



Legislative Assembly of Alberta

The 28th Legislature  
Second Session

Standing Committee  
on  
Alberta's Economic Future

Ministry of Agriculture and Rural Development  
Consideration of Main Estimates

Tuesday, March 18, 2014  
3:30 p.m.

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The 28th Legislature  
Second Session**

**Standing Committee on Alberta's Economic Future**

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Fox, Rodney M., Lacombe-Ponoka (W), Deputy Chair  
  
Dorward, David C., Edmonton-Gold Bar (PC)  
Eggen, David, Edmonton-Calder (ND)  
Hehr, Kent, Calgary-Buffalo (AL)  
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Pastoor, Bridget Brennan, Lethbridge-East (PC)  
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Rowe, Bruce, Olds-Didsbury-Three Hills (W)  
Sarich, Janice, Edmonton-Decore (PC)  
Stier, Pat, Livingstone-Macleod (W)

**Also in Attendance**

Donovan, Ian, Little Bow (W)  
Swann, Dr. David, Calgary-Mountain View (AL)

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## **Standing Committee on Alberta's Economic Future**

### **Participants**

Ministry of Agriculture and Rural Development

Hon. Verlyn Olson, QC, Minister

Dave Burdek, Assistant Deputy Minister, Policy and Environment

Gordon Cove, President/CEO, Alberta Livestock and Meat Agency

Jamie Curran, Assistant Deputy Minister, Food Safety and Technology

Brad Klak, President/Managing Director, Agriculture Financial Services Corporation

Jason Krips, Deputy Minister



3:30 p.m.

Tuesday, March 18, 2014

[Mr. Amery in the chair]

**Ministry of Agriculture and Rural Development  
Consideration of Main Estimates**

**The Chair:** Good afternoon, ladies and gentlemen. Good afternoon, Minister. I would like to welcome all of you and call this meeting to order. The committee has under consideration the estimates of the Ministry of Agriculture and Rural Development for the fiscal year ending March 31, 2015.

Before we begin, I would ask that we go around the table and introduce ourselves for the record. Minister, when we get to you, please introduce your staff. I am Moe Amery, MLA for Calgary-East and chair of this committee.

**Mr. Fox:** Rod Fox, MLA for Lacombe-Ponoka and vice-chair of this committee.

**Mr. Lemke:** Ken Lemke, Stony Plain.

**Mr. Rogers:** George Rogers, Leduc-Beaumont.

**Mrs. Sarich:** Good afternoon and welcome. Janice Sarich, MLA, Edmonton-Decore.

**Mr. McDonald:** Good afternoon. Everett McDonald, Grande Prairie-Smoky.

**Mr. Stier:** Pat Stier, MLA, Livingstone-Macleod.

**Mr. Donovan:** Good afternoon. Ian Donovan, MLA, Little Bow riding.

**Mr. Rowe:** Bruce Rowe, MLA, Olds-Didsbury-Three Hills.

**Mr. Olson:** Good afternoon. Verlyn Olson, Minister of Agriculture and Rural Development. I have a number of people, a whole posse, with me here today. To my left is Brad Klak, who is the AFSC president and managing director, and to my right is Jason Krips, my deputy minister. Behind me – and maybe as I call out names, people can wave; I won't be looking behind me, so I trust that they're all here – are Jamie Curran, assistant deputy minister, food safety and technology; Jo-Ann Hall, assistant deputy minister, industry and rural development; Dave Burdek, assistant deputy minister, policy and environment; Anne Halldorson, senior financial officer; Stuart Elson, acting director of communications; Ryan Fernandez, director of financial planning; Gordon Cove, president and CEO of the Alberta Livestock and Meat Agency; Darryl Kay, chief financial officer for AFSC; Nick Harsulla, my chief of staff; Julie Crilly, my press secretary; and Shannon McLaughlin, my special adviser.

**The Chair:** Thank you, Minister.

**Ms Kubinec:** Maureen Kubinec, MLA, Barrhead-Morinville-Westlock.

**Mr. Eggen:** Good afternoon. I'm David Eggen. I'm the MLA for Edmonton-Calder and the Agriculture critic for the Alberta New Democrats.

**Mr. Luan:** Good afternoon. Jason Luan, MLA, Calgary-Hawkwood.

**Mr. Dorward:** David Dorward, Edmonton-Gold Bar.

**Mr. Quadri:** Sohail Quadri, Edmonton-Mill Woods.

**Dr. Swann:** Good afternoon. David Swann, Calgary-Mountain View.

**The Chair:** Thank you, ladies and gentlemen.

We have Bridget joining us via teleconference. Bridget, would you please introduce yourself?

**Ms Pastoor:** Hi. Bridget Pastoor, MLA, Lethbridge-East. Thank you.

**The Chair:** Thank you very much.

Please note, ladies and gentlemen, that the microphones are operated by *Hansard*, and we would ask that BlackBerrys and iPhones be turned off or set to silent or vibrate and not placed on the table as they may interfere with the audiofeed.

Hon. members, as you know, the Assembly approved amendments to the standing orders that impact consideration of the main estimates. Before we proceed with consideration of the main estimates for the Ministry of Agriculture and Rural Development, I would like to review briefly the standing orders governing the speaking rotation. As provided for in Standing Order 59.01(6), the rotation is as follows. The minister may make opening comments not to exceed 10 minutes. For the hour that follows, members of the Official Opposition, Wildrose, and the minister may speak. For the next 20 minutes the members of the third party, Alberta Liberals, if any, and the minister may speak. For the next 20 minutes the members of the fourth party, NDs, if any, and the minister may speak. For the next 20 minutes the members of any other party represented in the Assembly or any independent members and the minister may speak. For the next 20 minutes private members of the government caucus and the minister may speak. For the time remaining, we will follow the same rotation to the extent possible; however, the speaking times are reduced to five minutes.

Members may speak more than once; however, speaking times are limited to 10 minutes at any one time. A minister and a member may combine their time for a total of 20 minutes. For the final rotation, with speaking times of five minutes, once again a minister and a member may combine their speaking time for a maximum total of 10 minutes. Members are asked to advise the chair at the beginning of their speech if they wish to combine their time with the minister's time.

The chair acknowledges that this is a new procedure, and if members have any questions regarding speaking times or the rotation, please feel free to send a note or speak directly with either the chair or the committee clerk about the process.

Three hours have been scheduled to consider the estimates of the Ministry of Agriculture and Rural Development. With the concurrence of the committee, I will call a five-minute break near the midpoint of the meeting.

Committee members, ministers, and other members who are not committee members may participate. Ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee. Members' staff may be present and, space permitting, may sit at the table or behind their members along the committee room wall. Members have priority for seating at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn. Otherwise, we will adjourn at 6:30 p.m.

Points of order will be dealt with as they arise, and the clock will continue to run.

Any written material provided in response to questions raised during the main estimates should be tabled in the Assembly for the benefit of all members.

Vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on April 16, 2014.

I would now like to invite the Minister of Agriculture and Rural Development to begin with his opening remarks.

**Mr. Olson:** Well, thank you, Mr. Chair, and good afternoon, colleagues. This is a great opportunity for us to speak about agriculture, and we're always very happy to do so. One of the things that we work hard at is trying to raise the profile of agriculture, so thank you for the opportunity. I look forward to your questions and your comments.

I'm pleased to be here today to discuss the 2014-15 budget and the three-year business plan for the Ministry of Agriculture and Rural Development. I've already introduced you to my team who is here with me. I just wanted to take a moment to say how privileged I feel to work with such a talented and committed group of people. Besides being talented and committed, they're also just really nice people, so you look forward to going to meetings with them. I am going to rely on them to help me out answering questions because I know my colleagues have lots of questions, and I'll do my best to answer them. If I'm not able to provide the necessary detail, I'll ask. So it's kind of an open invitation for the team here to step up and fill in. Of course, to the extent that we're not able to provide you with answers here on the spot, which sometimes happens, we're happy to undertake to provide the information that we have available to us.

Budget 2014 is about continuing to follow through on the building Alberta plan, our government's commitment to dealing with the pressures we face as Canada's fastest growing province. For our ministry that means staying the course with strategic, fiscally responsible investments that will yield long-term benefits for our agriculture sector and rural Alberta.

As outlined in our business plan, we will continue to focus on key priorities that include ensuring Alberta's agriculture industry is positioned for growth through development of new and existing markets; maintaining consumer confidence in environmental stewardship, farmed animal health and welfare, plant health and safe food products; supporting industry development that maximizes value and enables economic sustainability; and ensuring that rural Alberta has the development opportunities necessary for ongoing economic success.

Overall, the ministry's budget will increase by \$97 million, to \$1.035 billion. We are focusing our dollars on initiatives that support sustained growth and competitiveness in our agriculture sector while also maintaining our funding for important community programs that support a strong and vibrant rural Alberta. The 2014 budget shows a strong commitment to building our rural economy. The key to our success will be fostering innovation and diversification in our agriculture industry and opening new markets for our products.

Agriculture is our province's largest renewable industry, and there are tremendous opportunities to build on the success of the industry here at home and abroad. To make the most of those opportunities, we must ensure that Alberta remains well positioned as a global leader in agriculture and agrifood. We know that competition in the world market is fierce, and we must continue to push the envelope and strive to find new and better ways of doing things. That's why I'm very excited about the establishment of the new agriculture and food innovation endowment. This endowment will be an important tool to allow us

to enhance agriculture research and innovation activities and further develop our food processing industry. The endowment will provide approximately \$9 million annually.

**3:40**

While specific details about how the funding will be invested this year are currently being finalized, some of the priorities for the endowment include increasing annual grant funding for applied research to help explore new crop varieties and agronomic practices; increasing provincial research and innovation capacity, including enhancing our expertise in areas such as crop development and animal health; assisting entrepreneurs to explore new product development and commercialization opportunities that will help diversify the provincial economy.

The endowment will complement investments that are already being made through the federal-provincial Growing Forward 2 agreement. We're in the second year of a five-year commitment to invest more than \$400 million in strategic programs aimed at strengthening the competitiveness and sustainability of our agriculture sector. More than 30 programs and initiatives will focus on areas such as environmental stewardship, food safety, biosecurity, business management, market development, traceability, animal welfare, energy efficiency, and water management.

ALMA, the Alberta Livestock and Meat Agency, will also continue to be a critical partner in developing new markets and spurring innovation in our livestock and meat industries. This year we are increasing operating funding to ALMA by \$5 million, to \$34 million, in support of their efforts, which have helped the industry with everything from increasing processing capacity and enhancing food safety to marketing and reducing the livestock sector's environmental footprint. Since January 2009 ALMA has provided more than \$154.6 million for projects that enhance and support our livestock industry.

Through Budget 2014 we are also ensuring that we are maintaining our important agricultural infrastructure such as our irrigation system. We've increased irrigation rehabilitation program grants by \$2 million, to \$21 million, this year. Alberta has 1.46 million acres of irrigated farmland, approximately 70 per cent of the total irrigated area in Canada, and we know that maintaining that infrastructure is essential. While irrigation is only practised on 5 per cent of Alberta's arable land base, the industry provides more than 20 per cent of the province's total agriculture production and 30 per cent of the province's food processing returns.

While agriculture is a huge part of our rural economy, we know that it is just one ingredient in rural Alberta's success. During the upcoming year rural economic development will be a key focus of our ministry and our government as we move forward with the development and implementation of the rural economic development action plan. In the coming weeks a number of our MLAs and I will be consulting with some 500 community stakeholders to talk about steps that are necessary to maintain the conditions that support rural growth. We know there is a lot of great work already happening out there. This is about ensuring the right government programs are in place and that they are working together to achieve the maximum benefit for our communities. With smart planning and a clear set of priorities we can help our rural communities become even more vibrant.

