

Title: Thursday, March 23, 1995 Designated Subcommittee

Date: 1995/03/23

[Chairman: Ms Calahasen]

Time: 6:00 p.m.

THE CHAIRMAN: Let's call the committee to order. First of all, I'd like to welcome everybody to – what do we call ourselves? – the designated supply subcommittee on Environmental Protection and just give a brief overview of the process. I think there are a number of staff here, and maybe, Ty, you can give us an introduction of your staff. Then you'll have 20 minutes for an overview, whichever way you want to use it. Then we'll have one hour to the opposition members for questions. Then we'll go for the second hour to the government members and the third hour to the opposition and the fourth hour to the government members.

Before I do that, though, I guess I'm supposed to read the agreement. We are supposed to consider the following motion at our first meeting.

Be it resolved that the designated supply subcommittee on Environmental Protection allocate the four hours allotted to it pursuant to Standing Order 56(7)(b) as follows:

- (a) the minister responsible first addresses the subcommittee for a maximum of 20 minutes [as I indicated],
- (b) opposition subcommittee members and Independent subcommittee members then have one hour for questions and answers,
- (c) government subcommittee members then have one hour for questions and answers,
- (d) opposition subcommittee members and Independent subcommittee members then have one more hour for questions and answers,
- (e) government subcommittee members have the remainder of the four hours.

Can I have agreement on this motion, please?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Anybody disagree? Thank you. Unanimous.

All right. With that, then, we'll go with the minister. It's yours.

MR. LUND: Thank you, Madam Chairman. It gives me a great deal of pleasure to appear before the designated subcommittee of supply and present the '95-96 budget of Environmental Protection. To introduce the staff that I've brought with me – I'm going to start at my far right – we have Bob King, CEO of Alberta Special Waste Management; Ken Smith, chairman of the Natural Resources Conservation Board; Bill Simon, chief financial officer of the department; on my left Peter Melnychuk, deputy minister; Ken Higginbotham, assistant deputy minister in charge of forests and lands; Jim Nichols, the ADM in charge of natural resources; Al Schulz, ADM in charge of the regulatory side of the department; then Doug Wright, the CEO of the tire board. Starting at my left there, we have Roy Goddard, from the tire board; Ken Albrecht, the vice-chair of the tire board; Ron McKague, the chief financial officer of Alberta Special Waste Management; George Rodziewicz, the director of communications in the department; and Jim Rivait, one of my executive assistants. They're going to be helping tonight in giving answers to the questions on the budget.

I'd like to begin by addressing some of the initiatives that my department has already taken and is prepared to take in order to achieve the provincial government's fiscal goals for debt reduction and deficit reduction. These initiatives, of course, are related to the budget estimates we are presenting today.

Let me start by stating that Alberta Environmental Protection is committed to the government's goal of eliminating the deficit.

Elimination of the deficit will maintain the Alberta advantage. As Mr. Klein has previously stated, the Alberta advantage depends on people, preservation, and prosperity, but we also have a natural Alberta advantage when it comes to the environment. Alberta's advantage includes a well-educated workforce, a strong environmental service and research industry, a wealth of natural resources, and comprehensive environmental legislation. Alberta Environmental Protection will continue to find a better way of doing business and at the same time ensure that our environment is protected.

Albertans also expect and deserve a healthy environment and a high level of service from government, and my ministry will continue to meet these expectations. We have been involved in our budget planning to ensure a high level of customer service. Alberta Environmental Protection has already found new ways to do business. One of the major initiatives my department will continue to implement in the upcoming fiscal year is restructuring. In early December I announced the downsizing and restructuring of my department. This restructuring, which is in keeping with our government's commitment to fiscal management, has resulted in a more streamlined, responsive, and customer service oriented department.

As we proceed into our business plan for '95-96, my ministry will focus on four key goals. Sustainability of our natural resources is the fundamental purpose of the department activities. Sustainability relates directly to our tradition of clean air, land, and water. Together with our partners we will sustain our natural resources through wise management.

Community-level service. We will work towards community-level service for Albertans. The department is committed to transferring resources and greater responsibility and accountability to staff throughout the province, reducing levels of bureaucracy for decision-making on operational matters.

Partnerships. We need all Albertans to be responsible for protecting the environment. Partnerships will be formed with individuals, communities, and industries as we carry out our responsibilities. We have already formed many partnerships which benefit the environment. Just one example is the recent fund-raising effort with the Rocky Mountain Elk Foundation, which raised almost \$400,000 for wildlife habitat enhancement.

We will continue to pursue our program of partnerships with Albertans to manage many of the provincial park campgrounds. Through this initiative we encourage small business owners to manage campgrounds, thereby creating new employment opportunities. We have also formed partnerships with industry to identify ways to reduce unnecessary regulations which hinder their ability to compete.

Harmonization. We will eliminate overlap and duplication between the federal and provincial governments. We will reduce costs to both industry and taxpayers.

Some highlights of our proposed budget estimates include a \$23.4 million decrease in operating expenditures for the '94-95 forecast and a \$13.2 million decrease in capital expenditures. By the end of the 1995-96 fiscal year the department will have met 90 percent of our staff reduction target of 856 positions. Contributions to our environmental protection and enhancement fund, which ensures that emergencies such as fires, floods, drought, and insect infestation can be accommodated, will be provided through timber stumpage royalties and various fees.

To conclude, my department will continue to seek greater efficiencies while at the same time ensuring a high level of environmental protection. Albertans can also be assured that my department will continue to seek a balance between the needs of the economy and the needs of the environment and that all

environmental decisions will be based on the best scientific research available and sound economic practices.

With that, I want to thank you, Madam Chairman, and we can continue with the questioning.

THE CHAIRMAN: Wow. That's excellent. Did you have any other agencies that you want to talk on, or is that the extent of the . . .

MR. LUND: That's the extent of the preamble.

THE CHAIRMAN: Okay. Then we're ready.

MR. LUND: I thought we only had 10 minutes. That was what was given to me.

THE CHAIRMAN: Twenty minutes.

MR. LUND: That you had 10 and I had 10.

THE CHAIRMAN: Yeah. So I guess we're doing fine.

What I'll do, then, is open it up to questions, and we'll go with the opposition members. Bruce, you have a speaking order here, so you guys can go ahead and do whatever it is that you need to do.

MR. COLLINGWOOD: All right.

THE CHAIRMAN: As long as we can stick to their estimates as much as possible. I'll allow a certain latitude but not that much.

MR. COLLINGWOOD: Thank you, Madam Chairman. I'll start by certainly thanking the minister for his opening remarks. To all of the staff from the department and from the agencies who have made themselves available to all members of the subcommittee of supply this evening to answer questions: it's very much appreciated that we have a large contingent of staff available for the budget estimate review. I think we have probably done this, but I'll introduce for you my colleagues from the opposition side who are participating this evening. On my left is Dr. Mike Percy, MLA from Edmonton-Whitemud, and on my right is Nick Taylor, MLA from Redwater.

Now, Madam Chairman, if the committee will indulge us, Mr. Taylor is on a bit of a tight schedule this evening, and we would like to give him the opportunity to begin and to take the time that he needs.

6:10

MR. N. TAYLOR: Actually, I have lots of time. I'll be as mercifully brief as the minister was.

THE CHAIRMAN: Well, isn't that nice. Thank you very much, Mr. Taylor. Go ahead. You can go whatever way you want to go.

MR. N. TAYLOR: The Auditor General's report on Environmental Protection, section 2, fish management strategy. I think that's become even more important now that we have a great deal of logging maybe not being done the way we would like it to be done, particularly private logging, but there's nothing that get's a quicker environmental effect than the silt that comes into streams. I'm just wondering if the division, as it says here, should "set goals for the mix of fish populations it is trying to achieve." Has the department set those goals? Are they following the Auditor

General's recommendation? It's on page 58. I'm sorry; page 58 of the Auditor General's report.

THE CHAIRMAN: The Auditor General?

MR. N. TAYLOR: Yeah. Audit coverage, observations and recommendations on Environmental Protection, page 58.

THE CHAIRMAN: Are we using Auditor General information at these estimates? It was my understanding that it had to do with the government estimates.

MR. N. TAYLOR: I thought we used everything.

THE CHAIRMAN: That's in Public Accounts normally, but this is specific to government estimates, and we're dealing with '95-96.

MR. N. TAYLOR: Well, maybe I'll just make the thing broad.

THE CHAIRMAN: Okay. Why don't you make it so that it's into '95-96?

MR. N. TAYLOR: There'll be something under fish there somewhere, I'm sure. It's a four-letter word, so I think we'll find it.

THE CHAIRMAN: If you can refer to '95-95 – I think the Auditor General is '93-94. Unless you want to go back. We don't mind going back.

MR. N. TAYLOR: I wanted to see what he has been doing and what we're doing about fish. I'm particularly worried about the silting, or siltification if you want the long word, of streams now because of the step-up in logging in the last six months.

THE CHAIRMAN: I don't know, Mr. Minister, but I think that's going into the policy area. What I could do, Mr. Taylor, is if you can relate it to an area – and maybe your colleagues can help you. I know there is some information there on a number of areas. Air and water approvals?

MR. N. TAYLOR: I would think it would be under program 3, natural resources services.

MR. COLLINGWOOD: Madam Chairman, just before we continue, I don't want to take too much time away from the committee, but I think we need some clarification of the rules. When we debate the estimates in the House, we will refer to the business plan, we'll refer to the Auditor General's documents, we'll refer to policy statements, and we'll refer to various documents. In fact, I hope we can spend some time talking about the report on Future Environmental Directions. I hope we're not going to be confined to making a reference to a line item in the budget document to ask a question of the minister.

THE CHAIRMAN: Okay. I can't recall the recent agreement, but the agreement under Standing Orders indicated that it be strictly relevant to the proposed grant under consideration. We can go line by line if we want, but I don't think that's what I'm expecting other than the fact that it should be related to the '95-96 government estimates. Unless you want to go back. We certainly can use '93-94, but we'd prefer to go to the '95-96, and I think it could be related to that quite well. I know that Nick is much more involved in terms of where to find it.

MR. N. TAYLOR: Actually I can pinch-hit. I can switch it around. It's just abracadabra; it's neither one nor the other.

Okay. Fish and wildlife management, 3.2.

THE CHAIRMAN: And now you can go.

MR. N. TAYLOR: So right now your money is down from \$26.5 million to \$24.8 million. How do you justify that in view of the fact that the Auditor General said that you were not doing well enough in the past anyhow in costing the types of fish and sizing fish and what you've been producing as well as the fact that our logging has stepped up? You're getting a lot more siltification. So I'm just wondering how we're going to make sure that the trout population and consequently tourism and everything else going on is going to be at least kept as well and hopefully improved.

MR. LUND: Well, Madam Chair, if you look specifically at 3.2.3, you will see that there is a slight reduction – a slight reduction – in the budget for fisheries. I think it's important to also recognize that with the increase in the fishing licence we have agreed to put \$1 from every licence into a fund that will allow the department to buy more fingerlings and plant those in lakes and streams. It is true that there are some problems in the fishery. We have changed the commercial licences. We have also got a walleye task force that is working to come up with some recommendations on what we might do with that species. I think possibly I should ask Jim Nichols to supplement my answer.

MR. N. TAYLOR: It's the trout in streams. Walleye does okay. It's out in the sloughs, you know, that . . .

MR. LUND: Well, the trout in the streams, yeah. The bulk of the streams that contain trout are in the green area. My hon. colleague and I might disagree, but quite frankly, that is very well regulated, and they're not having a problem with siltation in those areas.

MR. NICHOLS: Certainly one part of fisheries management is the protection and enhancement of the fishery resource, but the main function of the fisheries people is to set programs and priorities. The actual field activities taken – and a lot of them are carried out by the enforcement field services section through our officers. That is a different subelement of that area. In enforcement field services there in fact is \$12 million. So it's a team effort. It's not solely carried out by the fisheries management people.

MR. N. TAYLOR: I'll roll along; might as well stay in. I think we've asked three questions probably.

THE CHAIRMAN: It really doesn't matter. Whichever way you want to carry it out between your team there. You can go on a roll there. Obviously, your people are allowing you to do that.

MR. N. TAYLOR: I'm not getting dangerous at all yet. I'm not sure I can.

The transfer of wolves to the U.S. also sets in motion the whole idea of transferring extra wildlife that we may have up here. One of the concerns – and I'd like to hear from the department. Are we making sure when we transfer or let wildlife go – and I'm sure we're already checking on the surplus – that we're not just sending it down to the U.S. or anywhere to be hunted? In other words, if they go as a protected species to where we're sending them, that's good, I think, well and good. We're helping the whole world population of wildlife. But if we're sending them off somewhere to be shot by some overweight Texan, that isn't my idea of what

we're supposed to be doing with our wildlife. So I just wanted to know what your policy is on that.

MR. LUND: I think it's important to recognize that the transplanting of wildlife between jurisdictions is not a new thing of the '90s. That has been going on for many years. As a matter of fact, we imported a lot of elk from the United States a number of years ago.

Your comments about whether in fact there's a safe haven where those animals are going: I'm not sure that was a prime consideration. We did not spend any money on the transplant program. The U.S. Fish and Wildlife Service paid for that program. I'm sure that they are doing what they can to make sure that they're not being shot when they go down there. Why would they spend that amount of money to have some animals go down there to stray into a rancher's bullet? I don't think that would be something they would be anxious to do.

The sheep that were most recently taken to the States, of course, were to get a population going in a certain area. That's a very telling message, that we in fact have companies which are doing such great work in rehabilitation and reclamation that the sheep population can increase to the point where we have excess so that we can allow the United States to come up and take some of those animals.

Jim, did you want to add anything?

6:20

MR. NICHOLS: Just further, whenever we either bring wildlife populations in or export them, the normal practice in fact is to establish a stable population. Once there's a harvestable surplus, then in fact there are hunting seasons. If you take the Alberta situation, we presently are bringing in swift foxes. We had about 123 brought up from the States. We won't be hunting them, of course, because the population is not stable. We're bringing mountain goats in from B.C., and it's going to be years and years before we ever have a harvestable surplus. They will be coming in and be protected. We put them in ranges where they are no longer found.

MR. N. TAYLOR: I was thinking more than just sending them off where they would be hunted. As you say, maybe they wouldn't import them, but I don't quite have the same trust you do. I think they could import them for shooting rather than replenishing. I'd also ask you to not distribute my remark about Texans shooting at them down to the Texas papers until I'm sufficiently out of sight here.

