrading that.

I have a number of further comments to make, Mr. Chairman, on various other votes, but I know that others do want to speak to the estimates, and I'll pass.

MR. DEPUTY CHAIRMAN: Before I call on Edmonton-Whitemud, may we have unanimous consent to revert to Introduction of Guests?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Opposed, if any? Carried.
The hon. Member for Bow Valley.

head: Introduction of Guests

DR. OBERG: Thank you, Mr. Chairman. It's with great pleasure to introduce to you and through you four of my constituents who have traveled a long ways from southern Alberta. Being from southern Alberta, God's country we sort of call it down there, there are very few people that actually come up to the Legislature, and in fact in the close to 10 months that I've been here these are the first guests that I've had in the Legislature.

MR. DINNING: It's not the distance, Lyle.

DR. OBERG: I'll rephrase that. They are the first guests that will admit to knowing me in the Legislature.

I would like to introduce to you Margaret Douglass, who is the reeve of the county of Newell; Wendell Rommens, who is the deputy reeve; Bob Burton and Paul Barg, who are councillors of the county of Newell.

MR. HIERATH: Mr. Chairman, I wonder if I may introduce some guests in the gallery, please.

MR. DEPUTY CHAIRMAN: The hon. Member for Taber-Warner.

MR. HIERATH: Mr. Chairman, I'd like to introduce to you and through you four people from the county of Warner that are up at the convention over at the Edmonton Inn. I'd like to introduce Emma Hult, Frankie Kaupp, Marvin Dahl, and Allan Rommel. I'd like them to rise and receive the warm welcome of the Assembly.

MR. DEPUTY CHAIRMAN: Thank you.

head: Main Estimates 1994-95

Environmental Protection (continued)

MR. DEPUTY CHAIRMAN: The hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Chairman. I'd like to start off my questions on the estimates for Environmental Protection on program 5. Like my colleague from Sherwood Park, I too am struck by the evidence of duplication that I see in the various votes here. I can look, for example, and see in vote 5.1.7, automated information systems, an expenditure of \$582,000. I can then go down to vote 5.2.7, forest resource data acquisition, and see \$572,000 there. Similarly, when looking at support services in 5.1.1., I see support services of \$1,333,000. Under forest management I see \$986,000. It's very clear that there has to be some duplication there. I fail to see how between votes 5.1 and 5.2 you can make that fine a distinction in terms of allocating overheads in support services. Perhaps the level of support services reflects the fact that a number of areas have been pulled together and there's still a thinning and pruning going on in this particular division. But it does look as though there is some evidence, then, of administrative overlap within services.

Now, in particular, I wanted to focus some of my comments on 5.2, forest management. The first point I would make is that in question period there have been a number of instances on both sides of the House where members have spoken of logs heading over to British Columbia. That tells you one of two things. Well, it tells you one basic thing if you believe in markets: log prices are higher in British Columbia than they are in Alberta.

Now, why might that be? Well, I think one of the explanations may well be that we're underpricing timber in the province, or we're failing to fully allocate some of the costs associated with servicing a forest base.

But it's pretty clear, Mr. Chairman, that the market is telling the hon. minister something. Given their professed belief in markets, certainly on this side of the House we would hope that they not only profess a belief in markets but they actually understand what the markets are signaling, that there is an apparent differential that more than offsets the cost of transporting those logs from Alberta to B.C. by truck, which is relatively costly. I think that suggests, then, that (a) there's a differential in prices, and (b) if that differential in prices exists, we're being shortchanged as taxpayers, because those trees belong to the taxpayers of this province, or to all Albertans. I think there's some evidence there that something ought to be looked at in terms of timber pricing.

Now, let me come specifically to the issue of timber pricing. When I look at this and I see under 5.2.2, timber audits, which will give us an idea of what is being harvested, \$270,000, and log scaling, \$176,000, and revenue and disposition management, \$376,000, it looks to me as if we're spending a lot of money. It strikes me as well that the market is telling us that we're losing some money. Now, in particular, the pricing structure that we have adopted is, in a sense, a flat rate royalty. We pick a level, we index it, and that price then tracks what happens to prices in the market. Well, that's a cheap way, Mr. Chairman, of trying to regulate the forest base. It's administratively cheap, but it is wasteful, it is inefficient, and it does not capture the full value of that resource base for its collective owners, Albertans.

A flat rate tax such as that does two things. The trees that are close to the road, that are easy to harvest, generally command a higher stumpage price or value as standing timber. We tend to underprice those trees. On the other hand, those trees that tend to be further away from roads and closer to the extensive margin, or at that point where it costs you more to harvest that tree than in fact the revenue you would collect from it, we tend to overprice on that margin. We tend, then, to lead to less harvesting activity in those margins than would be the case if we had what's called a modified Rothery formula. This type of formula has been used extensively in British Columbia prior to their going down the socialist route. The beauty of this type of formula, a Rothery formula, is that what it does is take into account differences in the quality of trees, differences in the cost of harvesting trees, and it allows you then to have stumpage prices that vary very significantly with a variety of factors from terrain to slope to the end use of those products.

8:50

Now, within the timber pricing system within the province there are some efforts, then, to distinguish between trees used for pulp, trees used for sawlogs and the like. On the other hand, it's a pretty crude estimate given that we now have billions of dollars invested in the forestry industry of northern and central Alberta. It's an industry that really now has to go down the same route that we went down in terms of the energy industry when we set up the Energy Resources Conservation Board, when we set up mechanisms that were market based to attempt to value the resource so that it would go to its highest end use.

What we have in place now is a system that is convenient, there's no doubt, that is indexed to an extent to prices, but it may not capture the full value of that resource for its collective owners. To the extent that it does not do that, Mr. Chairman, it in fact leaves logs being allocated to lower value-added uses than would be the case, because if you charge the full value for a tree,

those people that have to buy it will make sure that it goes to its highest end value use. If the name of the game is to promote greater value-added in this province, part of the way of promoting greater value-added is not only to offer exhortation to the industry but to charge them. You charge a higher price for higher quality trees. You charge them a higher price for trees that are closer to the road. You charge them what the market will bear, because that's the name of the game. Get the full resource value for the owners, and that way you ensure greatest value-added in the industry.

With the present pricing regime that we have, I think there's clear evidence that it undervalues timber. I can cite, for example, a study that was undertaken at the University of Alberta Department of Rural Economy. It would be about four years ago. This study looked at two different ways of trying to look at the end product value or the residual value of standing timber. It involved looking at the value of end product use, subtracting from that the cost of production, wage payments, the cost of capital, cost of intermediate inputs. The residual that remains then is the value of standing timber, or the stumpage. With that type of study the student looked at what we actually collected as a province to what was charged. That study four years ago suggested we only picked up 10 percent of what the market value of those trees would be - only 10 percent, Mr. Chairman.

Now, the issue then is: have we improved? I think clearly the hon. minister and his department are moving in the right direction. They have significantly increased those prices. But it's not at all clear that just by doubling the prices they still take into account significant differences in quality, because there are some efforts to distinguish by species. Factors related to harvesting cost and processing cost are important, so I think the evidence suggests that we're not getting full value for money. I would certainly hope, then, that when we're spending this type of money on log scaling, revenue and disposition management, and resource analysis, it would focus on some of these issues of whether now is the time to move from a system that's relatively passive, picking an end product price and indexing it to one that in fact requires a lot more data. It involves significant up-front costs but through time may generate the right signals to create more value-added in the system and also ensure that the province captures all of the revenues that it is due.

In British Columbia this system was an administrative nightmare. It turned forestry into a blood sport. There were a number of things that they did wrong and that could be avoided which would lead to a residual pricing system that would distinguish on the basis of quality, harvesting costs, and processing costs, because I think all members on both sides of the House want to ensure that this is an industry that has the greatest value-added contribution to the province and that the resource value of this is realized for the province.

Again, I think there is some evidence there that we're not capturing the revenues and that there are things we could be doing. Moving perhaps to some type of modified Rothery pricing system would be the way to go. As I said, it costs some money up front, but it's an investment that would be returned over the full cycle.