Our ministry provides support to a number of important community organizations such as agricultural service boards, agricultural societies, major fairs and exhibitions. We are maintaining our funding for these groups, which provide key services, host events that support the local economy, and manage

everything from halls to curling rinks. We'll also continue to invest in rural infrastructure, rural electricity, and gas utility grant programs.

Another important partner is AFSC. They represent a significant part of our budget, and they provide both business risk management programs as well as lending services. They have more than 7,000 agricultural and commercial lending clients, with a loan portfolio of \$1.9 billion. Demand for loans is approaching \$600 million annually. Over the last seven years their programs have generated an estimated \$4 billion in economic activity, mainly in rural Alberta, and over the past year they played a major role in the flood recovery efforts with the hand-up plan, loan guarantees, interest rebates, and so on. It's a testament to the good work that AFSC is doing that the recent announcement about western livestock price insurance was made because that is based on the model developed by AFSC for Alberta, and it's now being expanded to all of western Canada.

We know that we face a number of challenges, including the slow movement of grain, country of origin labelling, and other such challenges, but we continue to advocate strongly on behalf of our producers, and we work closely with our federal and other provincial counterparts. We are seeing some results.

We have long sought after greater accountability, for example in the grain handling system, and we're starting to see some response from the federal government on that. We're also supporting legislative changes to further enhance accountability in the system, and at the same time we're working on longer term solutions.

Market access is really job one for us, and much of our focus . . .

**The Chair:** Thank you, Mr. Minister.

**Mr. Olson:** Thank you.

**The Chair:** Now I would like to call on the Official Opposition critic, Mr. Donovan, I would say. Mr. Donovan, you have one hour. Would you like to go back and forth with the minister?

**Mr. Donovan:** I think that usually works pretty well.

**The Chair:** Great. We'll do it in 20-minute blocks.

**Mr. Donovan:** Sounds splendid.

**The Chair:** I would like to remind you to please stay focused on the main estimates of the ministry for the fiscal year 2014-15. This is Alberta's economic future, not the past.

**Mr. Donovan:** Thank you, Mr. Chairman. I just want to thank everybody for coming today. We were lucky to have you guys two weeks ago for Public Accounts Committee. It's always nice to work with your team. I've always had the most respect for everybody that works there. Again, I can't reiterate enough that every time I do ask a question of your team, I get an answer back within usually 20 minutes, sometimes an hour, depending on how busy, obviously, they are. I do appreciate that. It is a testament to the good operational team you have.

I was just going to touch right on the grain marketing that you talked about there, the grain movement side. With agriculture being the largest renewable resource we have in this province, in response to the current situation of grain not moving quickly enough by rail through ports and terminals on the west coast, the federal government announced a five-year deal with Pulse Canada, with a \$1.5 million funding commitment from

Agriculture and Agri-Food Canada. Is Alberta Agriculture and Rural Development playing a part in that report that they're doing?

**Mr. Olson:** Well, we're certainly supportive of that initiative. I think it was \$1.5 million from Pulse Canada, and the federal government, as I understand it, is matching that. I'll stand corrected if I'm wrong on this, but I don't think that anybody actually asked us for any money on this. But we're certainly supportive of that initiative.

If I could, Mr. Chair, just to create some context, I would mention that one of the other staff in the department, who's not here today, actually sent me an excerpt from a 1906 annual report from this ministry, in which it talked about the frustration of farmers not being able to get their grain to market because of issues with rail transportation and so on. Interestingly, it also talked about the opportunities that they had in what they described as the Orient. So for over a hundred years we have had these kinds of issues.

I also look back at submissions that our Ministry of Transportation made a number of years ago, probably back before 2010 anyway, in which they talked about surveys having been done of commodity groups, shippers across the province, not just restricted to grain but in all of our commodities. That survey showed that the satisfaction rate amongst those shippers was at about 20 per cent, and that ended up being reflected in the rail freight review that was done by the federal government. Our position at the time was: we think we need some regulatory intervention. It didn't happen as a result of that rail freight review, but it is happening now. I think we've finally come to a point where the federal government agrees that letting the parties just kind of sort it out amongst themselves probably isn't going to work.

**Mr. Donovan:** Just on that, have you had any discussions with the rail operators and grain companies on what sort of system of accountability they envision to come up with this? I guess that as a producer it's always a challenge. Everybody blames everybody else.

3:50

**Mr. Olson:** Right. That's a good point, and that certainly has been our experience. There's been a little bit of finger pointing, I think. The one thing that has probably become clear to us as well, though, is that it is highly complex, and there isn't a quick fix like you sometimes hear around the coffee shop, that we just need more rail cars. It is very complex.

The team and I met with CN a few weeks ago. We heard a lot of their explanations about some of the challenges they have running in winter weather and so on, and the Premier and I and my deputy actually met with CP a week ago yesterday, had a very good conversation with them. One of the interesting things they told us was that they could triple the amount of volume that they haul. They point to some issues that they have with unloading at the ports – you know, the terminals not being ready for them, having to wait, strikes at the ports, unloading in the rain, all of those types of issues – and I wouldn't disagree with them. Those are issues.

I think one of the really good things that Minister Ritz has initiated is that, step one, we have to have better data. In that way, you can actually measure where the bottleneck is and who is the cause of the bottleneck and, hopefully, get us away from some of this finger pointing that goes on and a little bit of bob and weave. So that is one of the first things that is happening. We understand

that the rail companies are required on a weekly basis, if not more often, to provide a bunch of information.

We also understand that there are initiatives to better measure things like grain in storage on the farm and so on, but right now we're told that in Alberta 90-some per cent of the elevators are at capacity whereas the further east you go, the worse it gets. Manitoba is probably at a hundred per cent. If you can describe anybody in this as lucky, we're probably luckier than points east because we're closer to the ocean, so we're marginally better off than them, I think.

**Mr. Donovan:** Thank you for that.

The government relations people I'd talked to at CP, for instance, had said that Richardson Pioneer, I believe, is putting an all-weather loading port out in Vancouver, so it allows them to load whether it's raining, not raining, everything else like that. I think it's a positive that they can do that.

Just on the triple amount, that's interesting. The grain cars are always a good one. Unfortunately, they ran short. From what my understanding is, there are a lot of locomotives, and they'd laid people off.

I'm not touching on the past at all, Mr. Chairman, but this province had bought some cars back in the '90s, and I believe they put almost every town or community, I guess it was, on those cars. Whatever happened to those? I get a lot of questions from people that we don't seem to see those cars on the rails anymore. I guess things age out after a little while. In the '90s I was quite a bit younger also.

**Mr. Olson:** Well, I know that when they first were put out on the rail, they were nice, bright, shiny blue units. After a lot of years they're not so shiny anymore. They're still around. We have – what? – 910 or so. I think that originally it was a thousand if I'm not mistaken. They're still there. They're available. I see the odd one every once in a while.

There's another thing that was actually pointed out to us, to the Premier and me, by CP when we met with them, and that was that we have a lot of grain cars out there that are of an older generation now. That description would probably apply to these Alberta cars.

I know that both CN and CP have described to us the issues that they're having with their braking systems. It's not the snow, but it's the very cold weather. I know CP told us two things. They said that there really hasn't been a whole bunch of advancement in braking technology for 125 years. That's one thing they told us. The other thing they told us was that there actually is a new braking system, a pneumatic braking system, but the car will cost double what a conventional car would cost.

This is the kind of discussion that I think we need to have as we engage with our other provincial counterparts and with the federal government when we're looking longer range at what the solutions are.

**Mr. Donovan:** Thank you for that.

Again, we probably differ on this a little bit. I know about putting fines onto them for time delay, but as a producer I know that usually what happens is that the freight rate just seems to go back up to cover some of that. I know you have to have some kind of means and ways of laying down the law with them, but I leave it in your capable hands to figure out something there.

**Mr. Olson:** Could I just respond to that for a second?

**Mr. Donovan:** Yeah. Go ahead.

**Mr. Olson:** In the order in council that the federal government just issued a few weeks ago, there is this provision for a \$100,000-a-day fine. We're not against that, but we have also made the point in a number of meetings and I think also in a letter that I have just sent to Minister Ritz that as a producer, if you're suffering because of the basis and there are demurrage charges and all of that, it doesn't really do you a whole lot of good that the rail company is paying a hundred thousand bucks into the federal treasury. Indirectly it may come back in terms of funding some sort of a program, but our position is that once commitments are made in the system, if you don't meet your commitments – and it doesn't necessarily have to be a rail company; it could be an elevator or whatever – then you should be compensating those who relied on those commitments. So not necessarily a fine paid to government but compensation to whoever else is in the system.

**Mr. Donovan:** Thank you for that.

I was just going to jump to that I was in Olds this weekend at the Alberta Food Processors Association meat convention, and ALMA was also part of the sponsors of that. It was quite interesting, and the AFSC had a trade booth at it. I got talking there about how the flood obviously affected quite a few people. I went to high school in High River, and I know lots of the people downstream from there, where the water flows, so to speak. It comes into my riding in quite a few different spots.

Now, the portfolio for the 2013 flood recovery program is a line item in the '14-15 estimate, where they're going to pay – where's the action right now? Was there much uptake on that, much like the Slave Lake disaster systems program, where people could get an interest-free loan? Has there been much uptake on that for producers?

**Mr. Olson:** I'll maybe start out, and then I'll ask Mr. Klak to fill in. You mentioned Slave Lake, and I think that when this disaster happened last summer, pretty quickly government eyes turned to AFSC because of the outstanding job they had done at Slave Lake. The scale was quite a bit different because Slave Lake was one community, more localized. Here we had communities all across the south along riverbanks that were suffering.

We were very nervous about the damage that could be done to agricultural infrastructure, to dams, and so on. For the most part, that didn't happen. I was on the phone talking to people down there, and that's pretty much what I was hearing, that it was localized, for the most part, along the rivers and streams. We did put together some programs, though, and I would say that the uptake was less than what we probably expected it was going to be.

For example, we have 53 loan guarantees, totalling about \$10.7 million, and a total of eight flood recovery loans, approved for about \$1.7 million. We had a carcass removal program that we were paying for, and as far as I know, we had one animal, one carcass, picked up. There was a packer, as you know, in High River who I think we were able to help out with removing some of his product that had been destroyed. But, overall, there wasn't as much outflow as we thought there would be.

Maybe I'll ask Brad to give a little bit more detail.

**Mr. Klak:** Just maybe a few thoughts. The minister is correct on the numbers. There's roughly \$17 million in the budget that you reference. That's both the rebate portion as well as a pretty hefty allowance for doubtful accounts, which we're really not seeing. Slave Lake has almost no doubtful accounts.

The program runs until June 30. We've been especially working in the High River area, in Blackie and that whole zone that was

really affected on the rural business side. There are a number of businesses that are waiting to find out exactly what the DRP program does for them, and some are still waiting for some insurance proceeds, so the government decided to extend that until June 30. There will be some increased take-up, but I think the program is responding as best it can. In High River alone we've supported 32 businesses to sort of get back on their feet, so we're proud of that.