AN HON. MEMBER: You're in the crosshairs right now.

MR. N. TAYLOR: Yeah, in the crosshairs.

MR. LUND: That's a promise, Nick.

MR. N. TAYLOR: I'll give a last quick one while I'm still on wildlife. I still think the previous minister started a very unwise policy, selling firewood in campgrounds. This is under 3.3, provincial parks management. In view of the elm beetle and its spread I think that was a very unwise procedure. You encourage infected Dutch elm logs to be brought into the province when you charge for your own here. I think we'd be better to forestall that by not charging. Is there any thought of rethinking that program? At the time that it came in, it was looked at strictly as financial, but now we have the question of the disease coming in from people who bring in the wood rather than buying our wood.

MR. LUND: Well, there was a little more to the program originally, as well. We were hoping that the private sector would actually move in and sell the wood, that we wouldn't be in the situation that we're in today. As far as the importation of disease, it's my understanding that there is no scientific data that indicates that there was disease brought in. I don't know if Ken wants to add more.

MR. N. TAYLOR: It's got to come from someplace, however.

MR. LUND: Well, it spreads with the wind.

MR. HIGGINBOTHAM: At this point in time the beetle has been found in Calgary. They've been carrying out a very large sampling effort over the winter and thus far have not found the disease. When the decision was made to start to charge for firewood, efforts were stepped up in terms of advertising between our neighbours east and west with respect to bringing firewood into the province and substantially stepped up in the south with respect to inspections and that kind of thing and actually removing firewood from people coming across the border from the United States. The Dutch elm disease is in Saskatchewan, so that is a possible location to bring it from. Our biggest concern, though, has been the extensive disease down in the Great Falls area in Montana, and that's where we have felt was the greatest possibility it might come from.

MR. N. TAYLOR: Just a short aside. Don't you answer your own argument when you say that you put up notices and everything at the border to tell them not to bring in the wood? Obviously, if it comes in, it's got to come that way. So why not put a sign up saying: all the free firewood you want here. That way they wouldn't bring it in.

MR. HIGGINBOTHAM: Well, of course, we had free firewood before. We charge for it now in some of the campgrounds, but we have had those signs up for a very long time, because the disease has slowly been creeping across the nation from east to west.

MR. COLLINGWOOD: I want to just pick up very quickly on one of the points that Nick raised, and that was with the wolf capture program. My understanding is that personnel from the department, fish and wildlife I would suspect, were observers or supervisors of the program. So in terms of that cost, was there a plan or could there be a plan for recovery of the costs to provide staff from the department to observe or supervise?

MR. LUND: I think there was some benefit derived from having our folks involved. Undoubtedly, we learned a fair bit about the wolf population, about its range and about its activity. We aren't attempting to recover the costs of that supervision. We kept it to a very minimum to try to, I guess, gain as much knowledge as we could without spending a lot of money.

MR. COLLINGWOOD: And the process, if it is continued, will be under the same structure?

MR. LUND: If there is another wolf transplant program, I would think it would be somewhat similar. We haven't said yes, there would be another program.

MR. COLLINGWOOD: Okay.
Do you want to . . .

DR. PERCY: No. As soon as . . .

THE CHAIRMAN: If you can speak a little louder. Because you're facing that way, I can hardly hear. Thanks.

AN HON. MEMBER: I think this is probably more for their benefit than anyone.

THE CHAIRMAN: Yeah. If you just can speak a little louder, Bruce, that would be great.

MR. COLLINGWOOD: Okay. Let me just sort of generally speak to program 1 on departmental support services. The budget this year, I believe, recognizes the reduction of 87 FTEs over the fiscal year. There has been some discussion about decentralization to regional offices, and there has been some discussion – and I believe the terminology you used, Mr. Minister, was the entrepreneurship program. I wonder if you could, just in the context of program 1, give us some indication of what is entailed in the decentralization into the regional offices and a bit more about the entrepreneurship program.

MR. LUND: Well, I'll start with the latter first. We withdrew the entrepreneurship program. It's off now.

As far as the move to move decision-making and to enhance the community-level services – I don't know, Madam Chairman, if you want me to go through the whole thing, if that's what the hon. member is asking, or if just a very abbreviated . . .

MR. COLLINGWOOD: I'm fine with an abbreviated version. I'm just looking for a bit more information on what the program entails.

THE CHAIRMAN: Okay. Maybe what you could do is just an abbreviated version then.

MR. LUND: Okay. Well, as you're probably aware, we divided the province into six regions. Within each region we will be establishing a management committee that will consist of regional directors of the various line services. Now, within the region on this committee there will be a regional director of forestry, a regional director of fish and wildlife. We're looking down the way at probably parks and fish and wildlife being the same individual. There will be one of water resources and one of parks. There will also be one on the regulatory side and then a regional director of corporate services. Then within that, there's the financial folks, the planning, the human resources. You will not have a regional director of all the line services living within a region. In some cases the regional director will cover two regions. But we're going to then really strengthen the community offices, the district offices, and we're going to move decision-making to that level as much as possible. We will make sure that there's the support staff available for them so they can do a lot of the functions that are currently done in some of the regional offices and some of the things that are done within the corporate headquarters.

6:30

MR. COLLINGWOOD: Within the budget for this year, what do you anticipate the savings will be for moving into that new organizational structure?

MR. LUND: I'm not sure that that move in itself is going to save a lot of money. It's going to allow us some streamlining. I'm

more interested in the change, in how it will affect the delivery to the public. I believe that we will, by going through this exercise, end up with pretty much a one-window approach. It'll allow the public better access to all of the services in this department, because it's such a diverse and large department. It'll allow for, I think, better decision-making. When the people who are making the decisions get to know the area, get to know the people who are most directly affected by the decisions, we're going to, I believe, end up with a better buy-in.

MR. COLLINGWOOD: I'm not sure if I'm asking in the context of this or not, but just in terms of the capital investment in program 5, in references from about 5.5.1 to 5.5.8, I think those are the areas; are they not?

MR. LUND: Well, that's under lands and forests. Those are the current districts, but that will change. For example, we've got the Bow/Crow and the Rocky/Clearwater. That'll become one district. There are six listed there, but when we're finished, we will end up with four forestry districts.

MR. COLLINGWOOD: So can you then, Mr. Minister, give us some indication of what the capital investments for each of those regions are?

MR. LUND: I'm sorry, Bruce. I said "districts" and it should have been "regions." Now, go ahead.

MR. COLLINGWOOD: It's all right.

Yes. There are line items for capital investment in each of those districts. I'm just sort of trying to reconcile the capital investment for those districts relative to what will become the new regions, if I'm using the terminology correctly.

MR. LUND: Ken, do you want to get into that detail?

MR. HIGGINBOTHAM: The capital investment figures that you see for all of the current forests – and we can tend to call them regions – in this year are focused on developing, I guess you could call it, a new, improved integrated office systems kind of structure so that we can communicate with each other. Part of the capability to really get to the point where the district can make the decision is to be able to move information back and forth from the regional headquarters, and that's what is involved with all of this. So even though we will eventually reduce to four regions, we will still, in the case of forestry, have about 26 district offices, and this is designed to allow the district offices quick communication. It'll also include the opportunity – probably in another year – to have geographic information systems capability at those district offices.

MR. COLLINGWOOD: So would it be fair to say that the capital investments here are essentially technology: software, hardware, that sort of thing?

MR. HIGGINBOTHAM: I think that's what it indicates.

MR. COLLINGWOOD: Even though the geographic boundaries are going to change from districts to regions, they will still all be in use in the new geographic boundaries.

MR. HIGGINBOTHAM: That's correct.

MR. COLLINGWOOD: Nick, do you want to do some forestry . . .

THE CHAIRMAN: Do you want to finish before you go?

MR. N. TAYLOR: No. I was going to go and get a quick drink.

DR. PERCY: Okay. I'll jump in.

I'd like to ask some questions, Madam Chairman, Mr. Minister, gentlemen, related to the Alberta Special Waste Management Corporation. That would fall under 6.3. Or the first line of questioning I'm going to pursue might fall under 2.4.4, contaminated sites and decommissioning. One of the Auditor General's recommendations was in fact allowing for the liabilities associated with site cleanup and that it should be costed on an annual basis. So my first question is: why wasn't that done with regards to the Special Waste Management? Every plant in the U.S. under EPA standards has to absorb that cost or be bonded.

MR. LUND: As a matter of fact, we are trying to come up with a number currently.

Al, do you want to comment on that? It's really not direct to Alberta special waste.

MR. SCHULZ: In terms of the environmental liability, it isn't covered there. In some of the cases we have collected security, for example, for the oil sands plant, for a lot of the surface disturbance areas – and we have been collecting that for years – in a lot of the cases while the plant is operating and while the plant is a viable operation. In some of the cases, for example, we're looking at it and saying that the security doesn't maybe even make sense. So we're re-evaluating that right now; we have a committee struck. For example, pipelines. We collect security on pipelines for the disturbance, and it doesn't really make too much sense because we collect the money and then we return it to them at the end of the period. All we do is play an unnecessary banker function.

In terms of assessing the liability, one of the questions that comes up is whether that liability accrues to the government or does it accrue to some party that is still there. It only really accrues to the government if there is an orphan, if you cannot come up with anybody that can be tied to it. We're trying to deal with some of those sites right now, for example, with Canada Creosoting in Calgary. We're trying to deal with that site and clean up. But even in that orphan site we're still trying to pursue, seeing whether we can recover that from some of the parties that have been involved in the past.

DR. PERCY: Yeah. Under the joint venture agreement there's no orphan; it's the province that's liable.

MR. LUND: We have, of course, that committee that I mentioned looking at it. We've got a million dollars in the fund. We recognize that that's not enough, but we are working on that issue.

DR. PERCY: The second question along those lines would be then: to what extent is the contingency fund that's being created consistent with what we know for sites in the U.S., the level of bonds, for example, for comparable incinerators? One of the arguments is that Swan Hills retrieves waste but other sites won't, so that would lead me to believe that the liability would be even greater for Swan Hills than for comparable plants in the U.S.

MR. KING: I think I can give you the exact answer you're looking for. We have met with the Auditor General on that very recommendation. There is a recommendation that there has to be some amount of staff for contingent liability downstream. On the other hand, it's just not an exact science. I think there is general

agreement on that. We haven't established that number yet, in accordance with the recommendation of the Auditor General. We have been to see the Auditor General within the last five weeks I believe – I don't know the exact date we met with them – to try to describe some of the difficulties of sort of crystal balling, if you will, 20, 25, 30 years downstream. But it's obvious that we have to have some sort of an engineering environmental assessment to put some numbers to paper and to get the Auditor General to more or less accept those numbers as being the best guess, because I don't think there is a science to this estimation, if you will, as to what the cost may be 25 years from now.

MR. LUND: Actually, the million dollars that's set aside right now is for the sell. There are actually two issues there: the liability on the sell and the plant.

MR. HLADY: Excuse me for a minute. Pearl is just going to move up here. Keep going. She's having trouble hearing the question. She's just going to move up.

THE CHAIRMAN: I just can't hear you guys. I'm really having a problem. Go ahead.

MR. KING: My comments were in reference to long-term liability, and I believe the hon. member was referring to the long-term liability as described in the Auditor General's report. We have made a commitment to set up a process to bring in the appropriate people, to attempt to establish a number which would be acceptable to the Auditor General. But, again, I must repeat that this is not a science, and I think that's generally recognized by the engineering and environmental field, as I understand it, that it is not a science in trying to look that far downstream, 25, 30, 35 years.

6:40

MR. COLLINGWOOD: Just to pick up on that. Recognizing that there's some effort being made to do that, has the corporation or the joint venture set for itself some time line as to when it's going to be able to go back to the Auditor General with a proposal?

MR. KING: Yes. I believe we have to set a time line. I hope that we can get this procedure under way by June. To be honest with you, I don't know whether it will take two months, three months, or five months, but I would hope that certainly by this time next year that concern will have been addressed. It won't be easy, because the advice that we've received to date is that it is not an exact science. But we're committed to complying with that recommendation of the Auditor General to the best of our ability.

DR. PERCY: One solution, of course, is to ask an insurance company how much they would charge to bond you, and you'd certainly off-load the crystal ball very quickly, in terms of giving you a quote, I think.

Another set of questions relates to the operating cost of Swan Hills. One argument that has been made both by the opposition and I think in fact by some private members on the other side is that the guaranteed rate of return doesn't necessarily generate any set of incentives to be cost-efficient. We have asked for the business plan for Swan Hills. In fact, it was stated that there was going to be one set out. We would expect that the business plan would set out clearly the cost structure, how it would change through time, and set relevant benchmarks. They have comparable plans in the U.S., for example. Is there such a business plan, and will it be forthcoming and tabled in the House?

THE CHAIRMAN: I'm not sure, Mr. Minister, if it's even related to this. Where are you at?

DR. PERCY: I'm looking, actually, at the Alberta Special Waste Management Corporation business plan.

MR. LUND: Yeah, I know. I can answer that. Currently the 10-year business plan has not gone before the board. Even after it does, because there is a private-sector component to this, there would have to be approval from the private sector to file that in the Legislature, and you will find that under the freedom of information that occurs.

DR. PERCY: Certainly I think it's a relevant issue, though, given the magnitude of taxpayer dollars.

A second issue that relates to the waste management corporation in more general terms is its overall cost structure relative to comparable plants in the U.S., its fee structure and whether or not there are expenditures within, say, 6.3.1 on page 145 of the estimates, whether or not some of those funds are in fact undertaking studies of the fee structure and how it compares to competitors for waste treatment.

MR. KING: I can make a general statement. If you need a more specific number, I would certainly call on my colleague, the chief financial officer. The fee structure that you're referring to – could you be more specific? This joint venture agreement I think is quite different than most of the undertakings, as I understand them, in the U.S. The nature of the relationship between the business community and the government agencies responsible for environmental protection are quite different compared to the somewhat, I will say, unique relationship that we have with Bover. I believe that this business relationship was established initially for other than purely business purposes. I believe there was also this environmental protection agenda.

MR. LUND: I think we should have Ron McKague give more detail.

THE CHAIRMAN: You'll have to come up here and speak, maybe from up front, because they can't hear and it has to be recorded.

MR. McKAGUE: You were speaking of pricing, Mr. Percy?

DR. PERCY: Yes, pricing or fee structures for Swan Hills relative to American competitors' comparable plans. It's certainly a continental market for waste, with one or two exceptions.