I'd like to turn now to the issue of reforestation, which would be vote 5.2.15. I see a sum of \$5,344,000, which is down slightly from the '93-94 estimates. Well, it's very clear, Mr. Chairman, that in forestry, particularly in reforestation, you cannot have your forest investments in any way tied to your budget cycle, because this is a resource where you want a continuous flow of timber over a 40- to 50-year cycle. So on one hand, while I'm heartened to see that the expenditures here have gone down slightly, I'm also somewhat disheartened, because I know the level of harvesting has gone up and that it will continue

to increase, and at the same time we're not seeing a corresponding increase here in the level of expenditures on reforestation. This clearly is an investment, and it's one of those investments in which the return is 30 or 40 years down the road. You know, since governments in many instances – all governments, not just this one – are myopic, they look for the short-term payoff. This is one area where I think a real iron fence has to be put around expenditures in reforestation to ensure a continuous supply of timber through time.

Another issue I want to turn to is the issue of policy and resource analysis. We've talked about investments in private woodlot operators. When the announcement was made regarding Grande Prairie and the timber inventory there, there were statements made that we ought to promote, then, the emergence of private woodlot operators and we should attempt to create a market. Well, that is nice, on one hand, but the problem here is that as it is near Daishowa and Al-Pac, you have a big buyer and a large number of small sellers. In those instances it's very difficult to generate a competitive market. What's needed in some instances are efforts to create growers' associations and woodlot operators for offsetting power, market power.

Barring that, the other mechanism, Mr. Chairman, is to go back to the mechanism or pricing formula that I suggested, some type of Rothery formula, and some effort to get competitive bidding in the system. There are some under the quota where we have competitive bidding. Again, when you look at some of the bids and you compare them to what is being charged by the flat rate royalty that is indexed, there are discrepancies there that may be related to the fact that you don't have security of supply, as you will have under the FMAs. But not all of it is related to that, and I think it's telling you that to an extent some of our pricing may be undervaluing the resource base.

With regards to vote 5.5, wildfire operations, 5.5.1, wildfire suppression, and 5.5.2, the wildfire suppression itself, we know that forest fires are nature's way of getting at decadent timber. I mean, forest fires perform an extraordinarily useful function in a natural forest in terms of promoting new forest growth, in terms of getting at timber that is decadent, that has stopped growing, and that may not in fact command any positive value. I would be very interested, then, in knowing, in 5.5, how the decision of which forest fires to fight and how much to invest in forest fire suppression is related to economic variables. To the extent that one views forest fires as a natural way of forest renewal when you're dealing with a stagnant forest, in some instances those investments in fact will cost us more by preserving a forest that is otherwise past its prime. The issue there is: are studies undertaken to assess how much and which fires we fight?

Now, there are environmental considerations that have to be taken into account, and I'm very much aware of that. But I think, on the margin, some of these issues of forest fire suppression are fundamentally economic, because there are issues here that if we're interested in forest renewal, there is a role there for nature. Nature historically has played an important role in ensuring that we have natural forests with quite a lot of variability in the age structure.

A final point I would make would be under policy, 5.2 in forest management, or it may fall under 5.1 in program support. We know at this stage of the game that because of the spotted owl, which has been Canada's friend in the forest industry, and acts of nature – a few hurricanes – the market for lumber has been extraordinarily strong. That has removed any pressure for another softwood countervail, although there is an appeal under way. These issues of timber pricing are clearly related to the issue of subsidy, are clearly related to the potential then for countervail to be imposed not only on lumber exports but

potentially, given the cycle that the pulp and paper industry is in, then on pulp and paper products exported to the United States, because the American industry certainly is suffering significantly from the same problems of soft prices and high capital costs.

9:00

Again, I would think that now, since we have this respite, would be the time for the resource analysis group to really make the strong case that there is no underpricing of our forest resource, and the best way of doing that would be to ensure that it is more market based. In those instances where markets do not exist because you have a large buyer and a large number of small sellers, then moving to some other type of mechanism that calculates the standing value of timber would be useful.

Now, if one doesn't like those types of calculations, you can combine, then, the Rothery formula with bidding and have the residual value as calculated by the Rothery system be the minimum or the upset price. That provides some backstopping for the forest service in terms of revenue. I think that now that we have this consolidation of programs and now that there is an effort to streamline and downsize, it is time that we start looking at the issue of timber pricing, because incrementally what we're doing is making little changes on the margin. This is an industry that's going to be here with us for 30, 40, 50 years, given the capital stock in the pulp and paper industry, and I think it might be time now to have a wide-ranging overview of alternate timber pricing mechanisms, looking at the experience of other jurisdictions.

It can be argued by the minister – and I'm sure that he will – that given the economic value of the resource, it may cost us more to implement some of these changes than the resource is worth. But I would argue that in light of some of the evidence that I've seen, in light of the extent to which timber is being purchased in British Columbia, there's a signal there that we ought to heed in the short term, and that would involve perhaps having the Natural Resources Conservation Board or some arm's-length vehicle assess our timber pricing strategies.

The final point I would make under program 10, 10.0.1, the Natural Resources Conservation Board, is that if there ever was a time to use the board, it would be in fact to decide who gets access to that new timber inventory in Grande Prairie, an arm's-length mechanism that would prevent the political feeding frenzy that will emerge then as various firms attempt to get their hands on that inventory and set up a plant. The ERCB has played a very positive role in this regard, and I would think that the Natural Resources Conservation Board would be an ideal mechanism to perform this role and ensure again that the best project is chosen and that the project which yields the highest value added for the province of Alberta is chosen.

Thank you. I'll conclude my comments with that, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Thank you, hon. member.

The hon. Member for Calgary-Buffalo.

MR. DICKSON: Thanks very much, Mr. Chairman. There were two major themes I wanted to pursue in my questions of the hon. minister this evening. The first one has to do with a reference he had made at page 487 in *Hansard* last go-around. This was the first session on the estimates for the Department of Environmental Protection on March 8. The hon. minister was talking about partnerships, and one of the things he mentioned that was of interest to me was, and I quote, "We'll continue to work with minimum-security work camps for facility maintenance and repair projects." Now, I assume that what he's talking about there is

working in partnership with the Department of Justice and specifically working in conjunction with the Shunda youth camp at Shunda Creek and that sort of thing. If indeed that's what the minister is referencing, I'm wondering if I can ask him to advise me of the number of sites in Alberta where prisoners, whether they're young offenders or adult offenders, are used. I'd like to know if at those various installations those are year-round projects or seasonal projects, and of course if seasonal, for what period of the year.

I'd like an indication of whether there has been some quantification in terms of man-hours or person-hours and some estimate – I assume that there's been some valuation done by the hon. minister's department in terms of what the saving is to the taxpayers of Alberta. In other words, what's the advantage to Albertans that accrues from those particular work camps. I don't frankly know whether the minister maintains those kinds of statistics or if it's within his department, but if he's got it, I'd like him to share that with us.

The second theme I wanted to pursue, Mr. Chairman, has to do with deregulation. On page 16 of the business plan for Environmental Protection there's the reference to "greater self-regulation." The minister stated that clearly when he made his introductory remarks at the first go-around on Committee of Supply dealing with his department. I guess one of the concerns I have that I want to flag for the hon. minister is that in our haste to deregulate and allow a greater self-policing, if you will, there's also a potential for abuse. When it comes to environmental protection, Mr. Minister, it's been my experience, albeit limited experience, that we're dealing with reasonably technical, fairly sophisticated kinds of issues in terms of monitoring pollution in particular. I'm not sure what measure of comfort Albertans have if in fact we end up contracting out or perhaps more problematic if we simply say to the facility that's running a stack, an incinerator, or whatever: "You're on your own. We want you to do A, B, and C, and we trust that you're going to do an adequate job of monitoring those things." My concern is that if the department doesn't do it, if the operator of the incinerator doesn't do it, it's not likely that a group of citizens are going to have the wherewithal or the resources to be able to step into the breach.

Now, it may be that I misapprehend, Mr. Minister, where you're going with self-regulation, and maybe you're not talking about those kinds of things. Let me put a very concrete face on my concern. The minister may recall on October 4, 1993, at page 670 of *Hansard*, I shared with the minister a concern in my constituency that relates to the Alberta Children's hospital. At the Alberta Children's hospital is an incinerator, and what's happened is that that hospital is burning the whole range, the whole gamut of medical waste, hospital waste. In fact, it's being trucked. This isn't just waste generated within the Alberta Children's hospital, but it's waste from if not every other hospital in Calgary at least, I think, most other hospitals in Calgary. Now, I had raised this last fall, and to be fair, the minister responded, not before the vote on his estimates. I think shortly before or after Christmas I got a response from the minister, and I was able to share that with my constituents.