4:00

I would also like to put on the record that the regular financial institutions, including the ATB and CIBC and others, have done a pretty good job of working with their clients to get through it. Also, some of them have relied on the guarantee. Many of them have just sort of reached out and, on a good business basis, have been supporting their companies to get back in. So I think some of the things that we anticipated to get money into those businesses' hands quickly – we underestimated the response of the regular financial institutions. But it has been a valuable program for us.

**Mr. Donovan:** Thank you for that. I think that for the people that are using it, it's working well.

Just on the flood stuff, I've talked with your office numerous times and yourself a couple of times on this. I've had lots of producers that farm along the river areas where flooding happened. I guess, you know, there's definitely the program. If it was an insurable loss, much like the homes, there wasn't a payout for it.

Some of the challenges I've had are that a couple of farmers had some flooding and, I mean, didn't lose it down to a hundred per cent, but it was kind of – a lot of agricultural producers that I've talked to are hoping at some point that maybe AFSC would have put it out like a hail claim. So if they had a spot claim, so to speak, or if there were 330 acres or 400 acres that were flooded over, they could have come out and assessed maybe what the area average was versus what they ended up taking off it. That's just something for down the road, maybe a policy somehow, because unfortunately some of these disasters might happen again. Had it been fire, had that area all been burnt out rather than flooded, they would have been paid out like a hail claim, and I think that's one of the challenges.

I hear from lots of producers that live downstream, basically, from the Highwood, from where everything went amok. Just a thought for maybe down the road on how to handle that, again, because it is a challenge for producers. One producer, that I asked a question on back on October 30, I guess it was, in the House, had some flooding damage, and he's still yet to receive anything from DRP or from the towns or from anybody else. You know, these are challenges, I guess. In this day and age we all have bills to pay. Our break-even is probably – I'm not going to speak for everybody – about \$240 an acre on my farm. I mean, if you've got 800 acres that got flooded or something like that, you know, you're starting to tap into quite a few dollars there. That's just something, I guess, to move forward or to plan for down the road on flood mitigation.

I'm glad to see the line items, Mr. Chairman, on page 24, 3.1 and 3.2, on irrigation and farm water. We're diverting the water around High River and down Little Bow and then into Twin Valley and then into Travers reservoir, and, you know, during the flood it was quite a challenging time. Lots of people lost a lot of irrigation product because their pumps were there, and due to the time of it they couldn't get them pulled quickly enough. I always advocate – I've got my little blue book here, *Prairie Promises: History of the Bow River Irrigation District*. It's quite interesting

to see what they've done, working on planning ahead on stuff. One of the things they have is a project – and I know it's sad, but environment is at the same time as this for estimates, so I can't even be over there to put in my plug for them.

I know it's one of those where we work together between Infrastructure and agriculture and environment on irrigation. I mean, it is a key role in my constituency – and I think now in Alberta's agriculture totally – for what we can get out of it. There's about a \$30 million project to tie in the channelling between the Travers reservoir and the Little Bow reservoir. You know, I think that would be something that between the parties, between the different government agencies and the ministries they could tie that together, make sure that those kinds of things, I guess, would be a great way to retain water and also be able to use it for irrigation down the road. I think any time we're putting infrastructure in – and I understand we need schools and hospitals in this province, but irrigation is always one of those ones that when you put the infrastructure in, it pays back 5 to 1 minimum on the repayable. We've just talked about the irrigation acres versus the dollars that spin back into the economy. It's just kind of one of those points, I think, if we can keep that on the radar of things that definitely need to happen there.

Speaking of irrigation, the beet growers down there have some challenges, some acres being cut back, because they only have one market to sell to. I know they've been very innovative on moving forward to be able to find new markets and stuff. I think the federal government granted some money to look into some more value-added that they could do with their product. Hopefully, down the road our province could partner with them on that because I think there are some large issues there that could definitely help rural agriculture as a whole, especially in the irrigation districts.

I'm going along. I'm not getting the hook yet, so I'm still good to go.

When we talked about the Alberta agriculture innovation endowment fund, I guess some of the questions lie in how it's going to be laid out. What does the government see as specific projects? How can we be assured that this will never be considered a corporate welfare program? I think sometimes people perceive these things. Is there a business plan that you have going forward on that, that I could easily tell my constituents that that wouldn't be the case?

**Mr. Olson:** Well, I think the proof will be in the pudding. I'm sure you'll tell us if you think that that's the case.

**The Chair:** We'll be starting on your next 20 minutes.

**Mr. Donovan:** Sure. Thank you.

**Mr. Olson:** It is early days, so we're not in a position to announce in detail what programs will be supported. Again, just to create a little bit of context – and I did in my opening comments – I'll mention the Growing Forward funding of some \$400 million, a little bit over \$400 million, over five years. There has been a bit of a movement by governments across the country, not just our government, not just the federal government, but federal, provincial, territorial governments – and we've had some of these discussions before in the whole Growing Forward lead-up – away from kind of ad hoc, recovery type of programming and more towards strategic investments. So that \$406 million or whatever it is represents, like, a doubling of commitment by the federal government and our government towards research, innovation, market development, those types of things.

I would say that this endowment, that we've just announced, is very consistent with that movement towards research and innovation because we see that as the way of the future. For us to be competitive on a global scale, we have to be cutting edge in technology and in development of seeds and so on. I think that when the programming is announced, when the specific projects are announced, I'm pretty confident you will agree that it's being used for a righteous purpose, if I could put it that way.

One of the challenges is that there are way more potential projects than \$9 million can pay for, so we are going to have to be strategic. Another thing that is a bit peripheral to this but, I think, is still really important is that we have so many different funds, so many different envelopes of money, whether in universities, in industry, in check-off money, in different levels of government. I've had a number of conversations with my colleague Minister Hancock about the need for us to make sure that we are being as, again, strategic and also as efficient as possible with all of these funds so that they are not overlapping, that we're not leaving gaps, and we're getting the biggest bang for our buck that we can.

**Mr. Donovan:** A couple of quick questions on the timeline for it: what's the process for performance and evaluation of the outcomes? Everybody wants to have some kind of baseline to go back to.

I want to make sure that this fund is obviously going to be WTO, World Trade Organization, compliant because we don't want to get into a match with them over anything as we're trying to play along with the MCOOL right now. Also, who will implement this fund? Who's going to be in charge of it, how it's going to roll out?

4:10

**Mr. Olson:** Right. Well, the endowment, the \$200 million, is managed as part of the heritage savings trust fund. That \$9 million will come to our ministry, and it will go from there, so we'll be accountable for it. You'll be able to ask us questions in Public Accounts, and so on.

In terms of time frames, timelines, at this point I'm not so sure I'd want to say that it will be like a cookie cutter. I think it may depend because there may be a number of different initiatives. A time frame that may make sense on one project may not make sense on the next one.

I should also mention that, as you probably know, we are about to embark on – again, I mentioned it in my opening comments – the rural economic development initiative. We are expecting that we will be hearing – in fact, I already have been approached by a number of different groups, agencies with ideas about how the money can be spent. There are lots of people with lots of ideas, so we're expecting that we'll be hearing some suggestions there as well. I think it is part of the strategic approach, to figure out where we can get the biggest bang for our buck, where we can make the biggest difference.

**Mr. Donovan:** On that, when you're looking for people, the Vulcan business innovation team has been looking for stuff like that, so I'll put in a little plug for them on that. I hate to miss that for any of my constituents.

I guess when we get talking on different things – we've talked about this before, on the side, about: is there any place in your '14-15 estimates for working together with Alberta Education on getting an education program for Alberta agriculture back to the classrooms? I think that's one of the biggest challenges we have as agricultural producers, getting our voices out. I think one of the key things is actually talking with our children. My two youngest

kids come home with a two-litre water bottle and stuff it in the back of the toilet so we use less water. You know, they learn that at school, which is great.

The challenge is out there. So many people are so far removed from agriculture. They don't know where their food comes from. I think we need to somehow work with the Education minister and yourself, your department to get a good program out there, maybe to be able to work back in the classrooms again, rural and urban, because even a lot of the kids in the rural schools don't have, maybe, the background to it that they need.

I think we need to promote what we have in this province, the great food sources we have and the agribusinesses and the biodiversity and everything else that we have. Until people know our story – you know, every place I've been, any of the different functions, a lot of the things, social licensing – make sure that we get our voice out there. Rather than defending what we do, we should be advertising and be in front of it, be proactive rather than reactive. I just wonder if there's any program going forward that I might have missed during the '14-15 budget so the chairman doesn't get me on it.

**Mr. Olson:** Well, I will provide you with a little bit of information here shortly. Perhaps I'll just ask Jason to comment. I think we're definitely shoulder to shoulder on this issue. I very much agree with your comments. I have had a number of conversations with our Education minister. I agree that people understanding where their food comes from is critical, particularly in the current environment, where we have a lot of people expressing concerns, sometimes founded, sometimes perhaps not. Social licence is very important to this industry, as it is to other industries.

I find that as I meet with various different commodity groups, this is an issue that pretty much everybody – no matter whether it's livestock or grains, you name it – is struggling with how they tell their story, how they explain to consumers and citizens the value of what they're doing. It is something that I've had some conversations with other ministers about, too. I think there is room for a more common voice if I can put it that way. So that's an ongoing discussion.

To your specific question, we have initiatives such as the Open Farm Days. We had the first one last August, and we had about 40 farms involved with maybe 3,000 visitors. It's a good tourism initiative, but it's also a great way to showcase for people what happens on the farm, what happens in rural Alberta.

We are supporting various other programs in the schools and so on. Maybe I can just ask Jason to speak to some of those.

**Mr. Krips:** Certainly. Thanks, Minister, and thanks, MLA Donovan. Just to supplement the minister's conversations with Minister Johnson, the Education minister, they've actually had a dialogue about looking at getting agriculture more formally within the curriculum. In fact, one of the members of the minister's Next Generation Advisory Council is actually going to be a part of that dialogue in that committee that Minister Johnson is going to be leading to take a look at increasing the awareness within the curriculum itself. So that's something that we're working on.

The minister mentioned the Open Farm Days. Other things that we've either been a part of or have helped fund: Ag for Life is an initiative that's out there. That's a partnership approach with a number of private-sector organizations. We have provided funding to Ag for Life, and part of that funding has gone to ag awareness as well as farm safety. So ag awareness out in the broader community may be not so much curriculum based although they have done some school-based activities. That's certainly helped.

Then we have actually been a strong funding partner with the Farm Safety Centre in southern Alberta and the Raymond ag society, and they have done a number of agriculture-based farm safety awareness events and programs for quite a number of years, I think back to '98 or '99, and I think they've touched most of the full province in doing so. While it's maybe not based on ag awareness, it's certainly farm safety, which is a key part of what we believe needs to be within the curriculum.

**Mr. Donovan:** Okay. Thank you for that.

Now that we're on farm safety, I've talked with Page Stuart a couple of times about different stuff. I think industry is definitely seeing that the pressures are on, talking with numerous groups about workers' comp and farm safety programs and stuff like that. Years ago there was the Alberta environmental farm plan. When it first came out – as a farmer I'm not going to lie – quite a few people were a little hesitant to be involved in it because it seemed like everybody was scared that the government wanted to know too much about their farms. Like most agricultural producers, once we figured out that there were quite a few advantages to being part of that program, quite a few people took the two-day program, made themselves more environmentally aware around their farms. I think that there are a lot of positives to that.