MR. McKAGUE: I think for some years we've examined the pricing structure throughout Canada and the United States and have done surveys from which we've gained an idea, a direction in terms of the local pricing. We've done that again more recently as we've gained a national market, examined the pricing structure through a survey done by a competent consultant in the United States. The marketing people of the operating group studying that have set prices accordingly in Canada. That's not to say they may stay that way or can stay that way. We have to look at each community and their requirements and the pricing necessities of that environment. We know today that we can handle almost any and every waste that is put on the marketplace in Canada, and as of that, we have a pretty vast pricing arrangement where almost anything will come up, but certainly based on past experience and market survey.

DR. PERCY: Is it fair to say that the fee structure that emerges, then, reflects the excess capacity that exists in the American market right now for a wide array of wastes that are incinerated?

MR. McKAGUE: I don't think I could quote the marketing people exactly in that regard, but certainly the pricing in Canada won't be impeded. It will be structured in accordance with the conditions in the States, yes, or will be affected by pricing and underutilization in the United States. Mind you, we know that some of the products just can't go across the border too easily, so PCBs, in that respect, wouldn't be affected.

MR. COLLINGWOOD: I'm going to let Nick have another kick at the cat here, so he can fire away.

MR. N. TAYLOR: He's not a cat; he's a minister.

On 5.2.1, client and field services are down I think from about \$7.4 million to \$4.9 million. Now, does this money include the money from the federal/provincial program for education on private woodlots? In other words, the federal government gives us money for education on private lots. Is that included or is that our own money when you say \$4.9 million?

MR. LUND: Go ahead, Ken.

MR. HIGGINBOTHAM: The money for the woodlot program, as you indicate, comes from the federal/provincial forest resource improvement program so is over and above what is listed here.

MR. N. TAYLOR: It's over and above, is it?

MR. HIGGINBOTHAM: Yes. But keep in mind that that agreement expires at the end of March this year. There is some federal money in a sunset year, but we are moving moneys that have been spent in other areas of the client and field services program to be able to maintain that woodlot program. So there is a transition going on here as to where that woodlot money will be found in the client and field services element.

MR. N. TAYLOR: Now, in the entire forest management budget that you have here for Crown land – because at the time you made this up, this whole business of not being able to step out on a road without being run over by a truck of private logs hadn't occurred yet, so I would suspect that all your budget here talks about looking at Crown land. How much is for Crown versus private?

THE CHAIRMAN: I don't think that touches on that here. I don't understand the question. Are you talking about the timber revenue dispositions or reforestation?

MR. N. TAYLOR: No. We're talking about timber inspection and education in client and field services. In Alberta we have maybe 90, 93 percent of our logging taking place on Crown lands and their clients, but you also have about 7 to 10 percent – although in the last month it might be 20 percent – taking place on private land. So what's the budget split between giving client and field services out to people working on Crown land versus people working on private land? Because logging on private land is as important as on Crown land.

THE CHAIRMAN: Are you talking about the permit system that is set in place?

MR. N. TAYLOR: But the budget is set at \$4.9 million.

THE CHAIRMAN: Yeah. So it's the permit system that he's got in place now?

MR. N. TAYLOR: No, no. I haven't even got that far. You're ahead of me. Give me time to sneak up on it.

THE CHAIRMAN: I won't. Remember, I'm good at ambushing.

MR. LUND: A very high percentage, very high, would be for Crown land. I don't think we've even got a breakdown of the time spent on private. Certainly, as you indicated, it's been stepped up over the last four months; that's for sure. But what the percentage might be would cost us more to find out than it's worth.

6:50

MR. N. TAYLOR: Okay. Do you have the elasticity in your budget now to transfer people over to do the checking of private logging? As you told me in the House the other day, you're now thinking of giving permits before the tree is cut to private landowners. That'll take some staff, yet of course when this was put together, there were none of those thoughts around at all. So I was just wondering: are you still going to be able to stay within \$4.9 million, actually, now that you've taken on more tasks in private logging?

MR. LUND: The way you phrased your preamble, it sounded like we were going to be moving people. The fact is that where the timber is being harvested, we have people right in those areas already. It's not a case of having to move people. Yes, they will be spending more time observing the activities on private land, and certainly in conjunction with the fish and wildlife folks they're spending a lot more time checking logging trucks and their sources.

I don't know, Ken, if you'd care to try to satisfy the hon. member as to what those kinds of percentages might be.

MR. HIGGINBOTHAM: Well, I don't know what the percentages are either. One of the things that should be pointed out is that the permit program hasn't even been discussed in cabinet yet. If it is approved along the lines that the minister has instructed us to develop it, there will be a charge for the permits that hopefully we're going to be able to capture, and it will then aid us in being able to provide the manpower to do not only the work of issuing the permits but assist us in the inspections that are being carried out. As the minister points out, our staff are involved in quite a range of activities, from oil and gas inspections to timber harvesting inspections and so forth, and oftentimes the work is simply combined. When they get in the truck and go out, they'll do all of those things through the day. What we've had to do most recently is to provide some overtime dollars for some of this inspection of trucks between ourselves and Fish and Wildlife. We think, of course, as the summer season comes along and the logging decelerates, at least to a certain extent, we should be able to keep up with those various activities.

THE CHAIRMAN: Go ahead. You actually have some time here.

MR. N. TAYLOR: Well, one very last quick one. Is the recommendation to cabinet going to include giving a permit to a private log cutter before the logs are cut? In other words, are they going to have to have a logging plan approved before they proceed?

MR. LUND: No.

MR. N. TAYLOR: That's different from what you told me in the House.

MR. LUND: No. Read my answer.

MR. N. TAYLOR: I read your lips too.

THE CHAIRMAN: I'm glad you can read lips, Nick. That's good.

MR. LUND: You called me Iron Jaws the other night. I'd like to know what's going on here.

THE CHAIRMAN: Are you done now? You do have some time, you guys, so you're okay.

MR. N. TAYLOR: I didn't get the answer I wanted, so I'm sulking.

MR. LUND: Is that all it takes?

MR. N. TAYLOR: Thank you, everybody.

DR. PERCY: I'd like to ask the minister – and this relates again to 6.3.1, or actually to 6.2, the NRCB. That was the licence that was granted for the importation of hazardous waste into the province. I note that in that they just gave permission for continued test burns with regards to PCBs. It wasn't completely unrestricted.

MR. LUND: No. The NRCB approved the importation of hazardous waste.

DR. PERCY: Yeah. But in terms of the conditions of the approval, was it unrestricted importation of PCBs, or was it under a test basis?

MR. LUND: No, it was unrestricted. There was a test burn before, but the NRCB hearing on importation said that it was in the best interest of Albertans to import hazardous material.

DR. PERCY: Yeah. That I'm aware of, but I was wondering if there were differential restrictions.

MR. LUND: No.

DR. PERCY: With regards to the PCBs, does the Alberta Special Waste Management have an estimate of the stock that exists? It's my understanding that they've worked their way through B.C., Saskatchewan, Manitoba, heading east. What is the stock, and how long would it take Alberta Special Waste Management to go through that stock at a reasonable pace?

MR. KING: The total tonnage available across the country is in excess of 100,000 tonnes. How much of that tonnage would end up at Swan Hills at this point in time is impossible to estimate, because there are a number of factors that have to be taken into account as to whether or not the generators will indeed ship to Alberta. There's no indication at this stage as to what the tonnage may be. We will get a better handle on that once the waste external to Alberta, primarily PCBs, starts coming in. I think you have to appreciate that the government only recently approved

importation, and we have to give the operator opportunity to get the market flow, if you will, moving in this direction. But the tonnage is in excess of 100,000 tonnes, and I believe the number is more in the order of 147,000 tonnes. That's what's out there stockpiled across the country.

MR. COLLINGWOOD: Madam Chairman, through to the minister. On the issue that Dr. Percy's pursuing, does the business plan that's being prepared for the next fiscal year for the joint venture contemplate in pro forma statements what the projected tonnage will be that comes to Alberta and the revenue that's generated from that tonnage?

THE CHAIRMAN: That's more of a future item, isn't it?

MR. COLLINGWOOD: No, that's part of the business plan.

THE CHAIRMAN: Which one are you looking at?

MR. COLLINGWOOD: These are consolidated statements now.

THE CHAIRMAN: And that's on page?

DR. PERCY: Pages 42, 43, and up to 47.

MR. LUND: I think the hon. member is referring to the 10-year business plan of the Special Waste Corp. That hasn't even gone to the board at this point.

THE CHAIRMAN: Well, maybe what we could do is just sort of refer to another point, if you can, please.

MR. COLLINGWOOD: Okay. Then rather than numbers I'll just ask for a yes or no. Does the business plan have pro forma projections for the tonnage that should come to Alberta this year, with the revenue that will be generated from it?

MR. LUND: I don't know. I haven't seen the plan. It's my understanding that it's in the development stage.

THE CHAIRMAN: I don't think we can answer that question at this stage.

MR. COLLINGWOOD: Well, I'll ask the question, because these are consolidated statements now. So I think those are probably fair questions.

THE CHAIRMAN: I'm not saying that it's not fair. I'm just saying that maybe we can relate it to something that he has access to.

DR. PERCY: I'd like to ask another question, and it relates to Bovar but to the Beiseker plant. I'm just looking under monitoring. Air issues and monitoring, 2.4.3, I think might be the appropriate reference.

THE CHAIRMAN: Okay.

DR. PERCY: There is only one plant for biomedical waste presently in the province that meets CCME standards, I understand, and that is the Beiseker plant. There is anecdotal evidence, in fact, that those standards were met by this plant only with a test burn that was at less than half capacity, and it was relatively clean waste. Can the material related to the test burn and the ability of

the plant to meet these CCME standards be tabled or brought forward?

MR. LUND: Al, I guess you might want to comment on the test burn. I'm not familiar with the numbers.

MR. SCHULZ: I think, as you appreciate, the testing for dioxins and furans is very complex and has to be very carefully completed. The plant was tested a number of times, and the plant has been able to meet the CCME requirements for biomedical waste. Certainly I think any of the data that the plant submits in terms of the stack surveys is public information.

7:00

DR. PERCY: Could I ask the minister though: were those at full capacity and just sort of regular material to be treated? Was it prescreened, or was it just a representative sample of material that would come from a hospital in terms of biomedical waste?

MR. SCHULZ: It would be the Beiseker facility that gets the biomedical waste. Biomedical waste in itself obviously could be quite a mixture. To my knowledge, certainly there were no efforts made there to prescreen it. I know we had our staff there to watch some of those surveys as well, to audit some of those surveys, because we were concerned. They had some problems in there, but they were able to demonstrate that they could meet the standards.

MR. LUND: As a matter of fact, the incineration of biomedical waste is not at CCME standards. We're above CCME standards.

THE CHAIRMAN: Above?

MR. LUND: Well, it's more stringent.

MR. COLLINGWOOD: While we are on the Special Waste Management Corporation, Mr. Minister, just a couple of other things here. Page 162 of Budget '95 indicates under the Alberta Special Waste Management Corporation, in the right-hand column, that there is a net contribution to general revenue from the Alberta Special Waste Management Corporation, and if I'm reading it correctly, it's \$267,000 for the '95-96 estimate. This is essentially the pro forma presentation for the Environmental Protection ministry on page 162. If I can then direct your attention from that presentation of estimates . . .

MR. MELNYCHUK: Are you into the consolidated . . .

THE CHAIRMAN: It's in Budget '95: Building a Strong Foundation.

MR. COLLINGWOOD: Yeah. Budget '95, page 162.

MR. LUND: We're working from different numbers. Ours is organized a little different, so I'm sorry.

THE CHAIRMAN: Yeah. Just give him a few seconds. Then he can at least look at it.

MR. LUND: Did you find, Bill, where it's at?

MR. SIMON: I'm just waiting for the balance of the question here.

MR. COLLINGWOOD: Okay. So you're with me on that presentation?

MR. SIMON: I don't have the presentation here, but I think I recall it.

MR. COLLINGWOOD: I want to then direct your attention to the net revenue table, which for us in the Budget '95 document is page 49, with respect to the Alberta Special Waste Management Corporation. So now I'm looking at that particular chart . . .

MR. SIMON: That one has a \$33,000 surplus. Is that the one?

MR. COLLINGWOOD: No. This is the one that has \$267,000 as a net contribution to general revenue. Then this one which is the net revenue table for all funds and agencies, which includes the Special Waste Management Corporation, also has figures associated with it.

AN HON. MEMBER: Have you got that?

MR. SIMON: Yes, I do have it.

MR. COLLINGWOOD: Where I've been confused in the presentation of the net revenue statement from all funds and agencies is that for the '95-96 estimate the figure representing the revenue from the Alberta Special Waste Management Corporation is \$5 million, and on this pro forma consolidated presentation it's a deficit of \$267,000. So I'm looking for the reconciliation of that.

MR. SIMON: Okay. On the fully consolidated budget that was put into the package, this was basically put into the package as an example. It's a pro forma consolidated presentation just to illustrate the proposed type of consolidation that Treasury may have in the future. It isn't a real-life example. It's basically just an example so that people can think about the issues that may arise out of such consolidation. So it really doesn't form part of our total budget package.

MR. COLLINGWOOD: Well, what do the numbers mean then?

MR. SIMON: Nevertheless, there's a true operating deficit, or cash deficit, for the corporation of \$33 million.

MR. COLLINGWOOD: Thousand.

MR. SIMON: I'm sorry; \$33,000. This is a Treasury format, and it was put in here for illustrative purposes only.

MR. COLLINGWOOD: What does it mean?

MR. SIMON: Okay. As you look across the line here through the Alberta Special Waste Corporation, the revenue and expenditures, the revenue is \$20 million and the expenditures are again \$20 million and a net expenditure of \$33,000, or net deficit. They take the capital amortization off that, which leaves \$267,000 as a net contribution to general revenue. To be on a fully consolidated basis, the corporation would make a net contribution to general revenue of \$267,000. That's what that means.

MR. COLLINGWOOD: What is the \$5 million that is the estimate of revenue for the Alberta Special Waste Management

Corporation in the table of revenue expenditures of funds and agencies?

MR. SIMON: I believe what Treasury did there is take the \$33,000 actual cash deficit, they added back the capital investment of \$5.6 million, they added back the charge for amortization, and that's how they got the \$5.2 million.

MR. COLLINGWOOD: Well, *Hansard's* got it. I didn't, but *Hansard's* got it.

So it will generate a revenue of \$5 million with the amortization?

MR. SIMON: I think they call that basically a surplus, if you add back the capital investment. Mr. McKague can supplement the answer, as he works with these numbers. I think that's basically the answer.