I should just back up, Mr. Chairman, and put this in a kind of context perhaps. The Alberta Children's hospital is located in southwest Calgary. It's located really smack in the middle of a reasonably densely populated residential area. The areas of Scarboro, Knob Hill, Sunalta, and Shaganappi are all in close, close proximity to this hospital. Now, this has been an ongoing concern for a long time. What's happened – there are two problems. There's a concern with effluent from the incinerator at the stack. The second problem is one of noise. Now, the issue

of noise is clearly not – at least I don't view it as a responsibility of Environmental Protection. I simply relate it to put it in context, Mr. Chairman. The concern in terms of stack emissions is very much, I think, a concern that legitimately falls within the purview of the Department of Environmental Protection.

9:10

Now, what the minister has also done – I should back up and say, to be fair again, that what the minister communicated to me was an assurance, Mr. Chairman, that the permit would expire on July 1, 1995. I've communicated that to my constituents, and I've had at least two meetings with the constituents of the Scarboro Community Association. In fact, the hon. minister's colleague the Member for Calgary-Currie is a constituent of mine and in fact resides in the Scarboro community and has attended at least one of these meetings. So she can, I think, verify the information that I share with the minister now.

The organization, the people in the community are concerned in terms of health, of course, as well as noise and long-term damage from the burning of the hospital waste. To the community's credit, Mr. Minister, they've done on their own a substantial amount of investigation. They've met with people at the hospital. They've toured the hospital. They've had communication with people in the city of Calgary, and I've been happy to share with them the communication I received from the minister. So they have all of that material. I have to tell you, Mr. Minister, that there are still concerns and there's still anxiety, and that's why I raise this matter once again in March of 1994.

The minister's office has provided me with a copy of the permit. What I understand is that since this permit was issued – the licence was issued July 11, 1990. The licence number is 90AL207. My understanding is that since the time that the permit was issued in 1990, if you will, the standards that were extant at that time have been superseded or eclipsed by higher standards for burning this kind of hospital waste. Now, that doesn't help the anxiety level of my constituents, who say, "We've got a stack virtually in the middle of our community in downtown Calgary that's burning hospital waste, and they wouldn't be allowed to do that if they applied for a permit now." The only reason they're burning that waste in 1994 is because they got the permit in 1990 and it hasn't expired yet. So they're looking at another 14 months or so, hon. minister – 16 months, I guess – and there is the prospect that the minister will extend that permit for a further period. I understand that the University hospital in Edmonton was in somewhat of an analogous situation and there was an extension on their permit. Maybe the minister can tell me if I'm correct or wrong in that understanding. So my constituents say, firstly, "We've got a problem now, and we're concerned that we're going to have to live with this problem for a lot longer than just one year."

I want to say, Mr. Minister, so this matter isn't taken out of context, that I think that the people who are concerned about the question of stack emissions also appreciate the importance of the Children's hospital. What makes it tough, I think, is that my constituents, the ones I've spoken to, recognize that it's a tough time for hospitals too, and it's an expensive proposition in terms of eliminating hospital waste. They understand those concerns that the Minister of Health has in terms of working with hospital boards and hospital administrators. Nonetheless, there are young families who are worried about the safety of the air that they're breathing in close proximity to this large incinerator, which is working – if not around the clock, it's burning for substantial periods of time during the day on a regular basis. There's also a problem with odour from the plant. Now, I just mention this to

the hon. minister from my meetings with the community. They do have the concern.

One of the things that I think would be helpful – my constituents have gone probably as far as they can in terms of trying to get information, and I give them full credit for that. They've been very industrious, and they've gone out and done their own research. They're now to a point where they'd like to get some resolution to this problem, and I suggest now to the hon. minister that if it were possible for a representative of his department who has some knowledge obviously in this area, a representative from either the Alberta Children's hospital or the Department of Health with some authority to if not make binding decisions at least make influential recommendations to the appropriate authorities, I'd be happy through my offices as the MLA for the area to attempt to mediate and see if there is not some constructive way of dealing with what I think are legitimate concerns of my constituents, also deal with the concerns of the Alberta Children's hospital. Since the concern with the environmental protection is front and centre, I think it would be appropriate if we could have somebody from the minister's department. So I make that as a suggestion. The community I expect will have the last word, and they may elect to pursue it a different way, but I'd like the minister to consider carefully whether he would be prepared to attempt to have that type of a discussion and see if there's some way of giving a reasonable measure of comfort to my constituents without bankrupting the Alberta Children's hospital. I think that's a concern we can deal with.

I'd just tell the minister one of my concerns. Now, I don't know what type of licences or permits are now being granted for incinerators, but it was instructive at least for me when I reviewed this licence. One of the things I found of interest was that the effluent stream shall be monitored or surveyed once per year. I don't know whether the minister has considered a differential pattern of monitoring, because it seems to me that if this same incinerator were located in Beiseker, some distance from homes and residences, or if this were out in a field someplace, maybe once a year is adequate. I was actually quite astonished to find that an incinerator that's as busy as the Alberta Children's hospital incinerator on a regular basis is only monitored one time a year. Maybe I'm wrong, but that's what I took from the permit, hon. minister. It's supposed to be at a time when the plant's operating under normal conditions at rated capacity.

I note in the permit, Mr. Minister, that section 5 of the licence provides, and I quote:

The Director of Standards and Approvals may require modifications to the survey program if in the Director's opinion such modifications are warranted.

So what I'd suggest to the minister, at least at minimum, would be, considering that in this particular case with this hospital in a built-up residential area where there are concerns expressed, where the incinerator is in regular use, heavy use, that the director consider with perhaps some gentle suasion from the minister responsible whether it wouldn't be appropriate to perhaps do some more frequent monitoring. It seems to me that may be one way of giving my constituents some measure of greater comfort.

I suppose the other thing is that there's only one set of scrubbers, I understand, in this incinerator at the Children's hospital. I notice from the licence that it's just an absorption scrubber. I understand from talking to the people at Bovar, who run I think the Beiseker plant, that in fact with the type of incinerator they've got they have more sophisticated scrubbers and in fact just can meet a much higher standard, can provide a much cleaner kind of air quality. So I don't know if that's a doable proposition, Mr. Minister. I don't know what the cost is.

[interjection] I see another knowledgeable member who would have Beiseker in her constituency suggesting that the cost is a major one. Well, I guess I assume that with anything this big we are talking substantial dollars, but then I also have to say to members: what value do we put on the safety and the health of that large number of Calgarians? In case any members think that's the penalty you get for living in a Liberal-represented constituency, I hasten to add that it also affects plenty of people in Calgary-Currie as well.

9:20

I raise the concern again not to give the minister a tough time, because he has been co-operative in supplying material, but there is still a problem. I'm anxious to work with him and people in his department and my constituents to find some resolution of this. I think we're dealing with plenty of creative people, and I think there's something we can do, and it's something I think we have to do rather than waiting another 16 months until the permit expires.

[Mr. Tannas in the Chair]

Mr. Chairman, when the minister talks about deregulation, and if in fact deregulation covers this kind of thing, I guess I'd have to say: who regulates these things? Does this mean we just go to the hospital? This is maybe a good example. If the hospital is pressed, as we know all hospitals are, for finances, it's almost an overwhelming kind of pressure in the hospital to be perhaps less vigilant in worrying about stack emissions when they're worrying about sick children. I understand that, and that's why I think it's so important that government recognize that if they don't do that policing, if government doesn't do that monitoring, who is going to do it? I'm not sure that we can count on the hospital to do it, not because they're malevolent but just because they're preoccupied with other concerns. So if in fact we're not going to be dealing in that kind of area in terms of deregulation, then my concern is allayed and I've taken up the minister's time for naught.

Thank you very much.

MR. CHAIRMAN: The hon. Member for Edmonton-Roper. Sorry. In the give and take of going back and forth, we'll take the minister now.

MR. EVANS: I'm just gong to take some time here, Mr. Chairman, to get as many of the questions from last time done and then move on to the questions from this time, another good evening of important questions.