Now, going forward, in talking to quite a few different people, the idea of maybe doing a farm safety program kind of laid out the same way, where if you happened to take the program, you'd be able to maybe get some rebates or some kind of cutback on a core program or workers' comp – I do caution the idea of OH and S just because that could be a little too convoluted for most agricultural producers. What is your department's thought on farm safety and where it's going from here, whether you make that mandatory or you make it where it could be a roll-in program for the next, you know, five to eight years or something like that?

**Mr. Olson:** We have been spending a considerable amount of time talking about this, working on this. We've got a number of programs under way that deal with farm safety. You mentioned the environmental farm plan. Well, the Canadian Agricultural Safety Association has a similar type of plan. If I'm not mistaken, that derives from Australia if I'm thinking of the – well, it doesn't matter where it came from. There is such a plan, and we are working on an Alberta farm safe plan. In fact, we're starting to pilot it now. What it is is a template, like a customized safety plan, much as you described with the environmental plan. We're anticipating an official launch in 2015-16. As I say, right now it's being piloted. It is voluntary, but if you complete this plan, you get a certificate of recognition, and that certificate of recognition then allows you discounts for WCB and so on. So it does create that incentive.

**Mr. Donovan:** That sounds like a good idea. I think that the people in the industry that I've talked to have figured out that they'd rather lead the charge on this and make it their program like this rather than having it dictated to them by people that maybe don't understand the agricultural industry. I think that's a positive step forward.

**4:20**

I'm going to, I guess, go away from that a little bit. This is, again, about some of the MCOOL, country of original labelling, challenges we've had. I've been to lots of different functions where you've also been. Industry is happy with the miles and the trips you've made on their behalf. I think that's something that we can, say, stand shoulder to shoulder on because I think it's a large industry in this province, and we need to definitely back it.

Canada has already won two significant victories in the WTO regarding MCOOL, and we're already in another round. How many more victories are required before we start to advocate for an alternative measure program?

**Mr. Olson:** That's a great question. Thank you for the question. You know, actually, probably two, but we'll see what happens after the next one.

Back in I think it was 2011, we won at the WTO on the first hearing, and the World Trade Organization said that the Americans were offside in that their rules about mandatory country of origin labelling were protectionist measures that were offside and that they had to change. The Americans appealed, and I think the appeal decision came down in June of 2012, and we won again. At that point the Americans were told that they've got to fix it, and they were given until spring of 2013. So we waited and waited. Finally, the spring of 2013 came, and the changes that they made, by most people's estimations, actually made things worse rather than better. That's the point at which we started some strong advocacy, about June of last year, and I was with Minister Ritz in Vancouver in June, when he tabled the proposed retaliatory measures that would be taken against American products coming into Canada.

Ever since last June we've been on the road, meeting with American legislators at the state and federal levels – and in the case of the state legislators, for example, even though it's not them who are passing the law, they have influence – and saying that if you're from North Dakota or you're from Iowa, these are the goods that we are going to put a tariff on. We've been very targeted, very deliberate, and we thought that perhaps there would be a chance that when the Americans passed their new farm bill – it's in a five-year cycle, and they have been working on it for the last year – they might make the necessary adjustments. It came down to the eleventh hour, and just earlier this year they decided not to do anything.

So back we go to the World Trade Organization in mid-February, and we need a ruling from them saying that the adjustments that they made last spring don't comply. We are expecting that we will be successful on that, and we are hoping we'll have a preliminary decision by June. Now, that's the point at which, if we get that decision, one would think we should be able to start retaliating. Unfortunately, there's another step in the World Trade Organization process, where we would then have to have them acknowledge that our proposed list of retaliatory measures is reasonable. You know, you could see us waiting months and months and months for that and then having the Americans perhaps appeal or whatever, and I know we're not in a mood for that kind of waiting. I know Minister Ritz isn't in a mood for that kind of waiting. So we'll see what happens come June.

There's also been some talk that the Americans, if they lose again, might be more open to, you know, tweaking. I'm not sure how they do that now when they've passed the farm bill, although they had passed it a number of years ago, and they just didn't enforce it. They just didn't bring it into force. I was with Minister Ritz in Chicago and in Washington. We were meeting with various people, and one thing we did tell them was that if we have to jump through all these hoops, we are not going to be in the greatest mood for negotiating. If we keep on winning and they force us to the last step, then they want to negotiate; at least for me personally, I'd find that a little bit difficult.

**Mr. Donovan:** Yeah. I couldn't agree with you more that the process is getting dragged out quite a bit, and everybody is, I

guess, getting tired of it, to say the least. I have Feedlot Alley in my constituency, and again, when agriculture is doing good and the cattle can move, everybody is happy with it. But it's definitely a trade barrier there. It was too bad with the farm bill down there with MCOOL because it was pretty well the last chapter, the last page of it, and to them it wasn't a big concern, but I don't think they understood. If they did understand, my understanding is that it tied up into food stamps and everything else. I mean, it was quite a trail of how that all went. I'm hoping we can keep a strong position on that.

You know, I can understand that when we talk to most people down there – I mean, the packers want our meat, everybody else. I've been to lots of different functions where the labelling on it is so minuscule, it's hard to – if you weren't told what you were looking for, it would be almost impossible to find. So it's one of those things. I'm hoping that down the road we can get that settled and something moving forward on that.

One of the things: are we having any luck with CFIA and our own province, trying to come up with a better food safety program there, where we're working together, coming up with something that maybe would work a little better, I guess, on the crossgovernment side?

**The Chair:** Your 20 minutes are done. You're starting on your third 20 minutes.

**Mr. Donovan:** Yeah. Sure. Thank you, Mr. Chairman.

When I'm talking with people, one of the challenges in this province when we talk about trade inside and we're doing all of our economics and our competitiveness and marketing challenges – we have our own food chain, our own food safety in this province, which I think is second to none, and I think it works well. I think those are positives. Some of the challenges come in as we're – maybe working with CFIA seems to be a challenge on some things. Even, say, this weekend in Olds there was a meat convention, and a lot of it was about doing sausages, stuff like that, that kind of stuff, and trying to come up with the pH levels of what's acceptable. I learned quite a bit on how that works. It was quite an interesting weekend down there.

One of the things there is about CFIA. As soon as you get outside of trade in the province, following their rules and different rules for meat processing people, is there any move forward, I guess, from our province on how to maybe have more usable rules with CFIA? There seems to be a bit of a disconnect, and we had that with the incident out in Brooks. I'm just wondering. Is there something in your department that you see as a positive going forward of how to make that less cumbersome, working with them, back to good trade relations for ourselves?

**Mr. Olson:** Well, I'll again make a few introductory comments maybe and then ask perhaps Jason and Jamie or somebody else behind me to fill in some details.

The CFIA is responsible for inspection of federally regulated plants, which are basically where the product is moving across borders. There are six or seven federally regulated plants in the province, and that represents by far the greatest volume. Probably just JBS in Brooks and Cargill in High River account for 90 per cent of the processing right there.

We have 114 provincially inspected plants. Again, I'll stand corrected if I'm wrong on this, but I don't think we've ever had an incident at a provincially inspected plant. We have had some issues with provincially inspected plants, but they're not questions of food safety. I think we maybe discussed this a little bit at Public Accounts. They were more issues of being user-friendly for the

packers, having consistent standards between our ministry and Alberta Health. We are working on it, and that's what generated the Cuff report. We have accepted all of his recommendations, have implemented a number of them.

Also, though, there has been some discussion about how some of our provincial plants might morph into the federal sphere. A few years ago there was a project or an initiative put together where provincial plants could sign up to move in that direction. Again, we can get an update from Jason here, but I think that at last count we only had one or two plants that were still in the game. I think that a number of them had decided just to back away from that initiative. It was an attempt, I think, to marry some of those rules and policies and procedures.

Maybe Jason can fill in.

**4:30**

**Mr. Krips:** Certainly. Thanks, Minister. Good question. The food safety file is an extremely complex one, especially when you start crossing borders. Not only are you dealing with our officials and health officials in Alberta Health and Health Services, but you're also dealing with CFIA and Public Health Canada. As soon as any meat crosses the border, it moves into CFIA jurisdiction.

A couple of years ago we did undertake to do a pilot project where we were trying to get some of our provincially inspected plants so that they would be able to do some interprovincial trade of meat. It wasn't as successful as we'd hoped because as soon as it crosses the borders, it has to comply with CFIA standards. We are advocating and working with CFIA as partners to try to move into more of an outcomes-based approach. We see some success in some areas, and in others we need to continue to encourage that. That's something that we're continuing to have an open dialogue on at the deputy tables for sure.

The minister is bang on in terms of the provincial stuff we've been working on. We did have the Cuff report, that was tabled with us last June or July, with 24 recommendations. We've accepted all 24 recommendations and are working very closely to see those recommendations put into play. We take them very seriously. They're not related to food safety but more in terms of process and reducing red tape, making sure that the audits are functioning as outcomes as opposed to, you know, being very prescriptive.

In terms of the federally registered plants any interprovincial standards need to be equal standards for compliance. That's because of trade. As soon as it crosses over the boundaries, we would have to consider like plants in the United States to have the same access. As soon as we allow for trade between provinces, we would have to then go to the lowest common denominator and allow U.S. plants; for example, any state-regulated plant, to actually have the same access. Unfortunately, it's a very complex file, but we are, as much as we can, pushing the federal government to have more of an outcomes-based standard. We see some successes in some areas, and in others we certainly need to do more work.

**Mr. Donovan:** Thank you for that. I think industry was happy that you followed their report that they initiated because I think that at the end of the day everybody is trying to work together on it, and they can kind of lead the ship a little bit. It's nice to see that the department followed the Cuff report and accepted all 24 recommendations. I'd heard earlier, before the Cuff report was tabled, where the holdup was, so I'm glad that's moved forward and on.

Just on a quick note, I met with Rich Vesta when we were in Lethbridge at the Alberta Cattle Feeders AGM. I think that's a

positive story for agriculture, and I think that maybe needs to get some good publicity in June when they get the doors open and they're processing 700 to 800 head a day through there. It's not huge, but it could be the tipping point in this province of giving some producers different options about where they can go.

I'm going to jump back to farming here because it's closer to my heart. The farm fuel rebate I see is still a line item, but there is no money in it. Back to producers' costs getting higher, I think that farm diesel was last about a buck 18 or a buck 19 a litre. I understand that \$35 million was saved last year by dropping the program totally. Again, I think that if you changed the standards and instead of a \$10,000 minimum as a farm fuel number, which most people could fall into if they traded two horses and a couple of bales of straw, maybe you put it at more of a realistic number, maybe \$35,000 or \$40,000 as your income, that would probably weed out some of the more hobbyist farmers, I guess I could call them, that just do it to be able to have a farm fuel number.

In these budget estimates, I don't see it, and I'm not going to die on the cross trying to get it, but I think that looking forward, maybe it could be something that would be advantageous, to maybe change the qualifications for a farm fuel number. Then you could look back, and you'd probably save quite a few millions of dollars, probably to the tune of \$15 million or \$20 million in doing that where it would be back – again, people talked about doing it on an acre payment. Just in my riding alone I one-pass everything, so I burn considerably less fuel than, say, a potato or beet grower down in the Turin area.

Those are things, I guess, just moving forward. I don't want to waste all my time on that one because I don't think I'll win.

**Mr. Olson:** So I don't get to respond?

**Mr. Donovan:** Oh, you can respond to that one.

**Mr. Olson:** Well, in preparing for this, I read through *Hansard* from last year. You're getting tougher; last year you were at \$25,000. You know, we did have a similar discussion last year, and I take your point. We believe that we still have the best program. With the tax exemption that we have, we still probably have the best program in Canada.