MR. McKAGUE: I think that's the answer. We've moved from a \$33,000 loss on a cash basis to a surplus of \$5 million on an accrual basis, because the disbursement on the cash basis is the investment.

THE CHAIRMAN: Were you able to hear that?

MR. COLLINGWOOD: You've got that recorded; have you? Thank you. I'm going to need it.

I also want to just refer you over to the other table. I think this is a typo, myself. I just want to draw your attention to the '93-94 actual at the far side of that table. That would suggest a \$26 million revenue in '93-94. Is that an expenditure?

THE CHAIRMAN: Where are you at?

MR. COLLINGWOOD: The same table where we just looked at \$5 million for the '95-96 estimate.

MR. SIMON: What page number is that?

MR. COLLINGWOOD: Forty-nine. You don't have that? I'm going to pass it down to you. I think it's a typo. The far right-hand side suggests a revenue in '93-94 of \$26 million.

MR. SIMON: Again, what they've done here in the display of these numbers is add back the capital and put it on an accrual basis. They added back the capital investment that was made that year of \$25 million to their \$2 million cash operating surplus that they had that year, which then brings it to a net surplus of \$26 million. So, again, it's the same kind of accounting treatment.

MR. COLLINGWOOD: Now I understand the number. Thanks very much.

THE CHAIRMAN: I guess we've gone over a few minutes, but that's okay. We will just take it off your next one.

We'll go ahead now with the government members. I know that Lorne was going to be first, because he's also in a crunch here.

7:10

DR. L. TAYLOR: I'd like to congratulate the minister on doing a very fine job, and I support him one hundred percent. I have no questions at the present time.

THE CHAIRMAN: Wow.

Okay. Mr. Herard.

MR. HERARD: Thank you, Madam Chairman. Program 2, page 129. The reference is 2.1.1, reclamation approvals. I understand that there are major – well, I don't know if they're major, but they're certainly delays with respect to issuing reclamation certificates for well sites, and it's resulting in a backlog. How is the department handling this backlog?

MR. LUND: Actually, the backlog has been dealt with. There's been an issuing of about 2,170 reclamation certificates. Maybe Al would care to comment on how we accomplished that.

MR. SCHULZ: This particular issue was a problem and was a concern for the industry, so what we did was reallocate some resources to help us deal with that backlog in fact. It's reflected in our budget. By putting some extra people in there and overtime, we were able to deal with those. In fact, we did the inspections. We were able to issue the reclamation certificates, and in the process of doing that, we basically helped relieve the industry of about \$4 million of lease grant payments that this backlog had caught.

MR. HERARD: Who actually does the inspections?

MR. LUND: Well, we've now formed a partnership with municipalities. We pay for it, but we have their people do the inspections and write out the certificates. We've got some 200 people out there right now through the municipalities.

Al, did you care to offer any . . .

MR. SCHULZ: I think that's a program we're even trying to actually augment, because we feel that the local inspectors, local authorities are doing a good job in helping us deal with that issue.

MR. HERARD: So this is local inspectors, and essentially you're outsourcing it to municipalities.

MR. LUND: Well, we pay for it.

MR. HERARD: Right. Well, outsourcing. That's what that means.

MR. SCHULZ: But they're appointed.

MR. LUND: Well, yeah, they're appointed. We certify or appoint them. Actually, they're on the municipality's payroll, but we pay for the services that they provide to us, about \$215,000 worth I think for this year that we're budgeting for.

MR. HERARD: Okay. The next one is on the same page, 129, vote 2.2.3, regulatory approvals centre. Can you provide me some insight as to what that is?

MR. SCHULZ: I think with the approvals centre, what we're trying to create there is one window for the people that are requiring approval under the Environmental Protection and Enhancement Act, that the people can come and make that application to the one facility. The regulatory approvals centre then reviews the approvals. They also make sure that public notification is issued for the approval. They also ensure that the legal procedural matters have been met. They receive the statements of concern that may be issued by a member of the public in regard to the approval and respond to requests for information that comes in [inaudible]. They also provide a place where any member of the public can come to and view the

approvals. Anything that's related to approvals is public information.

MR. HERARD: Now, when you refer to a one-window approach, is this just for environmental issues and applications and things like that or can you in fact provide more than those services there?

MR. LUND: Well, it's for environment-related activities, but things under the Water Resources Act will be available at that centre as well.

MR. HERARD: So you plan, then, to make those single windows more versatile.

MR. LUND: That's right.

MR. HERARD: Okay.

MR. LUND: More user friendly.

MR. HERARD: My next one is on page 133 under reference 3.1.3. Now, the Alberta flood damage reduction program is being reduced by \$400,000 there in '96-97. The government has invested, as I understand it, over \$2 million in this program, and I'm interested to find out what we got for our money.

THE CHAIRMAN: You're on page 133 of the estimates?

MR. HERARD: Program 3. I wrote these questions down, and I didn't bring my books, so I'm probably not referring to the same thing you are.

THE CHAIRMAN: Okay, 3.1.3, water resources technical services.

MR. LUND: I'm sorry, I missed . . .

MR. HERARD: Well, it's the flood damage reduction.

THE CHAIRMAN: It's within the water resources technical services.

MR. HERARD: Anyway, it's going down by \$400,000. It's my understanding that we've spent a couple of million dollars on this flood damage reduction program, and I'm asking: what did we get for our money?

MR. LUND: Jim, did you want to fill in?

MR. NICHOLS: Yes. That was a joint program between the federal government and the provincial government that was signed in 1989. It was to look at mapping flood areas in 66 urban communities. The belief was that it's best to map out these areas and not allow development in those areas rather than paying the cost for flood damage during high water. To date we've designated 10 communities as flood risks, and we have done the mapping. We have another 32 that are very close to being done, and 1995-96 will be the last year for the technical portion. It will then be to complete the mapping, get agreement with the communities, and get sign-off between the federal and provincial governments.

MR. HERARD: Madam Chairman, can people ask questions on this point?

THE CHAIRMAN: Sure they can. If you want, go ahead.
Go ahead, Lorne.

DR. L. TAYLOR: You said that in the flood areas you were not going to allow development. I don't think that's in your purview. I believe that's a municipal issue; is it not?

MR. NICHOLS: That's correct. What happens is that communities buy into this program, and they then agree to either allow development under certain conditions so that they're floodproof, or if in fact certain developments go without the floodproofing, then they won't be paid if there are damages. But this is at the agreement with the local municipalities.

DR. L. TAYLOR: So the local municipality is the one that writes the rules that say there will be no development, not you.

MR. NICHOLS: That's right. What we do is we work with the federal government to identify the areas that are prone to flooding and map them out and get agreement between municipalities, the provincial government, and the federal government.

DR. L. TAYLOR: Now, when you do your mapping and so on and say that this is flood-risk area, and people have property and buildings in that area, that obviously reduces the value of those buildings. Are you prepared to pay those people compensation?

MR. NICHOLS: They haven't been paid to date that I'm aware of.

DR. L. TAYLOR: Would that be your responsibility? You're the one that designated the area.

MR. LUND: Well, that designation, of course, is from historic flood data. I would think that once that has been identified, then under our agreement we wouldn't be paying.

DR. L. TAYLOR: Thanks, Denis.

THE CHAIRMAN: Okay. Go ahead. Keep going.

MR. HERARD: Okay. On the same page, 3.2.2, wildlife management. Could you give me some insight as to what this element provides?

MR. LUND: Jim, do you want to do that?

7:20

MR. SCHULZ: This is the area within natural resources services that's responsible for the stewardship role of the public wildlife resource yet manages wildlife to ensure that there is a surplus that can be enjoyed by the nonconsumptive users, which generates about \$933 million annually. It provides for the hunting seasons on some of the hunting species. There are about 100,000 a year that hunt. They spend another \$150 million a year. Then there are some commercial activities – trapping, outfitting, and guiding – and that comes under this element.

MR. HERARD: Okay. My next question is on page 137, corporate management services. What is the FTE reduction for the Alberta Environmental Centre, and what impact will that have on the services you provide?

MR. LUND: Peter, do you want to answer?

MR. MELNYCHUK: I think Mr. Simon would deal with that.

MR. SIMON: The FTE reduction for the Alberta Environmental Centre is 8.1 for the '95-96 year. This basically was attained by restructuring the management and administration of the program. The customers' highest priorities are still being maintained and will continue to be met. We'll be looking at further downsizing and privatization in that area in the future.

MR. HERARD: Eight point one?

MR. SIMON: That's correct: 8.1

MR. HERARD: Out of a total of how many?

MR. SIMON: What reference was that again? I'm sorry.

THE CHAIRMAN: Page 137.

MR. HERARD: Yeah; 4.1, environmental research.

MR. SIMON: I'll find it in a moment.

MR. HERARD: Well, you can provide it later; it's not a problem. At least, I don't think it is.

THE CHAIRMAN: If you give him a few seconds, I'm sure he'll be able to answer.

AN HON. MEMBER: That number would be 120?

MR. SIMON: Yes, that's right.

MR. LUND: Denis, did you get that? It was 120.

MR. HERARD: One hundred and twenty. So eight and 120. Okay.

On the same page, 137, reference 4.2.3, do you have any plans in terms of regionalization with respect to natural resources planning in terms of how many planners might be assigned to each of the new regions, that sort of information?

MR. LUND: Yes, there will be planners out in the regions. The numbers are something that will probably vary. There's more activity in some regions than there will be in others, so I can't give you the number of people that might be involved, but there will be the ability to plan in the region.

MR. HERARD: One of my favourite arguments with the former minister was the fact that it looked like we wanted to regionalize before we reorganized. Are you doing anything any different than that overall?

MR. LUND: Yes. There are some areas that are quite specialized in the corporate services. For example, in communications we have writers and we've got folks that do graphics and a number of other things. We're going to have to have people in the region that are capable of doing more than one thing, so that's going to be a different way of doing business.

MR. HERARD: Thank you.

My next question is on page 141, reference 5.2.2, tree improvement. That seems to be going up by about 12 percent over last year. Can you give me some indication as to why?

MR. LUND: Ken, do you want to take that?

MR. HIGGINBOTHAM: The principal reason for the apparent increase is that we have tried to consolidate in this '95-96 budget a number of line items. Some of the tree improvement programs in the past have been handled through the reforestation budget, and it's all been consolidated together here this time around.

THE CHAIRMAN: But it actually has gone down from '94-95 to '95-96.

MR. HERARD: It just goes to show you that you shouldn't be doing these things at 2 in the morning.

AN HON. MEMBER: Or you've got to print the numbers bigger, one of the two.

DR. L. TAYLOR: You've just got to take them out of the right column, Denis.

THE CHAIRMAN: It's gone down somewhat.

MR. MELNYCHUK: I think, Madam Chairman, you're looking at the forecast, not the '94-95 estimates.

THE CHAIRMAN: Oh, I see. Okay.

MR. LUND: The estimate is \$731,000, and we are going to \$849,000.

THE CHAIRMAN: Oh. Okay. All right. Then it has gone up. Okay. Sorry. You're right. Thank you. I was thinking: how did it go up when it looks like it's gone down?

MR. HERARD: Maybe I was awake after all.

THE CHAIRMAN: I guess you were right, Denis.

MR. HERARD: Okay. I thought I wasn't sleeping.

Page 141, reference 5.2.5. Now, there's a decrease in terms of reforestation, and I guess that's one of the concerns that we all have with respect to that industry. So how will you be able to meet the reforestation program that industry is paying the government to complete on their behalf?

MR. LUND: Well, there are a number of things that are happening out there. Of course the companies have taken on a greater role for reforestation. As far as reforestation and the backlog on some of the Crown land, there's another program that will be picking up considerably, and that's under FRIP. That's not in this element. Maybe Ken's got more to add.

MR. HIGGINBOTHAM: Maybe I could add one thing, Mr. Minister, and that is that a large reason for the size of the decrease here is that when the new stumpage program was put in place in January of 1994, we also moved at that time towards the development of reforestation being handled through a revolving fund. At the same time as stumpage rates went up, so did the reforestation levy for that reforestation opted to the government. Eventually this line will disappear from the GRF budget and will be handled entirely through the revolving fund.

MR. LUND: That's the FRIP that I referred to.

MR. HERARD: I'm sorry?

MR. LUND: That's the FRIP that I referred to.

MR. HERARD: Oh, thank you. There are so many acronyms in this business.

Okay. My next question is page 145, reference 6.2, natural resources conservation. I'm wondering: how many applications have you provided for in your estimates for '95-96?

MR. LUND: Well, we brought the chair of the Natural Resources Conservation Board along, so to make sure that he doesn't feel left out, I'm going to get him to answer the question.

MR. SMITH: Thank you, Mr. Minister. The Natural Resources Conservation Board estimate of \$1.5 million is based on the receipt of three applications per year, assuming the typical application. If we don't have the three applications, then we have a little mechanism where we can turn the estimate back to the Provincial Treasurer. In this past fiscal year we received and processed two applications, and \$300,000 went back to the Provincial Treasurer just before Christmas. There is a slight contingency available to accommodate those kinds of situations. It's very hard for us to predict exactly how many applications will be coming in each year.

MR. HERARD: Well, what if you don't get any?

MR. SMITH: We can return more money back to the Treasurer, sir.

DR. L. TAYLOR: Why do we need to if we don't get any?

MR. SMITH: That's something I'm sure the minister will have under consideration.

MR. HERARD: Those are all my questions.

THE CHAIRMAN: Thank you.

Dave Coutts, you have some questions.

MR. COUTTS: Could I?

THE CHAIRMAN: Go ahead.

MR. COUTTS: Okay. If we can go back to page 126, Mr. Minister, reference 1.0. It shows a capital investment – sorry; I should preface this with departmental support, which shows capital expenditures increased by \$29,000, or 126 percent, over the '94-95 estimate for departmental support services. Can you explain that increase?

7:30

MR. LUND: Bill, if you want to handle that one.

MR. SIMON: Yes. Thank you, Mr. Minister.

MR. COUTTS: Page 126, for the record, program 1, departmental support services.

MR. SIMON: The increase in funding for capital investment is a result of a development of two major systems. The first is the executive correspondence management system, and that's to manage ministerial correspondence, action requests and issues.

The second relates to an integrated finance and admin system that we are currently developing, and that's to manage the departmental financial transactions and various reportings associated with expenditure reporting, data entry. We're looking at moving that sort of technology out to the regional level and district office. So it's as a result of those two systems' development.