I'll continue along from back on March 8 and again another question from Lethbridge-East. Is there a process to be set up to get water from people who have extra water to the people who need it? Is there going to be a marketplace that establishes people bidding for water rights and sets the regulations to control the transfer or the process? And is this the first step to potentially exporting water? Well, certainly during 1991 when we carried out a number of workshops around and about Alberta on our water management policy and legislation review, there were a number of members of the public who attended and made comments. Those comments are going to be taken into consideration in the drafting of a new Act to replace the Water Resources Act, and a form of transfer system is being proposed that would put a number of controls on as to how things could be dealt with and respond to the recommendations from the public. There will

be another opportunity once a draft piece of legislation is available, Mr. Chairman, for Albertans to comment on it.

With respect to export of water, we have a principle in water resources management in this province that water is not to be exported. That does not conflict with our agreement with Saskatchewan, that half of the flow in our streams moves to the province of Saskatchewan. It's part of being a Canadian. However, what it does mean is that we're not in the business of exporting water in canals or pipelines or trucks or rail tanks. There has been some confusion because we are dealing as well with water in small quantities, bottled water, for example, quantities no larger than 25 litres. There is this confusion, but I want to assure hon. members that I take the view that we should not be considering export of water outside of our jurisdiction. It's far too precious a resource.

There was also a comment about the Oldman River dam environmental advisory committee and the final appointments under that. The Peigan band council has not yet appointed their member on the environmental advisory committee because they are still negotiating with the federal government to identify cost sharing on the premise that they are in a fiduciary relationship with the federal government. We had attempted to secure an appointment of a local environmentalist from the Alberta Environmental Network. We want to make sure, Mr. Chairman, that we have representation on the advisory committee from people who live in the basin. In fairness to the Member for Lethbridge-East he did make that same point on March 8. I made a particular note of that, because the nominee had indicated back to us, after we talked to her and in fact actually published a letter in the *Lethbridge Herald*, that she was not happy with our decision to deny representation to those living outside of the Oldman River basin. She considered that arbitrary and unfair. Again, I think it's extremely important that issues affecting that basin directly be the responsibility of those who live in the basin, and I'm quite prepared to speak to this same individual again to encourage her to sit on the committee. In fact, the hon. Member for Lethbridge-East has suggested that, and I quite intend to do so.

There was a question about at what point do we rebuild particular canals or diversion gates, when do we patch and when do we rebuild. Well, it's according to the engineering at the time of construction, the demands on the structure itself, and that's why we have people with engineering backgrounds alive and well in our department who examine our structures. Even in these times of smaller funding we end up with a situation where we cannot afford to allow water that is under diversion or within a canal system to be lost to the irrigation farmers and other users of water in southern Alberta.

There was a question about Special Places 2000, and is there a process in place to convince the public land agencies to set aside designated areas to, as well, identify funding and ways of buying out lands. Well, quite frankly, Mr. Chairman, what we have done through Special Places 2000, through the original draft policy paper that was tabled in 1992 and following it up with the advisory committee's paper, is come to the conclusion that we don't need to buy out a whole bunch of land, quite frankly. We have control of a great deal of Crown land in this province. We are, by the estimate of the advisory committee, looking at perhaps 3 to 5 percent of the land that would be considered as being appropriate to ensure that we protect the six natural regions and 19 subregions around this province. I think that is an extremely important endeavour. We want to protect for this generation and generations to come the representative land basis that we have in this province. Again I believe that we are going to try to encourage the private sector to find ways through conservation

easements and otherwise to dedicate lands as well. We're in a process now that will actually come to determination on April 8 for additional public input into the policy document that has been prepared by my hon. colleague from Innisfail-Sylvan Lake, Gary Severtson – I know I'm not supposed to name him, but he's done such a great job that I'd like to get his name out as well – and other members of his committee, who will go down in history for a tremendous report and a very positive impact on the Special Places process.

The April 8 date is significant because we've asked for additional comments. If we then have the policy endorsed by colleagues here, we will move to an inventory to determine what areas are already protected and what areas we have a deficiency in in terms of protection. Again, we're talking about 3 to 5 percent of the land base by the estimate of the advisory committee, and we hope to have those lands, those regions and subregions protected for all time by the year 2000.

9:30

There was another question: will day-use fees be implemented? There was a concern over what the effect would be on campers and visitors. We're certainly looking at day-use fees. We're looking at whether or not it makes sense to put in day-use fees generally or in specific circumstances. I'm the last one, Mr. Chairman, to want to set up a process that will have all of these fees going into the administrative costs that are required to gather the fees and make sure that we are collecting from all those who are using our parks. By the same token, I want to be sure that we have a reasonable fee, if we do incorporate a fee, so that we do not discourage Albertans from using the parks, because I think it's part of good health to get out and see the natural areas of this province. We will be looking at that cost/benefit analysis this coming year and coming up with a proposal by the end of the year.

There was another comment made by Lethbridge-East about Park Lake, a provincial park north of Lethbridge. There is an economic opportunity there, I think, in a very sustainable manner. We're working with Alberta tourism through Economic Development and Tourism to develop a proposal for another campground, an RV full-service campground, on the site and perhaps a golf course on that site as well. The analysis is ongoing, but if we come to the conclusion that the land base can sustain that kind of development or even a less significant development, we will go to public tender and give the private sector an opportunity to identify for us what they see as a reasonable return.

A question was asked on soil conservation and co-ordination with the minister of agriculture to ensure that processes are in place to protect agricultural lands from degradation and conversion into nonagricultural uses. There was a question asked tonight as well about that relationship between agriculture and Environmental Protection. Well, again, we have a reclamation and contamination prevention or clean-up focus. Our contaminant concerns cover both human health, Mr. Chairman, and environmental considerations related to agriculture. But there's a common interest. There's co-ordination and co-operation between our two departments.

I want to go on, then, to a question about the status of the development of instream storage facilities across southern Alberta, and would cutbacks mean that some of these projects would be delayed or proceed on a different scale? Certainly there are two projects basically that we are looking at. One's the Pine Coulee reservoir development, and the other is the Little Bow reservoir. They are both partially instream and offstream reservoir developments. They're in the hands of Public Works, Supply and

Services. They're mentioned in their three-year business plans, and they will proceed subject, of course, to regulatory approvals.

There was a question about fewer projects this coming year to be reviewed by the NRCB and the reduction in the NRCB budget, and was that a reduction in a commitment to the NRCB or to the standards? Certainly it is not. The NRCB reacts to the number of proposals that come before it. There is a projected three and maximum four projects that may come before the board this year, and that's the reason the budget for the NRCB has been reduced this year.

A very interesting question about the Clearwater River and the fact that it had been really identified very early on as a potential river for designation under the Canadian heritage rivers program. The Member for Fort McMurray had said: well, are you going to move ahead and declare the Clearwater River as Alberta's first Canadian heritage river, knowing full well, as the member does, that Saskatchewan has already designated part of the Clearwater River as a Canadian heritage river. Initially, we were looking at government leading this process, but what we've decided – and it was clear in the approval for Alberta becoming a part of the Canadian heritage rivers program – is that we would ask communities to nominate rivers, whether parts of rivers, reaches of rivers, or entire rivers, for Canadian heritage rivers designation. I would suggest to the hon. member opposite that he work with his constituents – I know I've talked to the mayor of Fort McMurray about this as well – in terms of moving forward with a proposal to designate the Clearwater River. What we're doing right now is going through an inventory of rivers that call out to be potentially designated, and then we will be calling for nominations from local communities.

There was a question about snowmobilers and whether they would have opportunities notwithstanding the designations of some lands under Special Places 2000. Well, certainly there is more than sufficient room in this great province for snowmobilers. They have a low impact on the land base, and there have been some concerns raised by snowmobilers that they could be prohibited from using lands all the way from the southern part of the province in the Eastern Slopes all the way to the north. Well, I want to say without fear of contradiction, Mr. Chairman, that that will not happen. There is land available to snowmobilers in this province. There is much unoccupied Crown land which has the kinds of territories and the kind of demands – sophisticated land base, rolling hills, and varying topography – that will be a challenge to snowmobilers, and we want to ensure that in a sustainable manner, respecting the land base, they have opportunities just as other Albertans have, to recreate in the great outdoors of our great province.