We have had a discussion about this. I know there's the history not necessarily just as an assistance program but the rationale being the off-road use and so on. You know, with the demise of rural elevators and so on, we're probably seeing more highway usage than back when this program was first developed, so that would be an argument that maybe there shouldn't be the rebate, because the highways are getting used.

The other thing – and I think I mentioned this last year, too – that I struggle with a little bit in terms of bumping up the eligibility criteria is that we are also trying to incent small producers, people getting started, the next generation of ag producers, and even people who are exiting. You know, it's, I suppose, somewhat arbitrary. What is the right number? It's a fair point that you raise, but I think we also haven't been convinced that unless we really increase the eligibility criteria significantly, there is going to be a big, big saving there anyway.

**Mr. Donovan:** No, and I appreciate that.

Just on page 24 under the operational expenses, 7.4, AgriStability, the budgeted is \$60 million. The forecast is \$38 million. I guess: where was the difference in there? It's a fairly big spread of, you know, \$22 million that didn't get paid out on that. I guess just thoughts on that, on where the program was. Maybe Mr. Klak could take that.

**Mr. Olson:** Maybe I can ask Brad to address this one.

**Mr. Klak:** We sort of touched on this a few weeks ago in Public Accounts as well. I would say that there's probably good news behind that program. It's not that the money didn't get paid out. It's a demand-driven program based on how an individual producer performed, as I think you know, in the current year versus the past five years. So the good news on why that number has been going down is because, generally speaking, the market has been performing properly, which is good news. I would just put the caveat in place that we are seeing – I could say, because I've been involved in this program almost since its inception as a CAIS program, that we've probably never had a program that's paid out more money and been more disrespected, generally, by the producers than AgriStability because it's cumbersome. It's not timely in its payment. It's had a lot of challenges to it.

We've invested a huge amount of time and effort in systems to be able to make it more effective. The best news is that the market has been helping. We haven't had as much income stabilization. We've had much more focus on insurance-based products. But with all of the robustness over the last number of years, we are sitting on very high reference margins right now, too, and with the type of changes on grain pricing that we've seen, albeit they've bounced back a little bit, generally speaking 25 per cent sort of level reductions, I think that is some cause for concern. We have a program that is not as well respected. I'm not saying that it should be, but it's generally now being discounted by more and more producers.

In 2004-05 we had 30,000 producers in Alberta participating. Last year we had 15,000. They're sort of walking away from the program because the markets have been performing, but as we all know, in agriculture things can change pretty quickly. It is an important program to have in the background, but it's more disaster related now than it was when it was at that 85 per cent level and you saw that volatility, you know, with producers dipping into it on a fairly regular basis, especially coming out of BSE.

**Mr. Donovan:** Thank you for that.

Are we done?

4:40

**The Chair:** No. You've got six minutes and twenty seconds left.

**Mr. Donovan:** All right. Golden. I'm always happy to talk agriculture. I think I mentioned it before, with the Speech from the Throne, that it's nice to see agriculture back in the limelight as the second-largest industry in this province and the largest renewable resource. You know, I think it's positive to see, so I'm happy about that.

One of the positives, too, I see from last year – the Alberta Livestock and Meat Agency had taken a fairly drastic hit last year, but I see that true to what I believe we talked about last year, which was kind of a one-year hit, they've come back up. I've been very happy to see that. Mr. Cove and his group have been great to get me lots of the different industry initiatives that they've been driving. I think industry and producers are happy with that program. Like with most things, I think you're going to have people that aren't happy here or there on it but that overall it leads the way for what industry needs. So I think it's a positive on that.

When we talk about rural development and extension stuff, just going back to page 25, line 5.1, from 2012-13 actual and budgets, was that the final mile they were tying in?

**Mr. Olson:** Yeah. The \$5 million.

**Mr. Donovan:** Okay. I just wanted to confirm that one.

Some of the other ones in here – when we get into the livestock and meat strategies and stuff, we've got some positives in there, but it goes back to ALMA. We've talked about some of the programs that they're moving forward with as when we go to farm fairs and stuff like that. Is there more drive out there to get more industry advertising out in mainstream papers, I guess, you know, advertise in the western seducer and stuff like that – sorry; that's my conservative side. The *Western Producer*. Sorry. It's an old Liberal joke, but I won't get into that.

We advertise in a lot of the ag magazines, but I think that sometimes getting out into the mainstream stuff a little bit wouldn't hurt so that we are more identified in going on that. I just think that's maybe something moving forward, whether that would be through ALMA or through your department, again getting our name back out there on what we do well in the province.

**Mr. Olson:** I wouldn't disagree with you at all. The primary responsibility for marketing one's product and what one does has to lie with industry, but I think that the government definitely has a role to play in facilitating that. I think that one of the things we can do, hopefully, is to try to bring groups together so that they, again, maximize their impact.

ALMA has done, I think, wonderful work. It's a great example of what we were talking about earlier in terms of what government spends its money on in terms of research, innovation, and so on. I'll give you a couple of examples. I tour a lot of places. I get to go to a lot of very interesting facilities. So I was down at EPIC, the egg processing innovations centre in Lethbridge, and you see what they're doing with stuff that used to be taken to the landfill and you had to pay to dispose of it. Then I'm up at Champion Petfoods in Morinville, and they're showing us around and mentioning that part of what they get is by-product from EPIC. Both of those operations have received ALMA funding.

**Mr. Donovan:** Just on that, I was actually in Red Deer at ALMA when we sat at the table together just for lunch. Champion and EPIC were sitting there talking.

**The Chair:** Two minutes left.

**Mr. Donovan:** Yeah. You betcha. Thanks, Mr. Chairman.

That's actually how they ran into each other, and Champion was very good at helping EPIC out with what they could do, and all of a sudden they figure – so this goes back to collaboration and one of the positives that ALMA does do. I actually got to sit at the table and watch them exchange business cards and go, "Hey, we could probably work together on that."

A colleague of mine did a tour up by Peace River, and lots of producers up there had asked about the Alberta government back in the day, through their heritage trust fund, putting \$250 million to \$280 million into the Prince Rupert grain terminal. If this is the case, could this be one of the solutions to grain movement?

**Mr. Olson:** Well, Prince Rupert is one of those things that is – you hear about urban legends; this is maybe a rural legend, that we own the Prince Rupert terminal. In fact, what we are is the banker. It was a visionary investment by a previous government of ours to lend money for the construction of that terminal, so we basically hold the mortgage on it. It's a very important facility, particularly for producers in the north, so to the extent that it was done, it's been a great initiative.

I've been up north a number of times, and every time an Agriculture minister goes north, you hear issues about

transportation, you hear issues about getting product to Prince Rupert. I was actually up there with our Transportation minister just a week ago and also the local Member of Parliament, and the issue came up of building a new line to Fort St. John, I think it is, and then down, but it was pointed out that it doesn't really make sense.

**The Chair:** Thank you, Minister. Time is up. Time flies when you're having fun.

Now I'd like to call on Dr. Swann, speaking on behalf of the Alberta Liberals.

**Dr. Swann:** Thank you very much, Mr. Chair.

**The Chair:** You have 20 minutes. Would you like to go back and forth with the minister?

**Dr. Swann:** Back and forth.

**The Chair:** Great.

**Dr. Swann:** Performance measure 2(a), the average percentage of improved environmentally sustainable agriculture practices adopted by producers, last year was 55 per cent. I have no way of interpreting that result from your plan.

**Mr. Olson:** I'll ask my deputy to address that.

**Mr. Krips:** Thank you, Minister. Thank you, MLA Swann. I appreciate the question. It's actually something that we talked about when we were at Public Accounts a couple of weeks ago. Prior to that 55 per cent we actually had done a different methodology, and different types of activities were being measured. We found that a number of the activities that we had been measuring actually became normal practice for our producers; for example, zero or no till. So the 55 per cent represents the new types of activities that we are actually now measuring, and it'll be a good benchmark for us going forward. It's a biennial survey, that's done every two years, so you'll notice that, I think, in the past year there's an n/a behind the measure. The types of things that it measured I'll just grab in a second.

I just wanted to contextualize a little bit on why it appears to be low. In fact, we found that a lot of the practices that we had been measuring had really become normal practice, so we wanted to make sure that we were measuring stuff going forward that was going to have an impact on that front. If you can bear with me one moment, I'll refer to my notes to give you a sense of the types of things that it does measure.

**Dr. Swann:** Related to that would be an indication of where you're building on the Ross McKenzie report out of the U of Lethbridge that outlined significant soil degradation across the province and how we're addressing that in the long term.

**Mr. Krips:** In terms of the types of things that we will be measuring here, we're going to be looking at improving adoption rates for feedlot runoff control, nutrient application and incorporation practices, manure management, cow-calf wintering sites, renewable power, energy-saving practices, and the like. There are some things that we will be measuring differently on that front.

Sorry, MLA Swann, could you repeat your second question?

**Dr. Swann:** I saw a report in the last six months from Dr. Ross McKenzie, formerly of the University of Lethbridge agriculture

centre, suggesting significant, serious soil degradation in various parts of the province. How are we addressing that?

**Mr. Krips:** We do a lot of work with producers on that front. A lot of our agronomy work goes towards better practices in terms of managing soil and environmentally sound practices around that front. In terms of the specific question, MLA Swann, that's something I'll maybe have to get back to you with some further information on. In terms of the details I wouldn't have that in front of me.

4:50

**Dr. Swann:** So what are the indicators? How is it being monitored? How is it being measured?

**Mr. Krips:** Actually, if I may, Mr. Chair, one of my assistant deputy ministers may be able to give you a little bit more detail, MLA Swann.

**The Chair:** Okay.

**Mr. Burdek:** Thank you to the committee for your indulgence. I'll try and clarify and maybe add to what the minister and Deputy Minister Krips have answered. Just with respect to sustainability in the ag sector I think it's important to sort of understand agriculture and how it actually impacts the environment.

**The Chair:** Sorry, can I ask you to identify yourself for the record?

**Mr. Burdek:** Thank you, sir. Dave Burdek, assistant deputy minister of policy and environment.

In agriculture we have, really, a lot of impact defined in the area of nonpoint source. If you have a factory, if you have a plant, you can measure emissions, you can measure things coming from the spout, and you can tie it directly back to the facility. Those are called point source. Nonpoint source is where you see impact, say, to water quality, but it's really tough to tie that impact back to the actual industry or where it actually came from. Consider something like phosphorus in water, where it's in fertilizer, it's in chemicals, it's in industry, it's in laundry detergent, the municipalities use it. We use a lot of sort of indicators when we look at agriculture's impact on the environment. We know, for example, agriculture puts phosphorus into water. We also know, based on the science that we do, that we have a number of best management practices that can help mitigate the impact that our industry might have on the industry's contribution to phosphorus in water.

It gets back to Jason's question. What are those best management practices? We know absolutely that there's a link between their adoption and the impact we have as a nonpoint source contributor to environmental kinds of issues. If we monitor the uptake and how well people are employing those best practices, we know we can sort of connect the dots back to the impact our industry has. Previous surveys have taken a look at things like direct seeding. When they became the norm, we moved to a set of different best management practices, again, to take a look at sort of de facto what impacts our industry would have. So that's the first question there.