MR. COUTTS: Thank you for that.

Is there any duplication in those systems and the increase of \$50,000 in your communications? I'm looking at page 127, reference 1.0.4, where that communications budget has increased. Is there any duplication there?

MR. LUND: No. This line used to be for Kananaskis Country. This now is rolled in, and it's serving all of the department in southern Alberta.

MR. COUTTS: The communications?

MR. LUND: Yeah.

MR. COUTTS: Oh, I see. Okay. Great. Thank you.

Now, if we can continue on page 127, reference 1.0.3 under departmental support again. It seems that during times of restraint – why have financial services increased by \$63,000 over the 1994-95 estimate?

MR. SIMON: The increase in costs is basically related to a transfer of responsibility, an actual transfer of costs from Treasury for paying accounts payable and payroll-type cheques, for payment of Workers' Compensation Board premiums, and for payment of insurance. These costs have actually been transferred from Treasury, and that's why we picked them up. We picked them up in that particular area, the financial services.

MR. COUTTS: Okay.

I'd like to move on to page 129, if I might, and it's under environmental regulatory services: reference 2.5.1, investigations. I looked over on the corresponding page, and I really couldn't see much about investigations. I'm wondering: what types of investigations are we talking about that would accrue that kind of an expenditure?

MR. SCHULZ: There are three things that could trigger an investigation. The group here is the pollution control division. The first thing is a public complaint that's received by the pollution control division. In the last year we received about 2,000 public complaints that triggered an investigation and follow-up. The second one is the industrial reporting of noncompliance. During the last year we received about 3,700 of those. Those are reports where the industry by virtue of their approval is required to report some operational problem or upset to us. Those may trigger an investigation as well that we then follow up. The third one is under the Environmental Protection and Enhancement Act. There is a provision there that allows two Albertans to ask for a formal investigation to take place. So those are the three kinds of triggers for an investigation.

MR. COUTTS: So these are based more on complaints rather than actually going out and looking at inspections then; is that right?

MR. SCHULZ: We have conducted a number of proactive investigations as well, where we have gone out and looked at, for example, the storage of hazardous waste throughout the province.

We've done that. So there is some proactive investigation of industry as well.

Under the Act as well, when you look at the entry and inspection provisions, you basically have to have some reason to go, some trigger to inspect. We can't just go and barge in there saying, "We're here." That trigger has to be there. There has to be some suspicion or some reason.

MR. COUTTS: Thank you.

What types of emergency services are provided? I'm thinking of maybe something that the municipality might be involved in. Is there any overlapping of what the municipality would be involved in and the government?

MR. SCHULZ: In that same group we have the pollution emergency response team, and that's where in fact a lot of those calls are coming into. That's our 1-800-222-6514. That's in most of the telephone books. That's where the calls go in, and the emergency response comes out of that group too. That's 24 hours a day, seven days a week. There's a five-member team in Edmonton and a five-member team in Calgary. Certainly the local municipality is very often the first responder. The local fire department or the local police department, maybe the RCMP, may be the first on the scene of an accident, an emergency, a spill. In quite a lot of those cases the people that may be the first responders may not have the full training. So they depend a lot on the backup of PERT, then, to be able to provide the information, the backup so they can respond properly to remediate those spills.

MR. COUTTS: Could you tell me a little bit about source emission surveys? What exactly are they, and how do you handle those types of things? How many people do you have involved in that?

MR. SCHULZ: Most of those source emission surveys are in fact done by the province. We have three FTEs dedicated to source emission surveys. These people do auditing of the industrial surveys done by consultants and actually do conduct some of the surveys as well so they maintain some expertise. In that way we're able to ensure that the data we receive, either submitted by industry, that the consulting industry does for the industry, or that we have to conduct in order to take some enforcement action, is accurate. Our people are involved in assisting with some of the training at some of the private facilities, too, like Mount Royal College.

MR. COUTTS: So there are already some private consultants working on that.

MR. SCHULZ: Yes.

MR. COUTTS: Is there any way that could be turned over completely to a privatized source?

MR. SCHULZ: Certainly I think as we move to privatize to a very high degree right now, there is a value to maintaining some expertise on audit to make sure that the data that we're getting is valid. Three FTEs compared to – I'm not sure what the total complement is of the consultant industry, but there probably would be in the order of perhaps a hundred people involved in source surveys in industry out there. So our proportion is very small.

7:40

MR. COUTTS: Thank you very much.
Can I still keep going?

THE CHAIRMAN: Sure.

MR. COUTTS: Now, I wonder if we can move on to page 133, program 3, natural resources services. I'd like to look at reference 3.3.2, parks operations. These are involved with operating. The 1994-95 forecast shows a gross expenditure of just slightly over \$34 million in park operations. I'm just wondering what that would all include. What kinds of parks are we looking at there? That's a lot of dollars.

MR. LUND: Jim, do you want to go in on that one?

MR. NICHOLS: The amount you're referring to is the money that we use to actually operate the provincial parks system. We have about 65 provincial parks in there. We have 242 provincial rec areas. We have three wilderness areas. Then we provide some policy direction and management planning for an additional 123 natural areas, 188 forest rec areas, and 14 ecological reserves. That's the total operational budget for that program.

MR. COUTTS: Is Kananaskis included in that, or is that a separate identity that I don't see in here?

MR. NICHOLS: No. Kananaskis Country is included in there.

MR. COUTTS: Okay. I'll breathe a little easier then. Thank you. Under the same program, if we can go to 3.1.1, water management. There is revenue shown in there of \$706,000. What is this dedicated revenue for?

MR. LUND: Well, that's the money coming out of the federal government for the northern river basins study.

MR. COUTTS: What would that total budget be for '95-96?

MR. LUND: It's \$2.2 million.

MR. MELNYCHUK: That amount represents 50 percent of the total expenditure.

MR. HLADY: Can I just ask you a question on that?

MR. MELNYCHUK: Sure.

MR. HLADY: Are we making up the other 50 percent? There's no municipality or anything coming in on that?

MR. LUND: Right.

MR. COUTTS: Now, that study was originally established as a three and a half year study which would have ended on March 31, '95. However, the study's management board requested a one-year extension to allow for additional scientific research and added time for interpretation results, which was approved by the four participating ministers. I would like to know what has been spent on the study so far and what the total cost will be for its completion.

MR. LUND: Well, by the end of this fiscal year we will have spent about \$9.8 million, and the total cost will probably be around \$11.3 million, \$11.4 million.

MR. COUTTS: Then I go over to program 4, page 137. The reference number would be 4.3, land information services: surveying and mapping, natural resource information. Spending

over \$12 million on land information is, again I'm going to say, quite a bit of money. When you compare that to the money spent on research at the Alberta Environmental Centre – could the minister please explain how this money is being spent on land information gathering? Does this continue year after year?

MR. LUND: You're looking at 4.3 and the \$12.6 million?

MR. COUTTS: Item 4.3.

MR. LUND: Yeah. Bill, maybe you should take that one.

MR. SIMON: Yes. Thanks very much.

MR. COUTTS: That's the total of over \$12 million.

MR. SIMON: Yeah. In the total of \$12.6 million there are two components there. The first one is provincial surveying and mapping. There are 100 FTEs involved in this area, and they're involved in maintaining the provincial survey control system. They do the digital property boundary mapping, the digital topographic mapping for the province, and they're involved in the preservation of property boundaries. They're governed by the Surveys Act, the Boundary Surveys Act, and the Land Surveyors Act. This particular area is actually slated for considerable downsizing in the upcoming year. We're looking at up to 60 FTEs to be given up, and of course it'll show a significant reduction in future years' budgets. They are completing the maintenance of the digital property boundary mapping. The cities of Edmonton and Calgary are doing their own maintenance in terms of inputting data into the system. So we anticipate up to 60 FTEs being cut in this area.

The second component is the natural resources information. There are 65 FTEs involved here. They provide integrated natural resources information to two key areas of the department – it's mainly departmentally focused – for the land and forest service and the natural resources service. There are plans, of course, to move much of this service out into the field. We're not looking at any substantial reduction in this area. They collect information for forest inventory and habitat inventory mainly.

MR. COUTTS: Thank you very much. That's quite a bit of money for inventory, isn't it?

I think I'd like to continue in that area under corporate services, 4.4.2, human resources. That human resource budget shows an increase of \$47,000 compared to the 1994-95 of \$2.4 million. Why is there an increase there when we're talking about FTEs going down, et cetera? Will we still stay with the same man?

MR. SIMON: I guess I've got it. Thank you. Well, again, it relates to some of the transfer of costs from Treasury. The reason for the increase is that we now have to pay for our payroll and accounts payable transactions. This is again a downloading from our compadres in Treasury, I guess, and that's the reason for the increase there. Also, there was a position transferred in from program support from the land information services area. That's the reason for the increase there.

MR. COUTTS: Okay. I'd like to go on to program 5 now, if I might. Do you want in on this?

MR. HLADY: Why don't you do one or two more. Then Lorne has a couple after you, and then I'll do mine.

MR. COUTTS: The man with no questions has questions all of a sudden.

MR. HLADY: You've inspired him.

THE CHAIRMAN: See what you do, Mr. Coutts?

7:50

MR. COUTTS: Well, then, this is the one that I really want to go after a little bit. This gentleman that's behind me here might have to come into the circle again. I'd like to go to program 6, reporting agencies. The reason I am somewhat interested in this is because of my association with the Pacific Northwest Economic Region and some of the talks that we've had there. You know, my colleague across the table here, Bruce, has been involved in that too.

With the recent developments in the special waste management area, I just would like to carry on and get some information. In view of the fact that there've been recent reports out of the U.S. indicating that they may be planning to change the rules prohibiting PCB waste from entering the U.S. for disposal and as this material was identified as a major source of import waste for the Swan Hills facility, could one of you gentlemen indicate what steps are being taken to ensure that this source of waste is not going to disappear?

MR. KING: You're suggesting importation from the U.S.?

MR. LUND: No, the other way around.

MR. KING: There's been no decision made, as I understand it, by the Environmental Protection Agency to allow importation. On the other hand, there are hints that the borders may open. Until such time as the U.S. Environmental Protection Agency does open up the borders – you're referring mainly to PCBs, or other forms of waste?

MR. COUTTS: PCBs particularly.

MR. KING: I don't think there's any danger of that happening. On the other hand, we did hear, I think it was yesterday, that the government of Canada may be changing its position in that regard. If that happens, I don't believe – unless the minister may want to comment – that any province would have much control over what may happen between Canada and the U.S. But it could happen. I think there are a number of unforeseen potential changes in government policy that could happen.

Ron, have you heard anything to the contrary, that they're going to open the borders? I know there's been a lot of discussion to date.

MR. McKAGUE: I guess I couldn't comment much more than that, except to say, Bob, to back up your comments, that the joint venture has made strong representation to the EPA in the United States and to our people in Ottawa to support maintaining the destruction of PCBs in this country. As we see it today, there's certainly a proneness to allow movement of waste across the border. There's no decision in the States at this point, and I guess this will carry on for a couple of months before they do make any decisions.

MR. KING: But there is a suggestion, as recently as yesterday, that our federal government may take a neutral position and that

they won't really oppose any initiative by the federal authorities to allow importation.

MR. LUND: But the provinces have jurisdiction over what we allow within our borders. So if the federal government is thinking of opening borders, that doesn't mean that ours is open as far as PCBs and PCPs are concerned.

DR. L. TAYLOR: My questions are on the Tire Recycling Management Board, page 56. I'm just curious, for my own interest. If you look at 1.0, revenue, 1.1, advance disposal surcharge, and 1.2, interest, I'm wondering: is that interest on the advance disposal surcharge?

MR. LUND: Rather than me answering it, I'm going to ask Doug Wright to answer too, just so he's not left out.

MR. WRIGHT: Thank you, Mr. Minister, and pardon me for jumping the gun from my inexperience here.

THE CHAIRMAN: You were just anxious; right?

MR. WRIGHT: That's right.

Yes, the interest is on the surcharge revenues that are collected, and as you may know, at the moment, as you can see from our balance sheet, we are collecting and accumulating a reserve fund which is approaching \$16 million. So that reserve fund is invested through the government's consolidated cash investment trust fund, and we're receiving returns of around 5 percent. It's legislated that that interest then flows into the fund for the tire recycling initiative.

DR. L. TAYLOR: So that interest is on the reserve fund, not the advance disposal surcharge.

MR. WRIGHT: Well, yeah. It's an accounting issue. Certainly as the revenues come in each year, those revenues that aren't expended are rolled into a reserve fund for future expenditures, and the interest is accumulated on that fund.

DR. L. TAYLOR: What would your reserve fund, for instance, have been in '95 roughly? I'm looking at the second column, March 31, '95.

THE CHAIRMAN: Where are you at?

DR. L. TAYLOR: Page 56.

THE CHAIRMAN: Page 56 of which one, the government estimates or A Better Way?

DR. L. TAYLOR: A Better Way.

When we look at that chart going across there, what I'm wondering is: why did your interest increase so rapidly?

MR. WRIGHT: It's primarily the rapidity of the accumulation of the reserve fund. The revenues have been collecting since September of '92 from zero. Up until July of '93 there was virtually no money of any significance being expended on recycling, so we had quite a fast accumulation. We will see that accumulation flatten out next year and start to drop off.

DR. L. TAYLOR: Okay. Thank you.

It's kind of my understanding of government policy that we are trying to reduce senior management administration costs, yet I see that from March 31 of '94 to March 31 of '96 your administration costs, management and staff in particular, which I assume would be senior management, are going up about 25 percent.

MR. WRIGHT: The increase from this fiscal year to next year's budget of from \$200,000 to \$215,000 is primarily that the office staff was two persons, and we added a third person partway through this last year. So that is reflected in the increase. In addition, a portion of that cost is that the accounting side of the administration is contracted out to an accounting firm. Part of their contract is to provide a chief financial officer, and a portion of his salary is accrued in there also.

DR. L. TAYLOR: But if you go back to the end of March 31, '94, you were only at \$171,000, and you're going up to \$200,000. So that's what you're saying.

MR. WRIGHT: Yes. There was the addition of a clerical person and an expansion of the accounting contract for a portion of time because we had taken on additional responsibilities.

DR. L. TAYLOR: Did your board increase in size?

MR. WRIGHT: It increased in size from '92-93 to '93-94, but it's remained a 10-member board over the last two years.

DR. L. TAYLOR: How come your board expenses, then, have gone from \$114,000 in '94 to \$212,000?