There was a question about allocation of timber resources and what steps could be taken to ensure that no biases materialize. Well, Mr. Chairman, we are very, very cautious today to ensure that we have a very transparent process for timber allocation in this great province. I hearken back to last Friday up in Grande Prairie when my colleague the Minister of Economic Development and Tourism announced a proposal call for the Grande Prairie timber development area. This process is very, very transparent, as I've just mentioned. It gives an opportunity for businesses – and focusing of course on Alberta businesses, because we know we have the expertise here – to come forward with proposals. We hope to have proposals by the end of May. We will undoubtedly be setting up a panel to review the proposals and come to a conclusion as to what proposal is best for Alberta, but this example may very possibly result in a new \$150 million or so plant in Alberta. Right now, if I were a betting man, I would say it would likely be an oriented strandboard plant, because the

prices for oriented strandboard are very high right now, and I'm really quite excited about the process.

We have involved the local communities in identifying what the needs are for those local communities, and we will continue to do so and be very, very open about the process for the final allocation of a quota to handle the wood fibre that's in that area. We're looking at probably annual allowable cuts of some 600,000 cubic metres. That's a very significant amount of wood fibre, and it is as a result of an inventory that we've done on the Free to Grow standards, so we're very confident that the volumes are sustainable.

I see that my time is quickly ending, Mr. Chairman. I think there are probably a few more questions that other hon. members may ask, so I'll give them an opportunity and then hope to sum up a little later.

9:40

MR. CHAIRMAN: Edmonton-Roper, thank you for your patience.

MR. CHADI: Thank you very much, Mr. Chairman. I'd like to just follow up on some questioning that my colleague with Edmonton-Whitemud started to embark upon, and that is with regard to reforestation. The reference number there is 5.2.15. In reforestation I do realize that there are companies out there holding large quotas with those FMAs and that they carry out some of their own reforestation, but there are some conditions out there that the government would provide seedlings. I question how many of those FMAs have those sorts of conditions on that, for the government to provide seedlings. Are we in the business of not only providing the natural resource but then again going one step further and providing the reforestation tools? Are we saying, "Here are the seedlings; now this is what we want you to do" only to some companies and with some companies, particularly the smaller ones, perhaps we don't have that option provided for them?

I don't know that, and what I'm asking the minister to do is perhaps provide us with a little explanation as to how many of those companies that hold these FMAs are actually getting the seedlings. If indeed this is the case and we are providing these seedlings for reforestation within these FMAs, when does the minister foresee us ending this arrangement? Are these contracts or agreements in place and written in stone so that we cannot end these agreements, or are they such that we can end them? If we can end them, are we going to?

I note that in reforestation we're spending \$5.344 million, slightly less than last year, Mr. Chairman. Is this amount of money going towards the cost of seedlings? Are we out there buying seedlings, or are we working with the Pine Ridge nursery and companies like that to buy our seedlings from them? Is this expenditure of \$5.3 million going specifically for that purpose? If it is going for that purpose, why aren't we going towards a cost-recovery basis on the seedlings? I would think that it is not very difficult at all to renegotiate these agreements to ensure that we get the cost back with respect to these seedlings.

If we are in fact getting the cost back on some of these seedlings, I would want to ask the minister where in the estimates I would be able to find some revenues that come back to this department from the sale of such seedlings or the cost recovery of the actual seeding. Because I'm pretty certain that within certain parts of the province, particularly parts logged by small operators, they may very well go in and log an area under a permit and walk out with their supply and just leave the area untouched. I would think that we would probably be right in there reforesting that land, and if we are doing that, are we considering looking at cost

recovery pertaining to those small loggers? And not only small loggers. I suspect that maybe we ought to be looking at everyone that is costing us. I mean, if we're going to go out there and allow some cutting to take place, we should be out there, if we're doing the reforestation, to ensure that the person who cut our trees down actually paid for the planting of new seedlings. If he could respond to that, that would be most . . .

My next line of questioning is going to be with respect to Action on Waste in program 3.5. I look in 3.5 – the hon. Member for Sherwood Park spoke with respect to land reclamation – and particularly 3.5.4. The amount of money that is anticipated expenditures there is slightly less again from last year, but it's almost \$4 million, Mr. Chairman, \$3,879,000, in land reclamation. I note that the Member for Sherwood Park mentioned something to the effect that there was duplication within the department, and there very well could be. I think there is duplication not only in the area that the hon. Member for Sherwood Park spoke about. When you look at vote 2.1.1 in program 2, environmental regulatory services, it's quite clear there that it says the land conservation and reclamation expenditures are in the range of \$3,139,000. There's a capital expenditure, further, of \$40,000. We'll get into that in a moment. Right now I'm interested in knowing what sort of duplication, if any. It would appear as though there is some duplication there, and I'm quite curious to know. On page 124 of the estimates under program delivery mechanism it's quite clear where it says that it's "Services provided by Land Reclamation." So is there not some sort of duplication going on between that program and the program under 3.5.4?

Then again, just under that, under 2.1.2, we see development and reclamation review, a further \$718,000 being expended there for review. So I would imagine that would be something similar to a situation where they would actually go out and do an inventory of contaminated sites, perhaps, and it would have to be then brought in to land conservation and reclamation, and then again under Action on Waste the land is actually reclaimed, by the expenditures in that category.

Something comes to my mind as well, Mr. Chairman, and I wonder if the minister would respond to this. In Alberta heritage savings trust fund committee meetings when the hon. minister met before us, there were some sites that were identified as contaminated sites. There was a set amount of funds that were to be expended for those sites as well. Now, I'm wondering; in all of this, when I look at land reclamation in about three different categories within this department, and then yet again I see some more coming up in expenditures in Alberta heritage savings trust fund, what are we really doing here? Can't we tighten this up somehow so that we've got land reclamation in one area so that we don't have expenditures in the heritage savings trust fund, we don't have it in Action on Waste, we don't have it in this area here of environmental regulatory services? I think it's in about two or three spots in that category. So it just doesn't make sense at all, and I'm hoping that the minister could enlighten us as to what he's doing with the prospects of rectifying the idea of this duplication.

Again in 3.5.4, under Action on Waste, there's an area where it has dedicated revenue of \$1,700,000. I'm wondering what it is. What is this dedicated revenue? It's clearly under land reclamation. I need to know an explanation. Is it something that we've worked on a cost recovery basis, that we anticipate \$1,700,000? It seems to me there must be more revenues than that, and that is only the amount of money that we're bringing into this department. [interjections]

9:50

MR. CHAIRMAN: Order.

MR. DINNING: It's all right. They'll start paying attention sooner or later, Sine.

MR. GERMAIN: We were discussing the quality of your debate.

MR. CHADI: And I hope you gave me grade A. [some applause] Thank you very much. Now prove it to me.

MR. CHAIRMAN: Thank you.
Edmonton-Roper, to continue.

MR. CHADI: Thank you very much, Mr. Chairman. I just want to reiterate what I've said, and that is that with these dedicated revenues it would appear that there's a bigger picture here and that the revenues that we've identified under land reclamation of \$1,700,000 are just exactly that: just a piece of a larger picture. So I'd ask the hon. minister to explain that part of it to us.

I note that under Action on Waste in program 3 there doesn't appear to be any description at all as to what those dedicated revenues are derived from. One million seven just doesn't make sense when you look at the side over. For 1993-94 I see \$1,681,000. It just seems like numbers are being plucked, but I'd like an explanation.

With regard to program 5 again, this time with respect to land administration, I've got some questions for the minister in that regard. When I look at the descriptions on page 132 of the estimates, I see land administration with two lines there. It says:

Administers land use agreements for public lands, including technical services and policy development. Administers the Foreign Ownership of Land and Land Agents Licensing programs.

Well, I'm going to get into the foreign ownership of land in a moment, but the land agents licensing programs: I don't quite understand exactly what that is. I'm looking forward to the minister explaining what the land agents licensing programs are and if indeed that could not be better served within a different department, within land administration, particularly Municipal Affairs or perhaps maybe even public works.

I note that the administration of the foreign ownership of land – and you look at the expenditures under 5.4.4. We're expending \$248,000 for that, Mr. Chairman. What is there to administer in the foreign ownership of land other than receiving perhaps the documentation from land titles office as to every single piece of property that is sold outside of a city or a town? Isn't it regulated? Isn't it administered somewhere else? I mean, don't we have that within land titles? Isn't there a mechanism in place so that registries have a handle on the foreign ownership of land? I need to get an explanation, because clearly under land administration it is not explained. My experience in the real estate industry tells me that perhaps maybe that's what it means.