The second one, I think, is with respect to soil degradation and mitigation and Dr. Ross McKenzie. Dr. Ross McKenzie was actually a scientist employed by Alberta Agriculture at Lethbridge, and I believe, if I'm not mistaken, sir, that the report you're talking about talked about fragmentation and conversion of ag land as opposed to soil conservation kinds of issues. When it

comes to fragmentation and conversion of ag land, it's something that's been identified, I think, by young farmers, members of the Alberta Institute of Agrologists. It's come up through land-use planning. In the work that we've done, we know that over the past 15 years less than half of 1 per cent of ag land has actually been lost.

The metrics say: well, it's a big concern. Especially in the central corridor you'll see a lot of that conversion, but if you look at the total aggregate of agricultural land across the province, it's not that big of an issue. But perception is reality, so what are we doing about it? We know that in land-use plans, both in LARP and in SSRP as proposed, we'll be monitoring what those fragmentation conversion numbers are and working with municipalities around zoning kinds of issues and other tools to help mitigate fragmentation.

**Dr. Swann:** Thank you.

With millions invested in animal health and the highest standards in the country for animal safety, it remains troubling that we still have the most unsafe working conditions for paid farm workers in industrial operations, 18 to 24 deaths per year, and unlike other provinces no occupational health and safety, no workers' compensation necessarily, no child labour standards, 500 hospitalizations per year, between \$7 million and \$10 million charged to the public health care system instead of the industrial operation through workers' compensation, and a tarnishing of our reputation as a responsible food producer. Why is there no budget line identified for improving workplace safety standards through legislation?

**Mr. Olson:** Well, first of all, one death, of course, is too many, but I would question your numbers of 18 to 24 deaths a year. I think we had 10 deaths in the most recent year if I'm not mistaken. Of course, one is too many, though, so I'm not going to quibble over numbers. We've obviously had this discussion a number of times, and as I was just discussing with Mr. Donovan, we do have a number of initiatives under way.

We have responded to the report from the Farm Safety Advisory Council. It is true that we do not have legislation at this point. Minister Lukaszuk is the person who would be responsible for that legislation. Our two departments have had numerous, numerous discussions. This is an answer that somewhat, I guess, reflects the comments I made recently when we had a question and answer in the House. You know, I'm not against legislation. But I think even in other provinces that have legislation, the information we have is that they're not necessarily enforcing legislation they have on the books and they are looking more towards education, training, awareness.

That certainly has been the focus of our department, and we've listed off a number of things that we are doing; for example, the Growing Forward 2 agreement, that we've previously referred to. We have \$406,000 in that program for farm safety education. Another thing I'd point out is that we have four full-time farm safety co-ordinators, who are responsible for making sure that we have awareness in the province. As Mr. Donovan has suggested, I think that the awareness really has grown. I think there is more of an open conversation, and we have been trying to promote that and support it. Even in just the last few months we've had a number of conversations with industry, trying to get them around the table and talking about the way we can tackle this problem.

So I'll let you follow up if you'd like to respond to that or ask another question.

**Dr. Swann:** Thanks very much. Under goal 1, development of new and existing markets, I guess one of the big questions is about game ranching in Alberta: what place that plays and what part that plays in Alberta agriculture, what your plans are for the future, how it affects the cattle industry, the risks associated with prion disease, chronic wasting disease? Now the most recent market that has emerged is elk velvet for a performance-enhancing drug that elite athletes are consuming in the hopes that it will enhance performance when there's relatively little scientific evidence that it does. In fact, science shows that prions do exist in elk velvet. So I'm still wondering what the ag industry is doing with respect to this and in relation to SRD in trying to eliminate the prion disease CWD and the risk of infecting, infesting the cattle industry, which would have another huge, devastating impact, as mad cow disease did.

**Mr. Olson:** One of our deputies has spent a lot of time working on these issues, so I'm going to ask him to respond.

**Mr. Curran:** Hi. Jamie Curran, food safety and technology ADM. Yes, we've been actively working with our domestic cervid industry. We do chronic wasting disease surveillance through our animal health lab. We've had a clean herd for several years in terms of making sure we're monitoring very closely what those domestic cervid farms are doing. We're treating them under the livestock identification diversification act, the amended act, as a livestock animal. So they're under the same sort of animal health provisions. They have strong traceability provisions and strong surveillance provisions to ensure that we don't have any diseases that are integrating outside of any domestic cervid farms. Today we have a healthy, clean herd in all of our farms in Alberta.

**Dr. Swann:** So are you suggesting that you test every animal that is sacrificed?

**Mr. Curran:** Every animal gets tested across the province, yes, that comes from a domestic cervid farm.

**Dr. Swann:** And how successful are we in controlling CWD in the province?

**Mr. Curran:** Well, that's outside the fence, so in terms of culling the CWD, that's an ESRD issue.

**Dr. Swann:** And what is the risk, do you think, to the cattle industry of CWD since it persists in the environment for many years?

**Mr. Curran:** The risk? I would say, as it relates to our domestic cervid farms, that we have a clean herd, so the risk coming from a domestic cervid farm is nominal.

5:00

**Dr. Swann:** Okay. What I'm asking is: what is the risk to the cattle industry from chronic wasting disease? We know that prion disease is transmitted to mice, to ferrets. It's crossed species, in other words. What is the risk to the cattle industry, and what are we doing to try and eliminate the risk since it's widespread in the environment, at least in southeastern Alberta, and cattle are widespread in the environment?

**Mr. Curran:** I don't have an answer for you in terms of the risk assessment on that. We work very closely with the CFIA on building risk assessments as it relates to the domestic cervid industry. I can certainly follow up and, you know, look into that.

**Dr. Swann:** I'm interested to hear what the experts are saying about that.

**Mr. Curran:** Okay.

**Dr. Swann:** Thank you.

**Mr. Krips:** If I can, Mr. Chair, I'd just like to supplement on the BSE front. We have for a number of years removed the specified risk material, which is the high-risk material coming out of our beef sector when they're processed. We do have really rigorous testing regimes and removal of SRM material in the beef sector. The science has proved out on the trade policy front. We've had a number of markets, a huge number of markets, reopen to us since BSE. We do believe that we have a very sound food safety system to mitigate any BSE risks to the industry.

**Mr. Curran:** And to supplement Deputy Krips, there's no known incident of CWD transmission to cattle that we're aware of.

**Dr. Swann:** With regard to ALMA you mentioned \$154 million or so invested. It's not clear to me that we've had an independent review of five years of outputs from ALMA to ensure that we're spending appropriately from the point of view of producers, the meat industry, and training people in Alberta. Have we had an independent review of the impacts of that investment?

**Mr. Olson:** Maybe I'll ask Mr. Cove from ALMA to respond, but I would just say that, obviously, ALMA is subject to audit, just as AFSC is and just as we are.

Perhaps Gord would like to supplement that.

**Mr. Cove:** Yeah. We go through regular audits. The Auditor General has been in on a yearly basis and has performed his audits religiously every year, provided partly into the ministry's roll-up. We're quite comfortable with the numbers that have been provided there, and the Auditor supports them.

**Dr. Swann:** I'm really talking about the return on investment. I'm not talking about balancing the numbers. I'm talking about the return on investment from that major investment of dollars and in terms of research capacity and research results and translatable market. I don't think the Auditor looks at those.

**Mr. Cove:** No, but from the outcome perspective, you know, increased economic value back into the industry certainly is measured. New products are measured, how many are produced. Research scientists and the capacity to perform research: those are measured and are part of the report that goes back into the overall outcomes of the company.

**Dr. Swann:** So you're telling me there's no independent review?

**Mr. Cove:** Other than the Auditor General, we have our audit committee – our board does that – but not from the outside.

**Dr. Swann:** An academic or a research review of value for money in that area: is that something you'd consider? I guess that would be the question.

**Mr. Krips:** If I can, Mr. Chair and Dr. Swann, I'd just like to supplement. Less on the research side that ALMA provides but more on the commercialization funding that they do provide, there are a couple of what I would describe as great poster children that the Alberta Livestock and Meat Agency supports, with the help of some of our specialists with Agriculture and Rural Development, on commercialization like Siwin Foods. It's just graduating now

out of our Leduc Food Processing Development Centre. The Alberta Livestock and Meat Agency has actually provided Siwin Foods grants, \$20 million, for part of the equipment that's going into their new facilities that they're constructing in south Edmonton.

It's a company that actually produces Canadianized Chinese dumplings, sausages, and the like. Based on the activities they're doing out of our incubator in the Leduc Food Processing Development Centre, they sell into T&T, and they sell into Sobeys right across western Canada. What's really special about this company is that it's an individual that actually has immigrated from China. He has established himself as a businessman, as a businessperson within this province and is injecting a huge amount of capital dollars as well as financial dollars into our system.

He's going to be employing 13 full-time equivalents once he gets into the new facility, which is in the next few months, as well as five part-time staff. It's an entity where, based on the Alberta Livestock and Meat Agency funding, based on support coming out of our incubator, which, I believe, is a really undersold gem of an incubator on the food side here in the province, and based on industry know-how, expertise, and entrepreneurial spirit, that we love here in Alberta, we're seeing full-time equivalent staff getting involved as well as funding being spent here.

**Dr. Swann:** Thanks very much.

Albertans are concerned about food safety, and Alberta beef's reputation is everything. Alberta Health inspects some local abattoirs; Alberta Agriculture inspects others. Who decides, what are the different standards, and why? Alberta Health Services publishes their inspections online. Does Agriculture do the same? Some might argue that Health has more independence in monitoring food safety than Agriculture. Is there a strong argument for keeping two inspection systems within Alberta?

**Mr. Krips:** MLA Swann, maybe I'll start, and then I'll have my assistant deputy minister of food safety follow up. You've hit on a point which follows up from a 2006 Auditor General report where the Auditor General made 10 recommendations to us. Since the '06 report we have implemented eight out of the 10 recommendations. The two that we are still currently working on but working on very closely with Alberta Health Services and Alberta Health relate to two audit functions between ourselves and Alberta Health.

**The Chair:** Thank you, Mr. Krips. That's 20 minutes.

**Dr. Swann:** Could he follow up in writing?

**The Chair:** Yes, you can.

**Mr. Krips:** We can get you some answers on that.

**The Chair:** At this time, with the concurrence of the committee, I would like to call a five-minute break. We'll come back in five minutes.

[The committee adjourned from 5:07 p.m. to 5:13 p.m.]

**The Chair:** Okay. Now we will go to the NDP caucus. Mr. Eggen, you have 20 minutes.

**Mr. Eggen:** Well, thank you, Mr. Chair.

**The Chair:** Would you like to go back and forth with the minister?

**Mr. Eggen:** Yeah. If you don't mind, that would be great. You can use hand signals when my time is coming close, okay?

**The Chair:** We'll let you know when it's over.

**Mr. Eggen:** Thank you so much for all of your excellent responses so far. I have to adjust my questions, of course, because Wildrose and the Liberals were working on some of those areas.

The first one I wanted to ask I think sort of encompasses everything that you do, which is your global budget for this year over last year. You know that we calculate an agreed-upon number of about 5 per cent between population growth and inflation as the increase of budget volume here for the 2014-15 year. How much is the percentage of global increase on your budget from last year to this year?

**Mr. Olson:** I'll start with a few comments, and then maybe it can be supplemented by others. Last year we had about a hundred-million-dollar reduction in our budget. This year we have a \$97 million increase in our budget. The changes last year were partly because of the Growing Forward agreement with the federal government. In an earlier budget of theirs they had reduced some funding for Growing Forward, and since they provide 60 per cent of the funding and we provide 40 per cent, there was an impact on us. That was part of the explanation from last year. We were also given targets, and you remember the talk about the bitumen bubble, bitumen gap. Anyway, one of the big changes for us last year was the \$30 million for the farm fuel allowance, and then there are other changes.