MR. WRIGHT: The primary reason there is that this last year has been an incredibly active year. The board has moved very aggressively as new market opportunities, new recycling opportunities have opened up, and other ones, such as the cement kilns, have not responded as well as we had thought. So as a result of that, we did have several extra board meetings. In addition to that, we had a communication problem, if you will. In the summer of last year we started a fairly aggressive communication plan. We made about 50 presentations – a lot to local government, tire dealers – and board members took a predominant role in that. So that primarily is the reason for that increase.

DR. L. TAYLOR: Okay. Well, you had a lot of board meetings, then, and were involved with projects. How much are you spending on projects?

MR. WRIGHT: How much are we spending on projects? We have two components I guess. One is the actual incentive programs that we're putting in place right now. Those expenditures show under element 2.1 of the revenue expenditure statement. The other component of it would be the developmental costs of those projects, and that would fall largely under 2.2.3. So, as you can see there, I guess the analogy is building a building. You have to design the building and build it before you can start collecting rent. The first year of the board's operation it was very much involved in the designing of the surcharge collection system and subsequent to that with the negotiation of the contracts the board has and with the design of the incentive programs we now have. So if that's what you mean by project cost, that's really where there's been a significant element, and you'll see the consulting costs and a number of the other cost elements decrease quite rapidly over the life of the business plan.

8:00

DR. L. TAYLOR: I was referring to recycling projects. What are you spending on recycling projects this year?

MR. WRIGHT: The payments to recyclers: as you see under line 2.1.2, we're budgeting \$6.8 million to go to people who actually process tires, recycle tires, and that's primarily on a per tire recycled basis. The second line underneath that is 2.1.3; that's developmental projects. So we have introduced new programs that will help recyclers improve their technology, their markets, their products, and we're budgeting \$1.2 million for that.

THE CHAIRMAN: You're fine?

DR. L. TAYLOR: Yes.

THE CHAIRMAN: Thank you.
Mr. Hlady.

MR. HLADY: Thank you, Madam Chairman. Finally.

THE CHAIRMAN: You've been waiting long enough, eh?

MR. HLADY: I wasn't sure if I was going to get in.
Under program 2 in reference to 2.4.1 . . .

THE CHAIRMAN: What page is that?

MR. HLADY: It's 129, pesticides and waste. A little different angle on the waste management and going not so much from the Bover end. I guess what I'm wondering is: what is the situation in the province right now in regards to hazardous and industrial waste, the handling and the managing of it? We're spending almost \$2 million. We are going down a little bit, but I'm curious as to what is the situation in the province.

MR. LUND: Al, do you want to comment on that?

MR. SCHULZ: I think one of the things that's important is to recognize that hazardous wastes are sometimes not recognized as the broad range of material that they really are. Hazardous waste includes flammables. It includes poisonous materials. It includes corrosive materials. These materials obviously, if they're not handled properly or if they're disposed of improperly in a landfill, can cause leachate problems. It can really then contaminate groundwater, so they have quite a potential problem. I think what we need to recognize, too, is that just like PCBs, one of their qualities is that they are persistent in the environment and difficult to destroy.

We know that in Alberta we're estimating right now from our inventories, from our manifest, that about 100,000 tonnes of hazardous wastes are being produced every year, and in addition we have about 3 million tonnes of waste produced by roughly 300 industrial facilities.

MR. HLADY: There's obviously a lot of household wastes and so forth. I guess more along the lines – what's preventing, say, companies or whatever that do have some wastes from dumping them illegally? Do you have anything that's going to help work on that area?

MR. SCHULZ: Well, it's difficult to stop the criminal element, of course, in this particular situation, but what we try to do is

track the waste going from the generator through the transport to the receiver, and the manifest system does that for us. In the last year we received about 24,000 manifests that we processed. That way we can keep track of where these hazardous wastes are moving. For example, even in terms of the hazardous wastes, the 100,000 tonnes that I mentioned earlier, a large portion of that is some of the recyclables, hazardous recyclables, there too. So we can track the movement of that waste. As a I mentioned, it doesn't eliminate the criminal element, but what it does is it minimizes or at least discourages the illegal dumping.

MR. HLADY: Thank you.

My next one's under program 3, on 3.2.3 in regards to the fisheries management as well. There has been – this was mentioned earlier actually – a little bit of a decrease there. What I'm wondering is – that was the first question; I can't remember if Nick covered it or not – what services, exactly, are we providing under fisheries management?

THE CHAIRMAN: Maybe you can repeat that. I do think you answered that, but you can if you wish.

MR. NICHOLS: There are basically three areas. The first area is the protection of the fish and the fish habitat. There's a second area where in fact we're dealing with the harvest of the surplus, the sustainable harvest. The third is the work in the fish hatcheries to produce fish to put back in put-and-take fisheries and to start new populations.

MR. HLADY: Okay. Is it regional, or is it more into just a general management? How do you split up your budget in that area?

MR. NICHOLS: It's about 25 percent in headquarters and 75 percent in the region. By the region we mean right down to the district level, not just the six regions.

MR. HLADY: Okay. Good. Thank you.

MR. COUTTS: Could I . . .

MR. HLADY: Yes, go ahead.

MR. COUTTS: . . . add one thing to that? The fish mitigation program: I happen to have had a fair amount of it happen in my constituency, but I understand that public works looks after some of that mitigation program. Are we not looking at a duplication here of services? I realize that that maybe is putting you on the spot, not having public works here, but this is not for public works.

MR. LUND: Which are you talking about? Like the fish-rearing stations?

MR. COUTTS: The fish mitigation program on the streams in the upper Oldman, the north fork of the Oldman River, the Crowsnest River, and downstream from the Oldman dam.

MR. NICHOLS: Whenever a project is approved for construction, that's a responsibility of Public Works, Supply and Services. What we aim for is no net loss of fish habitat, so as part of those projects our staff will work with Public Works, Supply and Services to determine what types of things we need to enhance any fish habitat that may be lost. When we do those types of things,

then it's picked up by Public Works, Supply and Services. Fish and Wildlife of natural resources services supplies the expertise because we have the fishery biologists and people like that.

A lot of the enhancement that we do within the service is out of the trust fund, where we'll work with Trout Unlimited, Western Walleye, and people like that to help them set up projects, provide expertise, and cost share some of these things with the trust fund. That would be things like stream bank fencing, creating some put-and-take fisheries in dugouts, and things like that. So they're complementary more than duplication.

MR. LUND: But those aren't coming out of this element?

MR. NICHOLS: No.

MR. COUTTS: Okay. Thank you very much, and thank you for the hatchery down in the Crowsnest Pass.

MR. LUND: You're welcome.

THE CHAIRMAN: Well, that's interesting: not out of this element at all. I missed that.

Okay; go ahead, Mark.

MR. COUTTS: Thanks, Mark.

MR. HLADY: Thank you. No problem.

Under program 4, in 4.2.1, I don't know if this is the right area, but let's see. The Environment Council of Alberta: with that elimination, I don't know if that's where your money's coming from. Is that where it would be under, your strategic management?

MR. LUND: I'm sorry, Mark?

MR. HLADY: The Environment Council of Alberta, the elimination of that. Is that where you're saving the money? Would that be under strategic management?

MR. LUND: Oh, no.

THE CHAIRMAN: Your question refers to the Research Council, or the Environment Council?

MR. HLADY: The Environment Council of Alberta.

MR. LUND: The Environment Council. Where were they in the budget was the question.

THE CHAIRMAN: And where is it reflected, I guess.

MR. HLADY: Where is it reflected? Would it be under strategic management?

MR. SIMON: Yes. I believe it would be under 4.2.1.

MR. HLADY: Okay. I wasn't sure, so I just wanted to check on that.

What plans are there to continue to do some important strategic and long-term initiatives of the council if that's gone now?

MR. LUND: Well, the Environment Council of course did do a lot of very important work, and we were very appreciative of it. However, it was fairly costly to have the staff and that vehicle in

place on an ongoing basis. What we will do in the future is that for issues which come up that require those kinds of committees, we will, under ministerial order, set up a committee. So the public input that the Alberta Environment Council was so good at we can certainly facilitate in another form on an as-needed basis.

8:10

MR. HLADY: Do you have any idea what the costs will be on that? How much money have you saved in that area under the strategic management? Is the money saved there all from that, or are there other things?

MR. MELNYCHUK: About half a million dollars was their budget in previous years.

MR. HLADY: About \$500,000 was the budget?

MR. SIMON: It's more. It's \$1.5 million.

MR. LUND: Yeah, that's what I thought. It was about one and a half million dollars.

Just to give you an idea, the water management, the roundtables and what we've been doing there, that's running us about \$300,000 this year, so these things don't come cheap. I know on the Municipal Government Act, for example, all the public consultations we did on that one ended up costing over \$1.6 million.

MR. HLADY: Okay. Thank you very much.

That's our time, I guess.

THE CHAIRMAN: Thanks. That's your time, yeah.

We went two minutes over, so I'll make sure you guys get your two minutes. So go for it. It's your turn.

MR. COLLINGWOOD: Okay. Well, why don't I just continue on where Mr. Hlady left off, just talking about the Environment Council? As I understand the answer, then, the Environment Council of Alberta work will now be absorbed into the line items in 4.2. Is that a fair statement?

MR. SIMON: That is correct. There will be seven staff members from the Environment Council transferred into that area.

MR. COLLINGWOOD: Okay. Now, I'm interested if the budget reflects at all for this next fiscal year any of the recommendations that have come out of the Ensuring Prosperity report that was released just a few days ago. Do we have anything specifically from the recommendations that would be considered in the estimates we have for this fiscal year?

MR. LUND: The short answer is no. A longer explanation would be that we're now going to take that report and I'm looking at involving some of the other departments and putting together a committee that would look at strategies so that we could implement a number of those recommendations. Of course, the whole theme really fits in with what the government has been wanting to do and is striving to do, and that's sustainable development. I'm extremely pleased with that report. I think it's an excellent report and will form a foundation for a number of our policies in the future, but we have to do that work internally with the other departments.

MR. COLLINGWOOD: It will be co-ordinated in 4.2? That's how you'll co-ordinate the start of that work?

MR. LUND: That's right.

MR. COLLINGWOOD: I've got the same page and I've got a note here, so I'll just move down the page to item 4.3. With the provincial surveying and mapping, line item 4.3.1, and for 4.3.2 there's no indication that we've ever had dedicated revenue from the services that are provided there. Is there any reason for that?

MR. SIMON: Yes, there is. The sales from the products that come out of the surveying and mapping go into the revolving fund.

MR. COLLINGWOOD: Okay. And why not dedicate it here?

MR. SIMON: It's just another way of accounting for it.

MR. COLLINGWOOD: Okay. I'll back up. The environmental assessment at line item 2.2, program 2.

THE CHAIRMAN: Page 129?

MR. COLLINGWOOD: Right, 129, and I guess specifically 2.2.2. There is going to be a reduction in the environmental impact assessment review for the next year, and I'm wondering if the minister can tell us why we're getting a reduction there.

MR. LUND: Al, do you want to take that? There's a reduction from \$781,000 to \$559,000.

MR. SCHULZ: We have a reduction of two FTEs in that particular area as well. I'm just going to make sure, double-check that I've got the right one.

MR. LUND: It's the 5 percent rollback as well.

THE CHAIRMAN: On page 129, 2.2.2, from \$781,000 to \$559,000.

MR. LUND: Do you have it, Bill?

MR. SIMON: The correct answer is the one that was given. There was a reduction of slightly over two FTEs as a result of increased efficiencies and certain other savings in the supplies and services area as a result of, again, operational efficiencies.

MR. COLLINGWOOD: So that would account for the reductions: essentially the two FTEs.

MR. SIMON: Yes.

MR. LUND: Well, there were some efficiencies too.

MR. COLLINGWOOD: Fair enough. I did hear what Bill said. It was all sort of in the same context.

I'm interested in the actual review process that the staff does under the environmental assessment review: what involvement they have in the review process, and I guess essentially who has the final say on when an environmental impact assessment process is complete.

MR. SCHULZ: The legislation empowers the director of the environmental assessment division to make that decision.

MR. LUND: Do you want to run through how it works, Al?

MR. SCHULZ: The process basically includes determining the application and the scope of reviewing it and then participating at public hearings, so the scope of the EIAs in terms of the scoping document. The director makes the decision when it's complete. Then the company submits the application or the EIA, and that EIA becomes a public document. When that process gets completed, a decision gets to me whether it gets referred to the NRCB or not.

MR. COLLINGWOOD: The reason I'm asking about what actually takes place in the delivery of services under 2.2.2 is a concern that I have with the fact that the director of environmental assessment doesn't test for the sufficiency of the information that is in an environmental impact assessment report. I guess I'm wondering why that is.

MR. SCHULZ: I think the director of the environmental impact assessment division makes his decision not independently but with a concert of his committee as well and therefore has input from the other divisions. So I think there is a good review of whether it's sufficient or not. He does not have to just rely on his own expertise but can bring in the council and the people that are on the environmental impact – I'm not sure what that committee is called, but basically it's the director's committee with regard to environmental impacts.

8:20

MR. COLLINGWOOD: Does that committee review each EIA that comes in, or is it sort of ad hoc?

MR. SCHULZ: That committee is an ongoing standing committee that reviews the EIAs.

MR. COLLINGWOOD: I'm going to move down the list to 2.3, air and water approvals. Again essentially the same question. With no indication that there could be dedicated revenues from air and water approvals and as we're moving to the cost recovery process more and more, I'm wondering why we couldn't be moving now into a cost recovery in terms of approvals for air and water licences.

MR. MELNYCHUK: There really aren't dedicated revenues in that kind of an operation. The dedicated revenues are generally where an outside entity provides funding for that operation. In this case we don't have a source of revenue there other than a fee structure that we haven't yet put into place for those kinds of approvals.

MR. COLLINGWOOD: As I understand your answer, then, Mr. Melnychuk, is that something that will be forthcoming?

THE CHAIRMAN: That would have to be a policy that would be decided in policy. It hasn't come for a policy decision at all. So if you can reword your question on that.

MR. COLLINGWOOD: I guess it would suffice to say that we're not there yet in this budget.

MR. LUND: It's not in this budget.

MR. COLLINGWOOD: Air issues and monitoring, 2.4.3: what part of that budget would be used for mobile monitoring, and what plans are there for the mobile monitoring of air quality in that program?