Just a note for the hon. minister that the next time we do these budget estimates, perhaps there could be just a bit more detail with respect to some of these expenditures. When you look at some of these subprograms like land administration and the expenditures to the tune of \$5,800,000, almost \$6 million, and there's a two-line entry into what it should be or what the program does, I think it's got to have a little more detail, Mr. Chairman.

In 5.4.2, land dispositions, the expenditure there is \$1,906,000, almost \$2 million, Mr. Chairman, and it's slightly down from last year, perhaps maybe around \$90,000. I question what this is all about. Again, it's a bit ambiguous when we look – not a bit; I'd say quite a bit – in the land administration description on page

132. So I need an explanation from the hon. minister as to what this land disposition is all about. Are we indeed selling properties? Is it something that we had in surplus? Are we selling off some Crown properties perhaps? If it is, how do we anticipate \$1,900,000 worth of sales versus what we had last year of almost \$2 million? I could be wrong on this, but that's why I am asking the question. If indeed we are disposing of certain lands, I don't see any category whatsoever, not in the budget documents or dedicated revenues section within the estimates at all, as to the revenues. Where are we recording this category? Now, if it is the sale of property, as the description may lead one to believe, land dispositions, can it not be better served within the real estate bank, if you will, of all departments?

I note that public works was talking about it for some time as to all the surplus properties that public works may have, all the surplus properties that the Department of Municipal Affairs may have, and the story goes on. I think when we look at all departments, those departments have to come together and we have to say to ourselves, "How much can we generate in terms of the sales of surplus properties?" But we have to have some mechanism in place, and I think that the hon. minister could do wonders by identifying the surplus properties within the Department of Environmental Protection and handing them over to public works for disposition.

Now, I note that Municipal Affairs is doing something that is rather attractive. That is that when we took over properties from Principal Group and Heritage trust and North West Trust and these sorts of companies, and the credit unions for that matter, Mr. Chairman – three or four or five different companies that were selling off these assets were actually pooled together the other day. I think the minister put together a company called N.A. Properties (1994), and it brought together N.A., it brought together Softco, it brought together Holdco, and it put those together. Now, I think the minister could have gone a step further and put Municipal Affairs Sales in there. I think the minister could have gone a step further and put some of public works in there. I think he could have gone a step further and put any properties that the Department of Environmental Protection may have that are deemed surplus in there.

The question arises from the native land claim settlements, 5.4.5. Under Environmental Protection I see that on native land claim settlements we're paying \$1.6 million, and the same amount last year, \$1.6 million. I'd like an explanation as to what this is. Again, when I look at the descriptions in program 5, there is only a two-line entry, and it really doesn't say an awful lot let alone mention what the native land claim settlements are. Is this an agreement that was in place for some time and we continuously pay \$1.6 million, or is it something that ends this year? How much have we already paid? I'd kind of like to know. I know that with respect to the Metis settlements we have a situation where we're expending something to the tune of \$30 million every year. I think we've got \$150 million or \$180 million more to go, so what is the \$1,600,000?

10:00

AN HON. MEMBER: Keep going. Keep going.

MR. CHADI: Thank you very much. This expenditure of \$1.6 million is something that needs to be explained. Is my time up, Mr. Chairman? Is that what it is? Did you not just push the clock forward a little bit?

MR. CHAIRMAN: No.

MR. CHADI: Oh, okay.

Thank you very much.

MR. CHAIRMAN: The Minister of Environmental Protection.

MR. EVANS: Thank you very much, Mr. Chairman. I'm going to be brief in concluding my comments tonight. One other issue that I'd like to talk about from March 8 – and I think that wraps up all the additional questions – was a comment from Fort McMurray about contaminated sites liability and the situation with financial institutions lending money and whether they should be responsible in the deep pockets theory or whether the extent of their liability should be limited to the amount of the loan that they make to the landowner. Well, it's a tricky issue. It's an issue that through the Canadian Council of Ministers of the Environment we have been working on. We're also working on it through the Contaminated Sites Implementation Advisory Group. I mentioned in the House earlier that the report from that committee I will be bringing forward. I intend to do that during the month of April, and we'll have an opportunity to discuss it further at that time.

Yes, Mr. Chairman?

MR. CHAIRMAN: We were just wanting to call for order. The voice rate has gone up considerably, and I think, hon. minister, we're having a hard time hearing you.

MR. EVANS: That's because the microphone is on my hon. colleague's desk rather than mine. I know, Mr. Chairman, that the hon. Minister of Family and Social Services loves to answer questions, and I think he was just begging to get up and try to answer some of my questions.

Many of the comments that were made tonight on the element details, Mr. Chairman, I'm going to get back to members on. There will be another evening, and I don't want to take a lot of time tonight. A lot of it is very specific information, and I undertake to either verbally or in written form get that information back to hon. members.

Just briefly I want to talk about Sherwood Park and the comments about the surface reclamation. I am working with the Minister of Energy. We're trying to create a one-window approach. We do not want to have overlap and duplication, and I think that some of the comments that the hon. member made about whether we should be dealing with down-hole and surface reclamation all under one group bears some further analysis. I know the Minister of Energy has said that the purpose of Bill 5 is to deal with orphaned well sites. Now, we'd be expanding that considerably, but, again, we have taken a position in Environmental Protection that if we can maintain the environmental standards that we have in this province through the oil and gas sector when it is an oil and gas issue, then we would try to do that. So we will consider this a little bit further as we go along.

I enjoyed the opportunity to listen to the hon. Member for Edmonton-Whitemud. It's not often that he asks me a question in the House or we have an opportunity for a discussion. I appreciated his concerns about stumpage fees, and I want to assure him that the analysis that we did on the stumpage fees in the interior of British Columbia shows that our stumpage fees are very, very close to what they are charging in the interior of B.C. The reason that British Columbians are coming here to Alberta is not because our prices are lower but rather because they cannot meet their annual allowable cuts in British Columbia because they've been overharvesting for a number of years. On any given company in B.C. they may be 10 to 15 to 20 percent under their annual allowable cut, and there's a particular provision in British

Columbia that if you don't harvest to that annual allowable cut in year one, you don't get that annual allowable cut in year two. That means that they have to close down their operations. It means that they do not have the same kind of profit margin. It means that they're in trouble financially and people are unemployed, and that's why they're coming to Alberta. They're prepared, for 10 to 15 to 20 percent of their total cut, to pay a surplus because it doesn't have that much of an impact, hon. member, on their overall margin.

What we have to do, of course, is create more value added in this province, and we are doing that. The industry in this province is very proactive in that, and we are moving forward quickly. In terms of keeping that wood here in Alberta, I think there is an aggressive position that's being taken now by our industry, and part of it is because the prices now are very, very much higher than they were before. You talked about the doubling of price; well, that's only doubling of the base rate. That was the rate that we had before. We have now a market-driven formula. After the cost of production is taken into account, including a return on investment that's a reasonable return on investment, we get a percentage of the profit. At about \$600 a thousand, we're looking at 50 percent of the profit that's being made by these companies. That's a very substantial additional amount of revenue that's coming to our province, and that additional revenue is going into our environmental emergency fund.

There was some concern raised about wildfires and decadent forests. Well, it's fairly well known that now instead of having fires and new forests every 40 years, we've broadened that out to about 60 years. We have a first-attack capability in this province second to none. We want to protect that resource wherever we can. Let's not forget that it's not just economics, hon. member. There are the environmental issues that you briefly alluded to, but there is also just the camping experience, the hiking experience, the tourism opportunity, all of those warm and fuzzy things that go with old-growth forests. I'm very much in favour of keeping that in this province and making sure that we have a boreal forest in this province.

Calgary-Buffalo was concerned about a number of things, two in particular. The minimum security work camps: we're using those folks because they love to get out and about. They'd rather be out working in the great outdoors than sitting in a cell. It's amazing how much they do enjoy that opportunity to get out around and about Alberta.