This year we've been fortunate in that we have been able to add in some things that had reductions last year; for example, for ALMA, for irrigation, for rehabilitation. The overall increase this year is approximately 10 per cent, but a big piece of that, \$50 million actually, is really not cash out, necessarily; it's an allowance for insurance.

We were kind of anticipating that somebody might ask that question, so perhaps I could ask Brad to give just a little bit more information.

**Mr. Eggen:** That was going to be my next question, where that was going. So, yes, in regard to that, is that sort of a held-back amount, that \$50 million, because that does bring up your overall? I mean, amongst all the different ministries that I oversee, you know, you actually did get a pretty good increase, right?

**Mr. Olson:** As it should be for Agriculture.

**Mr. Eggen:** Yeah. Right.

Go ahead, Brad, if you want to.

**Mr. Klak:** Thank you, Minister. I'll try to make it simple to explain. Really, you can consider that \$50 million as an allowance, and it reflects the fact of what I talked about earlier, the value of our commodities. Our crops are growing so quickly that, working with the minister and our board as well as Treasury Board, we're saying that we need to be able to keep that money, that allowance, continuing to grow so that if something happens to that crop or when something happens to that crop, we are able to not have to go through disaster declarations and things like that even to access our own premium. It's an allowance that's been put aside. Whether it gets used or not will depend on what happens. Normally, we don't know what that looks like until after the third quarter. But I think the government just wanted to have a more reflective position within the budget of what expected indemnities

are going to look like. Whether we use that cash or not, it's an allowance; it's not real dollars.

**Mr. Eggen:** That's right. I appreciate that, and that's kind of what I suspected it to be, which is a sound practice, I think. But if you take that out of your global, then really you're quite flat on your year-to-year basis, right? I mean, you can use that as a tool by which to analyze all of your responsibilities. It goes up and down according to line items. But let's say with ag societies, that contribution you make to ag societies, that flat budget is disseminated throughout the province from the very largest ones in Edmonton and Calgary to mid-sized ones in Grande Prairie and other places, down to where it really, I think, has the biggest impact and bang for your buck, which is in the hundreds of small agricultural societies. You know, they're basically facing no increase. I just was concerned about why the budget doesn't allow for the obvious population and economic growth that's taking place in each sector. Those ag societies are going to have to cut back, basically, don't you think?

**Mr. Olson:** Well, thank you for that question, and thank you for drawing attention to ag societies. I think you make an excellent point about the value of small ag societies. When you think, again, about what happened over the summer with the flooding and so on, many of those ag societies and the volunteers in those ag societies and their facilities were really the glue that was holding those communities together.

Last year we had some very difficult decisions to make about reductions, and that was one of the things I had to weigh, say, using rough numbers, that \$30 million for ag societies of all sizes compared to \$30 million for the farm fuel allowance. Keep the farm fuel allowance; lose all funding for all ag societies. I feel as though what happened over the summer very much justified the decision that was made that we needed to continue to support ag societies.

5:20

There is an ongoing discussion about funding for ag societies. They all could use more. We'd be happy to provide more. On the other hand, I'm told that – for example, somebody at the Lloydminster ag society, which is one of the regional seven, told me that the funding that the province of Saskatchewan provides for all ag societies isn't as much as what we provide to the Lloydminster ag society.

We've tried to be very aggressive, and it's because ag societies do great work. I would love to give them more money, but we feel at least we've been able to maintain the status quo and that is certainly a . . .

**Mr. Eggen:** Yeah, just for long-term funding. I mean, they extend past their traditional reason for existing or starting. It's become a regional driver for tourism, let's say. Like, in my family's hometown in Vermilion it's become this phenomenon where literally it's created this whole new tourist industry. So if we can have funding that sort of is commensurate with the cost of living and/or the population increase, we'd be a lot better off.

My next question is in regard to energy costs in the agriculture sector. My particular interest is in making family farms and smaller farming operations viable. We know we took out that \$30 million on the farm fuel rebate. The price of fuel has gone up again, considerably. When we did our Alberta New Democrat prebudget tour, I was approached by farmers both in the Peace River country and in Lethbridge where their propane costs have gone up considerably, right? So if we want to incent more farmers to either stay or, as you called it the next step, encourage younger

farmers and people to get into the industry, I think an absence of a fuel subsidy is a deterrent for people to both continue as family farmers and to consider staying on or even consider to start new.

I noticed that you had it in the budget on the line item for the farm fuel, gasoline subsidy and diesel, and I just noticed there's no money there at all and now this propane price has – am I missing something on the propane? Do you do something to help with the propane costs? I mean, those prices have gone up by, like, 30 or 40 per cent, right?

**Mr. Krips:** If I can, MLA Eggen, there is a government-provided tax exemption on propane of 6.5 cents. For gasoline and diesel it is 9 cents, but for propane it's actually 6.4 or 6.5 cents per litre.

**Mr. Eggen:** Right. So the price of propane from March last year to March this year has gone from 76 cents a litre to \$1.07. I mean, it's just gone up quite a bit faster than your subsidy there. Again, trying to create a level playing field because these sorts of fuel cost increases affect smaller operators much faster and are much more of a detriment to them, so I just wanted to point that out.

**Mr. Krips:** If I can, MLA Eggen, just to supplement on that, we also have the remote area heating allowance program, which actually provides for almost a million dollars that will be estimated for '14-15 for remote areas where natural gas isn't available. So that's a supplemental program that also can be utilized. Now, that's obviously remote areas, and there's certain criteria around it, but it is an additional program that's out there.

**Mr. Eggen:** Yes. I understand. Sure. That's great.

My next question is in regard – I'm not sure if this is directly with your ministry, but I suspect you're at least in concert with the campaign promise that you had from 2012 that would provide for bursary programs for students in rural or remote communities. Is that anything to do with this ministry, or am I just aiming a little bit too wide?

**Mr. Donovan:** A little wide.

**Mr. Eggen:** Well, you've got to go to school to be a farmer, don't you? You're not just born into it, right?

**Mr. Olson:** I'm advised by staff that that's not anything that we have in our budget.

**Mr. Eggen:** That's fine. Thanks. I just wanted to check that.

My next question is in regard to the comprehensive economic trade agreement, otherwise known as CETA. This has created some uncertainty in several areas, I think, in regard to dairy products especially. So maybe you can help me find some area in this budget that is looking to address the economic uncertainty around the dairy industry in Alberta with the advent of CETA, not just milk but cheese and other things, too.

**Mr. Olson:** Right. Well, the CETA agreement was a long time in the making. That's with the European Union, 28 member states, 500 million people in that market. As with any agreement – two things, I guess. One is that it's an agreement between our federal government and the other side. We were able to work very closely with the federal government and give them our input. So that's one piece of it.

The other piece of it is that usually with any agreement you have to give and take a little bit. So one of the things that we had to give a little bit on, the federal government had to give a little bit on, was access to some cheese products from Europe. But even after that – it's about 8,000 tonnes per year over two years, not

indexed; I'm sorry; it's 16,000 metric tonnes – when you consider that that is not indexed, that's a flat number, and that our market for cheese is growing by 8,000 tonnes per year, within a couple of years, almost by the time the thing gets implemented, it's a wash. Even so, over 90 per cent of our dairy products are still protected. So I think the assessment of the federal government was that in order to get this deal which gives us, for example, 50 times the volume of beef that we've ever traded to the European Union plus it gives us access for a number of other products, it was a deal worth making. I think the estimated value for our agrifood industry is, like, \$336 million a year.

I know there was concern in the dairy industry. We certainly heard it. For the most part any impact is most likely to be felt in Quebec and possibly Ontario. I think that it creates an opportunity for our producers, including our dairy producers, to reach this new market.

**Mr. Eggen:** Yeah. Sure. That's good. Thank you.

I just wanted to go back. I think the Member for Calgary-Mountain View was starting to head down this direction, but I would like to pursue it further. As you said, in 2006 the Auditor General made 10 recommendations in regard to food safety, and there are two outstanding, as you mentioned, Mr. Krips. The one that I'm concerned about is in regard to an integrated food safety strategy. I know this is a complicated issue and takes time, but where should the public look in your budget this year that might find places where you address this gap in our integrated food safety strategy?

**Mr. Olson:** Thank you. I'm advised that I need to direct the question to Mr. Krips rather than just have him answer you, so I'll ask Mr. Krips to provide you with that information.

**Mr. Eggen:** Oh. Yes. Of course. I was thinking that.

**Mr. Krips:** Thank you, Minister. Thank you, MLA Eggen, for that question because it actually gives me a chance to follow up on what MLA Swann – where I was starting to go down. Out of the 10 recommendations that the Auditor General recommended to us in '06, we've already implemented 8 out of the 10. The two that are outstanding relate to basically integrating our systems, our audit systems and inspection systems, with that of Alberta Health and Alberta Health Services and closing the gaps on the food safety strategy for meat-processing facilities.

At the outset I think it's important to note that this is not a food safety issue. This is more of an audit inspection issue, and it makes sure that we are having a stronger alignment and integration of policy with Alberta Health Services and Alberta Health, a more consistent approach to conducting inspections, and developing and implementing an Alberta food safety work plan.

5:30

Now, originally we were looking more towards a higher level strategy. After some consultations with the Auditor General as well as Alberta Health Services and Alberta Health we actually pivoted so that our officials are now working towards a food safety work plan which will be much more granular. The feedback that we're hearing from our industry will actually really hit in terms of the audits. Dovetailing into that is the George Cuff report, that I spoke about a little bit earlier, the 24 recommendations that came in 2012. Those recommendations we've all accepted, and we're having our inspectors work on implementing them.

In terms of the actual budget the funding can be found on page 24, 4.2, food safety and animal welfare. The budget in this area is \$19,845,000. That's in terms of the line item itself. We are

working very closely with our Health colleagues for the implementation. What we're doing with the works of the food safety plan is much more of a risk-based approach. With respect to our inspections we do antemortem and postmortem inspections, and then we do a hand-off in terms of actual food inspections to Health and Health Services.

**The Chair:** Mr. Eggen, you have two minutes left.

**Mr. Eggen:** Okay. Yeah. That's great.

Just finally, then, as you mentioned, Mr. Minister, we've created a larger opportunity for our beef industry to export to European countries and other nations with the Pacific agreement. We just have to have this nailed down comprehensively regardless of whether there are some areas of federal responsibility and so forth. I mean, these are our cattle and our abattoirs and so forth. Considering how essential the industry is to our province, we just want to make sure that we have it all nailed down, so to speak.

There was one other issue. I know I only have a minute or so. There was a gentleman speaking about arable land and about how, in fact, we only have lost 2 per cent. But I think it's important for us to have in this budget and subsequent budgets an audit of high-quality agricultural arable land that's in proximity to major urban areas, just to look to the long future where we can feed ourselves, provide food, grow that food in close proximity to the population centres.

I think that's about all the time I have, so I'll catch you in the next round. Thank you very much.

**Mr. Olson:** Thank you.

**The Chair:** Thank you very much, Mr. Eggen.

Now we will move to the PC caucus, starting with Ms Kubinec.