MR. SCHULZ: Well, the air monitoring program that's in place there under 2.4.3 involves fixed stations in Edmonton and Calgary. We have three fixed stations in Calgary, three in Edmonton, one fixed station in Fort McMurray, and one in Fort MacKay. In addition, we have mobile monitoring stations, which we call our BT units, which are specific to H₂S and SO₂. We have those units operating out of Fort McMurray, Red Deer, Calgary, and Edmonton. Then one of the other things that we've got in terms of mobile monitoring is what we call the mobile monitoring bus. What we have there is an aging transport which is difficult to operate four seasons, and we're looking at trying to replace that to allow us to do year-round mobile monitoring on a complete suite of air contaminants.

MR. COLLINGWOOD: So the mobile is in this line item?

MR. SCHULZ: We would hope to incorporate that. In our budget that we have there, we have \$128,000 budgeted for supplies required for air issues and monitoring and \$80,000 for rental and operation of some of the vehicles. We're hoping to be able to cover it within that budget. In that particular budget we have \$63,000 for capital investment, and a lot of that would go to help us replace and update some of the air monitoring equipment.

MR. COLLINGWOOD: Now, I think this was covered along the way. On line item 2.5.1 . . .

THE CHAIRMAN: Investigation?

MR. COLLINGWOOD: Yeah.

Mr. Schulz, if you did, I won't pursue it, but I think you said that when you get a public complaint, it is then investigated from environmental regulatory services. Could that include, then, the mobile air monitoring as part of the investigation that takes place?

MR. SCHULZ: In fact, that's one of the real benefits of that. An example is: in the Fort McMurray situation we had an older concern, really, with regard to the oil sands plants. We activated our mobile unit up there. We had actually both mobile units up in that area doing extensive monitoring around there. I think the mobile monitoring provided the evidence to help us convince Suncor of the problems and the results of them spending millions of dollars on upgrading, dealing with older issues up there. So I think it's showed its value up there. Also, in terms of the complaints in Fort McMurray, they have dropped significantly since we've been able to implement that program.

MR. COLLINGWOOD: Yeah. The levels of sulphur dioxide are still pretty high up there, so it's a concern.

MR. SCHULZ: You're right. There is a significant SO₂ reduction program that's being implemented by Suncor which will really help to bring that down.

MR. COLLINGWOOD: Again, with this particular line then, with the equipment and personnel at your disposal, you would conduct investigations not necessarily responsibly, but you do take a proactive approach and simply go and do the monitoring.

MR. SCHULZ: Yes. In fact, what we have done – and I think we've been able to use the mobile unit – for example, in east Edmonton, refinery row area with the tanks, is we've gone in and done some proactive monitoring around there and we've called the industry and shown them the results. It helped to convince them

to install some floating roofs to control some of the vapour emissions there.

MR. COLLINGWOOD: I guess one other question just to stay on that line item. With the department participating in the whole downsizing program, there is the potential for cross-delivery of services where fish and wildlife officers may be taking on other duties and forestry officers may be taking on other duties. Do they now in the budget for this year become involved in that outside of their normal area, or will that happen in a different year?

MR. LUND: Well, we're anxious to facilitate much more of that, and we're going to do a lot of crossline training so that we can become more efficient. Now, when I say efficient, that doesn't mean to say that everybody's going to become an expert in every field, but within the line budgets we can accommodate the sharing of services. As a matter of fact, that I think is one of the real benefits of moving – the support budget will be in the region so that there is a real incentive, then, for the whole department to work together. One thing, of course, being so diverse and trying to meld all these functions together, all these line services, is that we've got to put real effort into getting the department to work as one unit, but we'll handle it within the line budgets.

MR. COLLINGWOOD: Is there a cost associated with retraining so that they're able to do that? If there is, do we have any indication of that in the budget?

MR. LUND: There will be costs, but one of the things that we think we can gain through the exercise that we're embarking on will be efficiencies in the field. I have suggested that those dollars that would be saved through these efficiencies I would like to see used to upgrade folks and give them the opportunity to learn other parts of the department.

MR. COLLINGWOOD: Mike, do you want to jump in here or not?

8:30

DR. PERCY: I'd like to pursue a line of questioning that was asked by David Coutts and there was a response that dealt with closed and open borders with regards to PCBs. As I understood the response, the government of Alberta has been working with the federal government to maintain closed borders with regards to PCBs.

MR. LUND: No. As I understood the discussion, there was some indication that the federal government was looking at allowing PCBs and PCPs to come into Canada. I'd never heard that before. That has never been discussed at the CCME, and the federal minister has never mentioned it. But if that's the case, Alberta has adopted a policy that we will accept hazardous waste from other provinces in Canada. We have never said that we're going to accept waste from the United States. So, no, we haven't had any discussion. I'll pursue it now that I've heard that this is going on. When we opened the borders for waste to come into Alberta from other provinces, it was because we've got a Cadillac plant here and in order to help our brethren in Canada. It was a good move, but I don't think we want to necessarily become that benevolent that we're going to start taking in waste from the United States.

DR. PERCY: A follow-up question: have we in any way, then, been re-enforcing the status quo of the United States, preventing the entry of PCBs to incinerators in the U.S.? Have we in a sense

been arguing to maintain the status quo, or has this been a nonissue?

MR. LUND: It's been a nonissue. Tonight is the first I've heard any discussion.

DR. PERCY: To follow along, and if I have to put it in a category, it would fall under 4.1, environmental research, and it relates to global warming, to put it in context for you. I know that the EPA has argued; in part the mentality there is that jurisdictions that generate waste ought to be responsible for treating it. I know that they have thought along those lines with regards to CO₂ emissions. My concern is to the extent that if we ever re-enforce the mentality that if you create the waste, you have to treat the waste, that would imply with regards to CO₂ emissions in this province that we in fact would not have access to cheaper ways, such as offsets with Mexico or the people's republic, which would be a far cheaper way of meeting our CO₂ obligations under international agreement. So if we close the border with regards to waste transfers, we may in fact make the case for closing the border with regards to other far cheaper options for the province with regards to CO₂ emissions. So it's a very double-edged sword.

MR. LUND: A very, very interesting observation.

DR. PERCY: Yeah, 4.1, environmental research.

THE CHAIRMAN: You were stroking it a bit there, but it's okay.

MR. LUND: There's probably about six other places that we could put it. We don't mind your advice though.

DR. PERCY: That is really double edged.

A second question. I note that on the 23rd – is today the 23rd? You kind of lose track of time – the Science and Research Authority Act was introduced, which would set up a science and research authority. Then I look at 4.1, environmental research and environmental research projects. What would happen then to these line items under environmental research? Would they in fact be moved out of your department and into this superbody? What is the link in the current budget year?

MR. LUND: That whole issue has not been completely settled. The objective of the new authority, of course, is to stop the overlap and the duplication and have everything housed in one area that is truly research.

Now, some of the things that we are doing are things that we need to set standards, those kinds of things. I wouldn't see those moving at all. As a matter of fact, as we were looking through the projects that we do – there certainly is some opportunity at the Environmental Centre in Vegreville for some research to be done there. A lot of the things that we do that are termed research, we're still going to need. So to farm it out is not necessarily what's going to happen. I don't know, Peter, if you want to add anything to that.

MR. MELNYCHUK: Yes, Mr. Minister. There are certain activities going on at Vegreville that are perhaps of a nature that is not pure research. There's a lot of analytical work that is done there. Many of our projects there are directly applied to some of our programs. They are also the kinds of things that allow us to not only set appropriate standards in the environmental field but make them standards that are defensible scientifically. Also, we use that facility in many cases to back up our prosecution work.

So there are parts of the work there at Vegreville that may fit into the research authority, but these are ongoing discussions, and we won't see that split immediately.

MR. COLLINGWOOD: There's industry-funded research going on at Vegreville as well; isn't there?

MR. MELNYCHUK: Yes, indeed.

MR. LUND: As a matter of fact, there'll be much more of that going on, and it'll be funneled through this new authority. So we'll have a dual role out there. I think it's exciting. That's one of Alberta's best kept secrets: what the capacity is and what we have the ability to do out there. The way the budgets used to work, they simply were held down by the budgeting process. We've changed that now so they can leverage money, and that'll give them a great deal of opportunity out there. We'll be able to keep some of our top scientists.

DR. PERCY: The second question in this line relates to – the provincial budget came out prior to the federal budget, and the federal Ministry of Natural Resources took a major hit in those areas where there was a dramatic overlap with provincial jurisdictions, forestry in particular. Are there any flow-throughs to the departmental budget as a consequence of their scaling back?

MR. HIGGINBOTHAM: Well, probably the most significant impact on forestry was already known to us from the previous Conservative budget, when the announcement was made that the federal/provincial agreements would not be renewed, and of course they've just reconfirmed that in the current budget. A very significant part of the research effort undertaken both by the Canadian forest service and by others over the past 10 years or so through two of the federal/provincial agreements has been focused on research, so we are going to lose something there.

Having said that, we are making some progress, we think, in increasing industry's determination to get research done and to be willing to look at creative ways to fund it. The Manning Diversified Forest Products' contribution of \$2 per cubic metre of harvest into a research fund on boreal forest management is a good example of that. It's causing quite a number of other companies to look either at establishing their own research network, I guess, as is the case with Alberta-Pacific, or getting involved in other kinds of ways, such as Manning Diversified has done.

MR. MELNYCHUK: Perhaps I could supplement that a little further, Dr. Percy. The federal budget not only has shown a major reduction in the Natural Resources department but also in other departments specifically that relate to this provincial department, like Fisheries and Oceans and the federal Environment department. We are working with both of those departments as with Natural Resources to harmonize the activities that the federal and provincial government departments are doing so that we can eliminate the duplication and the overlap that exists in so many areas. For example, in the environmental management field we see the incredible situation where a federal inspector goes to a pulp mill in the morning and a provincial one, in the afternoon, basically checking the same kinds of effluents. And to do a reporting, too, is a high-cost industry. So with the reduction in budgets in those federal departments the federal government is far more amenable to rationalizing those kinds of activities, and we're following through on that.

8:40

DR. PERCY: One more in forestry. I think this would fall under 5.2, probably 5.2.2, tree improvement.

THE CHAIRMAN: You're going to try to stretch; aren't you? Okay; let me hear you.

DR. PERCY: One of the issues in forest management is that you can either forest extensively or you can forest intensively. That's always a debate with regards to development. Are there any projects under way that are looking at intensive forest management and in fact faster rotations for aspen and the like, or is it just basically replicating, at least genetically, the previous growth?

MR. HIGGINBOTHAM: Well, I think it's fair to say that the expectations of industry under our legislation and so on are to replicate Mother Nature but more and more, particularly forest management agreement holders who have a land-based tenure, are getting involved in a variety of things, that range from Alberta-Pacific's work on hybrid poplar rearing and so forth, some of which is occurring at our nursery at Smoky Lake. Very much more attention is being paid to determining what the impacts of things like vegetation control, thinning, fertilization, and that kind of thing will bring about so that can be incorporated into allowable cut determinations. The so-called FRIP program that the minister referred to earlier, which peels off a portion of the softwood sawlogs stumpage rate, is designed to allow more of that work to occur both in an operational sense and in, I guess, an operational research kind of sense as well. The companies have never been really interested in putting the dollars into FRIP, but with that fund established, we're seeing lots of proposals for that kind of work come forward.

DR. PERCY: One of the incentives, then, is in effect: you're letting them have a share of the allowable cut in terms of generating incentives for enhanced management.

MR. HIGGINBOTHAM: Exactly. Of course that's easier to be obtained by forest management agreement holders. So the vast majority of the interest is with them at this point, but FRIP is allowing us to interest quota holders, the volume-based tenures, in this as well, whereas they've always been somewhat concerned, because of course if they did the work, everybody else in a forest management unit shared in the benefit. Given that the dollars are already coming in as stumpage, they're showing much more interest in carrying out those kinds of studies themselves.

DR. PERCY: One final question: to what extent is the department, then, attracting bids from quota holders, attracting those compared to the stumpage agreements under the FMAs?

MR. HIGGINBOTHAM: I'm sorry; I missed that.

DR. PERCY: Well, the comparisons of bids by quota holders trying to get extra quotas and the stumpage payments under FMAs: it's hard to track those from the numbers that are publicly provided.

MR. HIGGINBOTHAM: Well, certainly a lot of interest is being focused upon the substantial increase in the value of timber both in our permit programs, in the sale of quotas from one company to another or whether we put a quota for sale. It's really not all that difficult to get the information if we do it, of course, because

we are moving more and more to auctions as opposed to the early days of the quota system when grants were common and so on. There's no doubt that even in our case, let's say when Weyerhaeuser bought Harold Rehn's quota here recently, all we really know is what the rumour mill tells us about what the value of that was. The minister's decision is whether to assign that quota or not.

MR. COLLINGWOOD: Following the recommendation of the Chair, we'll try and deal with some of the reporting agencies and finish that off and not leave those folks sitting here.

I'll start with the Natural Resources Conservation Board. The budget is the same, and, Mr. Smith, I understand it's because you essentially budget for three reviewable projects in a year and reconcile at the end of the year. Does the budget change in any way if you won't participate in a joint provincial/federal review?

MR. LUND: Incidentally, we did just finish one, of course, the Pine Coulee one.

MR. SMITH: The first one now in the province, a joint federal/provincial review combining both the NRCB and FERO, has been done under an agreement that was struck between FERO and the board. The agreement provided for a 50 percent sharing of certain costs. As a result of that, the Pine Coulee hearing has resulted in some revenue being derived by the NRCB. It is our plan, I guess, in terms of how to handle it that that would be accounted for in the reconciliation at the year-end for the board. Where we receive funds through a joint project, there would be an increase in the amount returned to the Provincial Treasurer at year-end.

MR. COLLINGWOOD: Okay. On the assumption of three reviewable projects a year, are there at this point in time anticipated NRCB reviews that will come before the board this year?

MR. SMITH: The board currently has a quarry application in the Rocky Mountain House area before it. We believe we may see an application from the department of public works for the Highwood-Little Bow project in this calendar year. There also have been some inquiries from some forest product companies that may also require application approval from the NRCB in this calendar year.

MR. COLLINGWOOD: Will the Highwood-Little Bow also be a joint NRCB review?

MR. SMITH: I would anticipate that it would be.

MR. COLLINGWOOD: So with FERO as well?

MR. LUND: Well, yeah. It's almost certain to be, with the navigable waters.

MR. COLLINGWOOD: So you'll be in the same situation with that one as you would with Pine Coulee?