In terms of the Children's hospital, there are standards in this province that are the highest of anywhere in Canada. We have approved the Canadian Council of Ministers of the Environment standards for wastes from our hospital incinerators. What we're doing is segmenting the waste. If the waste stream is segmented so that it's general waste from biomedical waste, then we have a lower standard because it's not as problematic a waste. That's the main reason why you see differing standards. We are allowing extensions of licences, and we are keeping track of those existent licences and asking those facilities to segment their waste so that we are sure that the general waste stream, which is often between 90 and 95 percent of the total waste stream, is not creating an environmental problem.

In terms of deregulation, deregulation means that you transfer the responsibility over to industry where it's appropriate to do so. Highly technical issues: we maintain that responsibility, and we do so, for example, in stacks, by putting monitors in those stacks that are put in and paid for by industry itself. We save about \$40 million a year by industry putting in those monitors, by doing their monitoring and then reporting to us. Now, it is a monitoring that is done, yes, by the industry, but this is scientifically

verifiable information. We get it back, we analyze it, and we make sure that they are living up to our high standards.

There are some other issues, Mr. Chairman, that I will go over in my notes, and I'll read through *Hansard* tomorrow. I know that we'll be up for another evening. I'll endeavour to answer those the next time I am before the committee.

I would now move that the committee rise and report.

[Motion carried]

10:10

[Mr. Clegg in the Chair]

MR. ACTING SPEAKER: Okay, hon. Member for Calgary-Fish Creek, we've got to get this show on the road.

The hon. Member for Calgary-McCall.

MR. SOHAL: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions of the Department of Environmental Protection, reports progress thereon, and requests leave to sit again.

MR. ACTING SPEAKER: Thank you, hon. Member for Calgary-McCall.

Are you agreed with the report?

HON. MEMBERS: Agreed.

MR. ACTING SPEAKER: Opposed, if any? Carried.

[On motion, the Assembly resolved itself into Committee of the Whole]

head: Government Bills and Orders
head: Committee of the Whole

[Mr. Clegg in the Chair]

MR. DEPUTY CHAIRMAN: Would everybody take a chair, please.

Bill 12
Brand Amendment Act, 1994

MR. DEPUTY CHAIRMAN: The hon. Member for Grande Prairie-Wapiti.

MR. JACQUES: Thank you, Mr. Chairman. This is a Bill that will leave its mark on the livestock of this province. Indeed, this Bill is but one of many irons in the fire. With that, I look forward to the debate.

Thank you.

MR. DEPUTY CHAIRMAN: The hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Chairman. It gives me great pleasure to speak to Bill 12, and I'm sure my colleagues will enjoy speaking to Bill 12 as well. Certainly what this Bill attempts to do is streamline the process of branding. It in one level appears to be consistent with the government's efforts to get rid of red tape, to simplify, to provide sort of one-stop shopping. However, there are some issues here that have to be addressed.

When you look at this Bill, what it does on one hand is replace the current four-year brand registration renewal procedure with a lifetime brand registration, which at one level, Mr. Chairman,

makes sense. On the other hand though – and this was ably pointed out by our agricultural critic – you will get this inventory of brands that will start to grow through time, because under the four-year renewal at least there was some mechanism for, in a sense, eliminating those brands that were no longer in use. So we're going to start getting a backlog here of brands that are basically redundant.

However, perhaps more important, Mr. Chairman, is the fact that as many things this government does, they don't think it through. For example, we hear that the suggested fee is \$200. However, what are going to be the costs, then, of registering and monitoring this data base that will emerge as the number of brands grows through time, and where was this \$200 fee plucked from? Is it related? Is it a user fee that will in fact be tied to the cost of providing that service, or is this an effort to provide a tax on livestock producers in this province, hit them on this margin and hit them on that margin? We have no idea here of where the fee comes from, how it's been generated. Is it a user fee? Is it related to the perceived benefits that would accrue to producers having this lifetime brand? Certainly I think the government's under some obligation to suggest how in fact they choose these types of fees, because it's done through regulation. This Bill here will give us the structure, but again, as is many times the case, the action really lies behind with the regulations that they would impose, the fees that they'll pull out of a hat.

In the course of debate we're eagerly looking for the Member for Grande Prairie-Wapiti to tell us something about fee determination in this Bill. Exactly what will producers have to pay? How are you going to hit those young producers just coming into the market where \$200 is a lot of money? [interjections] See? They don't care about rural people on that side. They don't care. They think \$200 is nothing. They just don't care, and they don't listen. It really is disheartening, Mr. Chairman, to listen to this, because after all, \$200 is a lot of money. We deserve to know how this fee was chosen, because we on this side of the House know that the agricultural industry is the mainstay of this province, that ranching in fact is one of the fastest growing components of the industry. We know. Every study done by Agriculture Canada, every study done by the Economic Council of Canada, even some studies done by Alberta Agriculture suggest that the red meat industry in this province has high growth potential, that it's going to have access to the California markets and the Japanese markets and we should put no impediments in its way. But they laugh on that side of the House. They think \$200 is nothing. I just can't believe their attitude, because \$200 is a lot of money, and what we'd like to know is exactly . . . [interjections]

Chairman's Ruling Decorum

MR. DEPUTY CHAIRMAN: Would you mind sitting down? We won't continue until we get some quietness in here. I'm really interested in what this hon. member has to say and I can't hear him, so we have to have order in the House. [interjections] We're not going to continue until we get some order.

The hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Chairman, for trying to bring some decorum into this Chamber.

Debate Continued

DR. PERCY: I was explaining, Mr. Chairman, that we in fact support this Bill, but we believe there has to be information provided as to what in fact the fee structure will be, how it will be chosen, and how this in fact promotes what we on this side of

the House view as a mainstay of the agricultural industry. The red meat industry has high growth potential. We certainly have viewed some of the impediments to that industry; for example, the Western Grain Transportation Act has caused some serious problems. It has caused feed grain prices to be higher than they otherwise would be, and that has required, then, the feed grains offset, for example. That offset now has been removed, and feed grain prices have risen, yet nothing has been done, for example, with regards to the WGTA. We on this side of the House want to see a thriving, prosperous livestock industry because we believe higher value-added in agriculture will be in fact a source of rural employment. It's going to be source of rural incomes, and it's going to allow us to carve our market niche. In California, Japan, Korea, wherever you would like, there's going to be Alberta beef. We on this side of the House believe that's important. We have to export the Alberta advantage, and beef is part of that advantage.

10:20

Again, when we go through this Bill in some detail, as much as we would like to support this Bill – and we will – we want additional information. We want some assurances that in fact collecting this \$200 lifetime fee will not in fact be eaten up by the cost of administering it, because it makes no sense, then, to impose a fee on one group and at the same time it'll cost the government more to collect it than the revenues that might emerge. Again, there is an array of costs associated with this Bill, Mr. Chairman, that the government hasn't spoken of. There is the registration itself, there is the maintaining of the inventory, there's the monitoring, and it's going to be expensive. So we would like to know: have they done as they set out in their business plans, that they were going to assess and analyze, that they wanted a more efficient government? They wanted a government that didn't impose an array of these taxes. Well, lightning rods: that's going to be a source of revenue for this government? Brands: a \$200 fee on brands. I mean, tax after tax after tax after tax. Hidden taxes on the rural sector. It's beyond belief that they would do this. [interjection] An hon. member across the way says that they don't mind. Again it's that attitude: \$200 doesn't count; \$207 million to Gainers down the tubes.

Again along these lines, Mr. Chairman, we brought up the point this afternoon. If you look at Millar Western, when you look at the principal and accumulated interest . . .

Chairman's Ruling Relevance

MR. DEPUTY CHAIRMAN: Hon. member, this has nothing to do with Millar Western.

DR. PERCY: Well, a dollar is a dollar, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Stay with the Bill.

DR. PERCY: Okay. They have an obvious disregard for fiscal responsibility and frugality on that side of the House. What more can I say?

Debate Continued

DR. PERCY: As we look at this Bill, we want to hear from the hon. member some justification for the level of the fee. We have heard the suggestion that it will be \$200. Why \$200? How in fact will the issues relate to cleaning up the inventory of these brands as they accumulate? What about the unique problems, Mr. Chairman, of young ranchers just entering the market, where \$200 is a lot of money? I know it isn't on that side of the House

because every member over there gets extra pay and perks, but for the rancher out there who pays their salary, \$200 is a lot of money. We also want some idea of the costs. Who's going to end up paying this? What's their frequency of turnover? How many ranchers who come into the industry then have to leave because of economic misfortune? What's the duration that they're in the industry, the cost that they bear in that period? In a sense, what's the turnover potentially on these brands? In a sense, are they going to try and capitalize on the misery that will emerge from successive failure after failure in the livestock industry because of their punitive economic policies? Is that the way they're going to balance the budget? I certainly hope not, and we on this side of the House hope not. It's the Tory way: tax, tax, tax. So we need answers to those questions.

We also need, then, some idea of the projected costs of collecting that revenue and will in fact this tax cost more? It is a tax. Let's just call it by what it is. You know, it's the brand amendment tax of 1994. We'd like to know what the cost is of collecting that tax and the sources of those costs. Is it the monitoring? Is it the accumulation of the inventory? We need to know what those costs are. We want to know again what the benefits are and why the fee's been chosen perhaps at \$200, some commitment that once a figure is chosen, it's not going to continually escalate like the Tory GST. They impose it, and now they continually generate revenues. [interjection] Yeah. Certainly on this side of the House we want to see the GST gone. We even elected a government that will do that, not another Tory tax. We want some idea, then, of the cost of collecting that tax, again the fee. With these comments, Mr. Chairman, I will conclude my comments on Bill 12.

MR. DEPUTY CHAIRMAN: The hon. Member for Calgary-Buffalo.

MR. DICKSON: Thank you very much, Mr. Chairman. I've always understood that the Member for Edmonton-Whitemud was a man of eclectic interests, and we've seen that demonstrated with his particularly keen interest in the matter of brands. Now, unlike the Member for Edmonton-Whitemud, when I stand as a representative for Calgary-Buffalo, members will appreciate that the Calgary Exhibition and Stampede is located smack in the middle of my constituency, not just the Stampede grounds but also the Ranchmen's Club, which brings me to one of the concerns I have with the Brand Act. I've been troubled by this for some time.

One of the things that's happened – and the Member for Edmonton-Whitemud certainly is alive to this issue and anticipated very well and very astutely what I was going to say, Mr. Chairman. My concern is that for a long time in this province we've allowed virtually anybody to apply for a brand. You didn't have to be a bona fide rancher or farmer to apply for a brand. I daresay that if you were to go to the Ranchmen's Club in downtown Calgary, you would find a host of Alberta business-people. They may be people in the oil patch. They may be professionals. They may be accountants. They may be teachers who apply for brands. Now, it's a great thing to have on your rumpus room wall, and it's a nice thing to be able to have and show your friends, but the consequence of this indiscriminate permission to allow indiscriminate applications for brands is that we've got this enormous number of brands that have been meted out. Now, what happens? When a bona fide agricultural worker – a farmer, a rancher – shows up and wants to get a brand, it's a much more convoluted process simply because many of the permeations and combinations have been used, if not exhausted, with brands.

I wouldn't be so concerned if I could say that these are people whose principal source of income is ranching or farming. That's what the brand was designed to create, a means of identifying ownership to facilitate distribution of proceeds in the sale of livestock, but that's not what's happened. What's happened is that we've used up this huge library, if you will, of brands simply because it's equivalent to a vanity licence plate. There are a lot of Albertans that in effect have a brand, and they no more need a brand than any member of this Legislature does, than any lawyer in downtown Calgary does. I think it's nonsense. I think that's not what the brand was intended for.

I'm interested in hearing what the member who introduced this Bill or any other member – and there are certainly members, I know, on the government side that have far more experience in terms of the agricultural industry than I do, but I've been told this is a concern, and I'd like to know what the member who moves this particular Bill is proposing we do about that. Now, if necessary, I mean, we can deal with amendments to try and screen this out. I hadn't given a great deal of concern because I didn't think we were going to be dealing with this Bill tonight. I'm not the agriculture expert in our caucus, but it seems to me that members opposite – and certainly many of them represent rural constituencies. I would have assumed that this is a problem that's been raised with them before. I assume that people would have come to them and said, "Look, one of the problems is that we've got too many brands that have been passed out to people that don't use the brands for legitimate purposes." I would have expected that thoughtful members on the government side – and there are many – would have crafted an appropriate amendment to be able to say that if you want a brand, you should have a bona fide use for it. I'm anxious we not get into discriminatory practices, but it seems to me that there's a way of doing this that survives a challenge to section 7 of the Charter of Rights and Freedoms. There's got to be a way of doing it that doesn't offend our notion of property rights but gets the Brand Act back to what it was intended to do when it was first introduced, and that is to allow legitimate ranchers and farmers in this province, in a very convenient and easy way, to be able to flag their ownership interest, their equity interest in livestock. We've gotten away from that.

10:30

I want to be clear. I mean, I think the essence of the Bill is a constructive one, a positive one. From people I've spoken to that are in the agricultural sector, they support this, and I think our agriculture spokesman in this caucus supports this Bill. But there is a concern. This would be an appropriate time to address it. I'm just confident that the member from Grande Prairie who has introduced this is not going to let this moment pass by, not forfeit the opportunity to address that bigger concern that the agricultural sector has when we're opening up the Bill to make this modification. So I raise that concern.

I'll sit down for a moment, but I'm going to be anxious to see some suggestions from members who are far more familiar than I am, like my friend from Calgary-Shaw, who I'm confident with his long experience in the city of Calgary – there is a member who understands the importance of the brand. The hon. Provincial Treasurer: now here is a gentleman who served faithfully, I hope, on the Calgary Exhibition and Stampede board. Here's a gentleman with far more extensive knowledge than this member has about the importance of brands but more importantly, Mr. Chairman, the importance of the legitimate use of brands for marking cattle, not for adorning people's vanity licence plates or rumpus rooms. I hope that these learned members are going to

share with us some really concrete and specific solutions, some concrete and specific ways that we can tailor this Bill so that it becomes an even stronger Bill, an even more effective Bill, and most importantly that it serves the interests of rural Alberta.

So thanks very much. I know there are other members in this caucus who are anxious to speak to this, and I want to surrender the floor to them.

Thank you.

MR. DAY: It's been fascinating, Mr. Chairman, to see. There is probably no Bill on the Order Paper as basic and as helpful and as administratively coherent as this one: simply asking that the present branding process instead of being renewed every four years be made a lifetime process. That's it. And who do we see? Somebody from Edmonton-Whitemud – a lot of feedlots out there in Edmonton-Whitemud – and someone from Calgary-Buffalo, I guess because he figures the name "buffalo" gives him some reason to buffalo on this.

I want to point out that *Hansard* will clearly show the shallowness here when the Member for Calgary-Buffalo stands up and says that I can speak on this because the Ranchman's restaurant is in my constituency. Now, that's what he said. *Hansard* shows. [interjections] Ranchmen's Club; excuse me. That would be like somebody standing up and saying that I'm an expert on midwifery because Mother's pizza is in my constituency. That's the exact same thing.

MR. GERMAIN: Point of order.

MR. DAY: On that reflection of the shallowness of the type of debate that we see going on in this House, I move we adjourn.

MR. DEPUTY CHAIRMAN: Order. A point of order was called before you made the motion to adjourn.

Are you going to let it pass? You withdrew it? I'm sorry.

MR. GERMAIN: Yeah, in light of the minister's commentary on the hour.

MR. DEPUTY CHAIRMAN: Okay. The hon. Government House Leader has made a motion that we adjourn debate. All in favour of that motion by the Government House Leader, say aye.

HON. MEMBERS: Aye.

MR. DEPUTY CHAIRMAN: Opposed, if any? Carried.

MR. DAY: Mr. Chairman, I move the committee do rise and report.

[Motion carried]

[Mr. Tannas in the Chair]

MR. DEPUTY SPEAKER: Order.

AN HON. MEMBER: It's too late to have order.

MR. DEPUTY SPEAKER: Hon. member, do you have a point of order?

Hon. Member for Dunvegan.

MR. CLEGG: Thank you, Mr. Deputy Speaker. The Committee of the Whole has had under consideration certain Bills. The committee reports progress on the following Bill: Bill 12.

MR. DEPUTY SPEAKER: Does the Assembly concur in this report?

HON. MEMBERS: Agreed.

MR. DEPUTY SPEAKER: Opposed? Carried.

[At 10:37 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]