MR. SMITH: I believe we will. If I can, I think it's important to note that the experience in Pine Coulee was one that allowed us to develop some procedures and some approaches to it, along with the joint review that I believe will help us in the future and allow for a very efficient and streamlined review of these projects where this kind of process is required and avoid the unnecessary duplication of reviews or similar kinds of things. So we would

expect that the Highwood-Little Bow would be benefitting directly from the experience gained. Hopefully, we won't have to go through, let's say, seven drafts of an agreement on how we're going to get that done before we can come to an agreement on what it's going to be. So I think we've done some things for the first time that will help us in the future.

MR. COLLINGWOOD: Now, just in terms of some NRCB recommendations that have come forward to government. To the minister. On the Three Sisters project, the NRCB recommendation coming out of that report was for the government to establish a regional ecosystem advisory group for the Bow corridor area. To date that hasn't happened, and I'm wondering if it is in this year's budget. If so, where would I find it in this year's budget?

8:50

MR. LUND: We currently are working on setting up a committee. We haven't got to that stage yet, but it would likely come under the corporate management section if in fact we move forward to it.

MR. COLLINGWOOD: Now, help me out. Where do I find corporate management? Oh, here we are, program 4.

MR. MELNYCHUK: It would likely come under the reference 4.2.1. If there are any expenditures in connection with that particular committee, that's where they would be taken from.

MR. COLLINGWOOD: Thanks very much for that.

Would the same situation occur for the provincial government's participation if it were to participate in the federal Bow corridor study?

MR. LUND: Well, we are not going to participate in that. We've got an observer that will be at the table, but we are not going to take a seat as an official part of that review.

MR. COLLINGWOOD: Okay. Now, just help me if I'm correct in my dates here. My recollection is that the budget documents themselves predated the reorganization within the department for some of the reporting agencies. I'm thinking specifically of the Alberta Special Waste Management Corporation and the Tire Recycling Management Board and the Water Resources Commission. So I'm wondering: does the budget reflect the situation as it was prior to the reorganization, or does it reflect the new structure of those three reporting agencies after reorganization?

MR. MELNYCHUK: I'll just make the point that the phasing out and the consolidation of the Alberta Environmental Research Trust, the Environment Council of Alberta, and the Water Resources Commission is effective as of April 1, 1995. However, the process to complete that will take through 1995. So while the legislation may be proclaimed on April 1, the phasing out of those entities will be within the 1995-96 fiscal year.

MR. LUND: For example, with the Water Resources Commission we will be setting up a ministerial committee to assist us as we deal with the water management and the new Act. Those costs, of course, will have to be borne within the department, so I don't think you can find a spot in the budget that shows the exact reduction of rolling up those agencies.

MR. COLLINGWOOD: That's right. I think you just answered my question, because that's where I was going to, line item 3.1.4.

The figure for last year for the Water Resources Commission is the same as the figure for the expenditures we're going to incur this year for the Water Resources Commission, even though it's going to be terminated.

MR. LUND: As I indicated earlier, the cost of introducing a new Act and getting it all together is quite substantial. It's not quite as simple as it looks. So those costs are going to be there.

MR. COLLINGWOOD: Half a million dollars' worth?

MR. LUND: Well, that particular Act won't cost half a million dollars from the 1st of April through till it's finally introduced, but there will be a fair number of costs.

MR. COLLINGWOOD: The reason I say this is because the budget item for the Water Resources Commission is \$494,000, so the department does in fact intend on spending \$494,000 in this fiscal year on the Water Resources Commission. I just want to make sure I understand correctly.

MR. MELNYCHUK: It's possible that that particular item is somewhat overstated. With the extent of public consultation that we believe will continue to be required in the bringing forward of the Water Resources Act being somewhat unpredictable, we are in a position where that was left as it was before, and perhaps it's on the high side.

MR. LUND: Of course, there's another initiative, Special Places 2000, that's going to cost us some money, and you won't find a spot in here where that's specifically identified either.

MR. COLLINGWOOD: Okay. I did have a question on that, Mr. Minister: whether or not the funding, as we're going to be moving into the Special Places 2000 program, would be part of line item 4.4.3, just in terms of public involvement. I'm looking at page 137. Or I might better find it – if you'll just bear with me for a second, I've made a note to myself on where else I might find that, and I'll just make reference to it. Okay; so that's right. I was thinking of whether it was going to fall somewhere into 4.4.2 or if it was going to fall into 4.4.3 on the implementation. So I guess what I'm asking is: is there some recognition in the budget that the implementation process will happen?

MR. LUND: Well, it will have to be absorbed in the budget, yes. That's why I indicated to you – of course, you're right that this budget was put together before some of the things happened, but we will have to find the money to implement, like, the Special Places 2000.

MR. COLLINGWOOD: Let me just back up, then, if I can. I'll watch my time.

THE CHAIRMAN: You're okay. I'll let you know when you're about five minutes away.

MR. COLLINGWOOD: Thanks very much.

There's an indication that some of the operational side of the Tire Recycling Management Board will be absorbed into the department. Again I'm wondering: is that reflected in the budget? Or, Mr. Wright, is it in your statement in the budget document that the new structure takes place?

MR. LUND: Do you want to go ahead, Doug?

MR. WRIGHT: Thank you, yes.

The budget that you have before you was structured before that announcement was made, so the numbers under administration were the board's budget from its business plan prior to reorganization. So to the extent we're able to reduce those costs through an amalgamation of departmental services, those numbers will come down. Indeed, we're already working formally in the communications area and achieving some savings.

MR. COLLINGWOOD: Help me out, Mr. Wright. What happens next? Will you revise these financial statements, or will they just be consolidated without being separated from the departmental budget? Will we get a revised version of this? What I'm looking at is page 56 of the budget document.

MR. WRIGHT: I'm not sure exactly how that will transpire. This budget I think will hold as far as, for example, the financial statements, because as I understand from the Auditor, the approved budget becomes the budget. If there are subsequent adjustments, they don't show other than as they show in the financial statements. Also, under some of these elements we still may end up paying some fees. For example, the communications work we are having done through the department but actually being delivered by public affairs carries a fee for service with it. So it's not clear how that's going to shake down.

9:00

MR. COLLINGWOOD: Okay. In terms of the Tire Recycling Management Board, one of the things that struck me, which is a significant difference, is what your March 31, '95, current estimate was. So for your anticipated estimate for the end of this month, \$1.6 million in payments to processors, in a year's time it's anticipated that there will be about a \$6.8 million payout. Now, I'm aware that the cement kilns are taking less than they were anticipated to take. What happens, then, to move that from \$1.6 million to \$6.8 million if we're finding that the cement kilns are actually taking not quite half but significantly lower numbers than they would want to?

MR. WRIGHT: The reason primarily for the move from \$1.6 million to \$6.8 million is based on the fact that we found other market uses for the tires. So while we have done about 1 million tires to date, less than 1 million this year, in the '95-96 year we will do 2 and a half million plus, and it's primarily because Environmental Rubber in Edmonton will be doing about a million tires under contract. In addition, we've found another end use that will allow us to move on the order of a million tires out of the south on a virtually guaranteed contract.

We have found new uses to replace the cement kilns. As you pointed out, the drop from the '95 budget to the current estimate is primarily the fact that we thought the cement kilns would have done a million plus tires in that year. So that explains the drop. The fact that we are able to achieve a substantial increase in the coming fiscal year is primarily due to the success of a couple of recyclers and another additional market opportunity to shred and sell the product.

MR. COLLINGWOOD: I just want to drop you down one line item to 2.1.3, and I'll assume that I'm on that line item on some of the new work that the TRMB has been doing on the business development programs and the grants that are available to smaller recyclers. Now, I'm going a bit from memory here, but I think there are four programs in total, up to a half million dollars on the

larger grant program and then falling off on some of the smaller grant programs to about \$15,000.

MR. WRIGHT: That's correct. In September the board announced four developmental programs totaling an annual budget of \$1 million. There's research and development, which, you're right, is a quarter of a million dollars per year at maximum, \$500,000 per applicant over two years. There's a smaller technology enhancement program with a maximum of \$15,000 and a business development program for \$15,000. That makes up exactly \$1 million of that allocation. We have a couple of other developmental programs regarding market development, consumer information, and those kinds of things, but the main element is the recycling development programs.

MR. COLLINGWOOD: One of the things that concerned me when I read through the announcement of those programs is that some of the smaller recyclers that are looking for assistance – again I'm going from memory – have to have their proposals vetted through the department, the Tire Recycling Management Board, the Alberta Research Council, and the National Research Council, who all have to vet that before that can be approved. I'm wondering why we need so much overlap and duplication.

MR. WRIGHT: Actually, the three different programs have different partners in each case. For example, in the business development case in an effort to respond to the recyclers' request that the money be more flexible in terms of its use, we agreed that the best way to evaluate their use of the money is through a basic business plan. We set up a partnership with Economic Development so they could help the recyclers develop that business plan and evaluate it. So it was really a combination of reducing the paperwork and making the funding for the recyclers more suitable to their needs.

Similarly, in the technology program and the research and development program rather than us trying to build the expertise, if you will, hiring people, building a bureaucracy, we decided to deliver that in partnership with existing programs. So really those two programs are merely using the services of those two agencies, and we bring some additional money to the table. We piggyback on their expertise in programs and bring some money to the table. It keeps our operation fairly clean.

MR. COLLINGWOOD: Okay. Thanks for that.

We're going to end up pretty quickly here; right? Five minutes?

THE CHAIRMAN: You've got about seven minutes.

MR. COLLINGWOOD: Seven minutes. Okay. So Mike wants to get the final word in here.

A couple of things. I'm wondering if it is a line item again – and I'm going back to the fully consolidated, pro forma presentation of the department. Now, I'm going to refer you – and I know our pages don't match – to the Better Way document, page 20 under Environmental Protection. Okay. I'm in Environmental Protection in the Better Way document, and it's table 4, the environmental protection and enhancement fund. Again, the numbers here, as far as I can tell, do reconcile. The number I'm looking at, if you could follow me across five columns, is in the '95-96 budget expenditures. Dropping down to the very bottom of the page, the total reserve in the environmental protection and enhancement fund for this particular budget year is \$16.7 million. Now, on the pro forma presentation – again, I'm just looking to see if this is an accounting procedure presentation or if it's actual – the environmental protection and enhancement fund will be a net

contributor to the general revenue fund of \$16.7 million. So my question, Madam Chairman, to the minister is: will \$16.7 million from the environmental protection and enhancement fund be transferred to the general revenue fund?

MR. SIMON: No, there will not be a transfer. It will remain in the fund.

MR. COLLINGWOOD: And what happens to those funds if they remain in the reserve?

MR. SIMON: The reserve funds get accumulated from year to year or get used for expenditures in future years.

MR. COLLINGWOOD: Are they invested funds?

MR. SIMON: They're invested in the cash consolidated investment trust fund, and of course the interest accumulates to the fund.

MR. LUND: One of the big problems we've got with this whole area is we really don't know what kinds of dollars we're going to spend on fire. We don't know what there's going to be for disease and insects that we have to control. There are so many unknowns in here that that's why we're anxious that we get a reserve built up.

MR. COLLINGWOOD: Yeah. That's great, because my concern is that we don't transfer this money to the general revenue.

THE CHAIRMAN: Are you done, Mr. Minister?

MR. LUND: Yes, I am. Thank you.

DR. PERCY: My questions to the minister are under 6.3.1, Alberta Special Waste Management Corporation, and the joint venture agreement. My first question about the joint venture agreement. The expression was used earlier, I think, that it's a unique arrangement in terms of who bears the risk, who puts up the money, who guarantees the funds. In terms of the review of Alberta Special Waste Management, in terms of the options – and this is clearly related to the gross expenditure that are here – are all options on the table, including voiding the joint venture agreement, as the Pearson airport deal was, on the grounds that it's just a bad deal?– I think I asked this question in the House.

MR. LUND: Well, we're looking at all the options, but I'm not sure that voiding is an option.

DR. PERCY: I guess it would have to go through legislatively.

MR. LUND: Well, hopefully we will come to an agreement that we can find satisfactory.

THE CHAIRMAN: Isn't your committee, though, dealing with that? So that's sort of still out there rather than something that can be dealt with?

MR. LUND: Yeah. I think it's a fair question, but the board is looking at all of the options. Part of the mandate, when the board was restructured, was to look at all the options, to look at the agreement and see what we can do with it.

9:10

DR. PERCY: A final question, then, related to the joint venture unit. In terms of the guarantee itself, the province is liable. Is it

also liable for unpaid interest on the loan itself, should it in fact be called in, or just on the principal itself?

MR. McKAGUE: Of course, that's a Bovar arrangement. I don't have that kind of information on file. I know they satisfy the requirements of their loan arrangement every month in detail, and I suspect the interest is part of that too.

THE CHAIRMAN: Are we done? Thank you. Do we have a few questions from Mr. Denis Herard?

MR. HERARD: I think I will save them.

THE CHAIRMAN: Are there any further questions from the government members then? No?

MR. COLLINGWOOD: Well, can I in closing, then, just thank the minister, the deputy minister, members of the staff, and the reporting agencies. We appreciate very much the opportunity. We appreciate the dialogue and your frankness and candour. I thought it went very well, and I appreciate it very much. Thank you.

THE CHAIRMAN: It did actually, and I want to thank the members for their questions and for making sure that they tied them to the estimates. I really appreciate that. I didn't have to do any kind of dragging people to the line here. So I would like to thank everybody. Mr. Minister, your staff, and the agency heads, I appreciate your time and your being as open as you were in answering the questions that came through, and I want to say that it was quite a dialogue I heard here. Thank you so much for being in line with everything that we've done.

I need to put a motion through, so don't leave, please. Do you want to close?

MR. LUND: I want to thank the members of the committee and all my staff that came tonight and assisted in answering these questions. Quite frankly, I really like this process. I think it's much more productive than what happens in the House. The ability to let people know exactly what we do in the department I think is an extremely useful exercise, and I want to thank the members for their very good questions.

THE CHAIRMAN: Thank you.

Before we go, though, because we're going to finish before the four hours, I need to have a motion. If I can have a mover for the motion. That's under Standing Orders 56 and 57: that the designated supply subcommittee on Environmental Protection will now conclude its debate and consideration of the '95-96 estimates of the Department of Environmental Protection prior to the conclusion of the four-hour period allocated. I need unanimous consent, so would somebody move that, please.

MR. HLADY: So moved.

THE CHAIRMAN: Thank you. Are we agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Anybody disagree? Thank you. Unanimous. Thank you very much, once again.

[The committee adjourned at 9:12 p.m.]