**Ms Kubinec:** Thank you, Mr. Chair.

**The Chair:** Would you like to go back and forth with the minister?

**Ms Kubinec:** Back and forth would be good.

**The Chair:** Thank you.

**Ms Kubinec:** I appreciate the opportunity to ask questions because, like our MLA from Little Bow, I have such a passion for agriculture. Over the past few years all ministries across government have been reviewing their programs as part of the results-based budgeting process to ensure that services are delivered to Albertans effectively and efficiently. Now, I had the opportunity to sit on one of these results-based budgeting panels, which I found to be fascinating. Can you tell us what changes in program delivery have occurred in your ministry as part of the results-based budgeting process and what savings have been achieved?

**Mr. Olson:** Thank you for the question. We have been through cycles 1 and 2 of the results-based budgeting process, and we're currently reviewing all programs that are going to be scheduled for cycle 3. In cycle 1 one of the things that came up was the farm fuel allowance. As I have previously indicated, last year that was removed from the budget, which was roughly \$30 million. We also transitioned delivery of our rural electric and rural gas grant programs to the umbrella federations, and that decreased the number of FTEs and some operating expenses for us. We have also completely restructured our research and innovation division to improve effectiveness, with areas being reorganized such that

they are connected by commodity line, and that's provided some clarity and accessibility for clients.

Then in cycle 2 we were the lead, and the economic development line was what was being considered there. That has moved us toward co-ordinating the efforts of our department as well as Innovation and Advanced Education, Aboriginal Relations, Transportation, and the AFSC, all of which kind of have a piece that touches this rural development or economic development initiative, I guess.

We're finalizing decisions that have been made based on those reviews, and the recommendations that were made were in the nature of reducing red tape, improving co-ordination, increasing accountability. The interesting thing, I think, is that, moving forward, as this ministry plans, the results-based budgeting thinking is going to be embedded in the way we plan, so I think there's going to be kind of an inherent benefit as well.

**Ms Kubinec:** Thank you.

Now, with the backlog of grain that's still sitting on farms and in elevators, there are a lot of producers that are facing a real cash crunch just because they can't get the cash for their crops, and they're having to pay bills from last year and starting to gear up for the fast-approaching spring. Are there any supports available for farmers facing that cash-flow problem?

**Mr. Olson:** I'm going to ask Brad Klak to speak to that momentarily, but I will just say that this has been a topic of some discussion with our producers as well as with their representative organizations and with the federal government. Minister Ritz has at his disposal a federal program that allows for advanced payments. I believe I have mentioned previously that this allows for a \$400,000 cash advance, \$100,000 of which is interest free. We have actually suggested to the federal government, Minister Ritz, that they consider increasing those thresholds and also allow for some more flexibility in that program so that even though you may not have paid back a previous advance, you can get a future advance, an additional advance.

Minister Ritz has pointed out to us every time I've talked to him about this that there has been a relatively low uptake in the program as it is. The last time I spoke to him, which was admittedly a week and a half or so ago maybe, he said that the number was 27 per cent uptake and that of that only 10 per cent had actually maxed out their entitlement or what was available to them.

I have spoken to some producers who say that \$400,000 or an even bigger number is simply not enough for them when you look at the cost of putting in a crop for this year. But I know that Minister Ritz's position is that until there's a bigger uptake in that program, it's hard to justify increasing it.

**Ms Kubinec:** If I might, Mr. Minister, on that, if I remember correctly, the deadline for application for that was July 31. Or is there a different deadline for that? I know there are producers who saw this good crop coming, thought they were going to be able to move it, and didn't get it because they didn't think they were going to need it. So is there a deadline problem?

**Mr. Olson:** Not that I've ever heard, but I would stand to be corrected on that.

I would just mention a couple of other things. Again, I previously mentioned the AgriInvest program. We are advised by the federal government that there is \$483 million of Alberta producers' money sitting in the AgriInvest program. They point out that if there is a cash-flow problem, certainly at least those producers should be accessing that money because that's

essentially what it was for. That isn't an answer if you don't have any money in the AgriInvest program.

Maybe I'll ask Brad Klak now to speak from the AFSC perspective as to what they've been looking at.

5:40

**Mr. Klak:** Thank you, Minister. Just very briefly, that's the double-edged sword of the past crop year. It was fantastic, it was huge, but storing it and transporting it is really becoming a problem for our producers, and they're going to be facing some of those cash crunches.

The minister mentioned the AgriInvest accounts. That's exactly what AgriInvest was for. I know producers like to have that nest egg, but that's what was envisioned.

The second area is AFSC. We have revolving term loan programs. We are working with the financial services community. I know they're contacting their producers right now to find out what their working capital needs are. We're doing the exact same. We're going to be doing a more vocal and a more evident campaign soon. We've been wanting to really get a sense of how acute the problem is. I think it depends on your cash situation, and it depends on how easy it is for you to move grain. The only part that I'm picking up from my western colleagues, especially Saskatchewan and Manitoba, is that it's probably better in Alberta than it is the further east that you go. But I understand exactly what you're saying.

What we want to do is make sure that AFSC as a provincial lending arm is there for our producers, and we're going to be contacting each and every one of them directly and also doing some campaigns for those that need to have some access to working capital.

**Ms Kubinec:** Thank you.

I am pleased to see that Prime Minister Harper has recently announced new trade agreements with the European Union and South Korea. I know Alberta has invested a lot of time and energy in support of the federal government's efforts to finalize these deals. What benefit do we expect for our agricultural industry?

**Mr. Olson:** Well, I consider one of my primary mandates to be market development, market access. We've been working very closely with our federal colleagues, and we're delighted to see some of the successes that have been achieved in recent months, including the CIDA agreement and now North Korea.

I'd also point out that the Premier was in India and signed two memoranda of understanding with provinces there that will give us access for our pork genetics, dairy genetics, and various other commodities. You know, I gave the example that in the European Union deal, the CIDA deal, our access will be 50 times the top amount that we've ever exported to the European Union before, also access for bison and various other commodities.

In the case of South Korea, that's a market of 50 million people, I believe. I can give you some detail here. The tariff on beef, which is now 40 per cent and has really put us at a huge disadvantage with some of our competitors, will be eliminated. It's going to take 15 years to get it down to where it's eliminated, though.

Tariffs on pork, which are now 22 and a half per cent, will be eliminated in between five and 13 years. We'll eventually get duty-free access for all beef and pork. The phase-in will start with implementation, so the current discrimination against our products will continue until the phase-in is complete. You know, it's not going to be immediate, but these terms are better than what the EU got in their agreement with Korea. Part of it is always what your

competitors are getting as well, and that has been a real source of, I think, frustration for us, that Australia and the U.S., for example, have had a bit of a leg up on us.

Because I can't read my deputy's writing, I'm going to ask him to just supplement. Jason, if you would.

**Mr. Krips:** Thanks, Minister. No one ever stole my notes in law school; that's for sure.

I wanted to point out, Minister, that at one point you mentioned North Korea, and I just want to have the record corrected to South Korea, not North Korea.

**Mr. Olson:** Thank you. Thank you. As far as I know, we do not have a deal with North Korea. Just for the record.

**Ms Kubinec:** You did talk a little bit about the rural electric and rural gas grant programs that were transitioned into the umbrella federations that represent the co-operatives who receive these grants. Can you explain what the purpose of this change was, and how much is allocated to these programs?

**Mr. Olson:** Thank you. I think I mentioned that this was the result of a results-based budgeting process, so that was part of the motivation for having a look at it. Those programs were reviewed a year or so ago for relevance, effectiveness, and efficiency, and it concluded that it could be enhanced through this alternate delivery process, so hence the new model.

The Alberta gas co-ops and the Federation of Rural Electrification Associations, in our judgment, were the best people to know the needs of their members and were in a good position to deliver those grants as efficiently as possible. So that's what happened, and they are now delivering those grants. We have contracts in place to facilitate our agreements with the federations. The same eligibility criteria are being used as were used when the government was administering the programs.

It's about \$3.9 million if my memory serves me correctly, and the breakdown between the two I don't have off the top of my head but could get that for you if you'd like.

**Ms Kubinec:** That's fine.

Actually, at this point I would turn it over to my colleague from Calgary-Hawkwood.

**The Chair:** Go ahead. You have five minutes and 51 seconds.

**Mr. Luan:** Okay. Thank you. I'd like to begin by acknowledging Minister Olson. It's such an honour to work with you in caucus, and you've been a champion for rural issues. I'm pretty sure my rural colleagues share that you do good service for us, but as an urban MLA I'm glad to tell you that whether you realize it or not, your good work on market access has also spilled over to my supporters.

One of my constituents and supporters is doing beef export to China. That's the question I'm going to ask on their behalf. I know that under market access you already shared some successes with South Korea, not North Korea. Good news. We only have one China. Can you help me answer the questions from my constituents in terms of our export business to China? I also heard that the Premier's trip there has done some work there. Can you comment about where we are now in terms of any possible special agreement we're having, like what you shared earlier?

**Mr. Olson:** Well, thank you for the question, and thank you for highlighting the fact that you are an urban MLA. I want to thank you and the other urban MLAs who have taken an interest. It

really does illustrate very well that although my ministry is Agriculture and Rural Development, this is about all of Alberta. Very often, particularly in front of an urban audience, the first question we like to ask is: so do you like to eat? That pretty much says it all, I think.

This is a whole area that's of interest to all Albertans, so thanks for your interest. It shouldn't really surprise me that you have constituents who are involved and interested in this area. We have worked hard at developing contacts all over the world, and the Premier has been a very strong advocate. I really feel as though we've been encouraged by her to open up new marketing opportunities. As we know, whether the commodity is oil and gas or whether it's beef or pork or whatever, there's a great danger in having only one big customer, so we are doing our best to diversify our markets.

5:50

China is a huge opportunity for us, and we've spent a lot of time there, as is evidenced by the fact that we've got trade offices there, that we've got representatives there, that we're building lots of connections. Our universities are entering into relationships with universities over there.

In terms of specific initiatives the best person to speak to that is sitting right beside me, my deputy, Jason Krips. He worked in Agriculture, then he moved over to International and Intergovernmental Relations, and now he's back at Agriculture, so he's got the scope of the whole area.

**Mr. Krips:** Thank you, Minister. Thank you, MLA Luan.

**The Chair:** You've got two minutes left.

**Mr. Krips:** Thank you, Chair. I'll make it quick so that you can get another question in.

I know that our Premier, when she was in China in September of last year, was in Shanghai and actually did some work with Canada Beef Inc., which is actually one of the agencies of our cattle industry, in doing some promotion and profiling of Canada beef. I know it was very well received by wholesalers and others that were participating in that particular initiative with Canada Beef Inc. and our Premier.

In terms of the actual specifics of the sales from your constituents we can certainly get you more information on how to work with our different trade offices and Canada Beef Inc. to increase that flow. We certainly have a presence in Shanghai. We have an office in Beijing. You know, obviously, we have an office in Hong Kong. We are growing our presence in China. Our industry is very keen on those offices and on utilizing those offices as well as working with Canada Beef Inc. and their member organizations such as the different packers and producers.

**Mr. Luan:** Through the chair, if I can quickly slide into my supplemental question. In terms of specific tax advantages or agreements are we in any way or shape trying to reach some agreement in that way, or are we just leaving it blank?

**Mr. Krips:** Our Canadian government is probably not as active as some of us want, but active negotiations on an economic partnership agreement with China are long-standing. I don't believe they've actually reached that agreement yet, but that would be a federal-to-federal initiative, any particular agreement of that nature.

**Mr. Luan:** Okay. Thank you.

I'm done with mine, Chair.

**The Chair:** Thank you, Mr. Luan.

I guess that now we have 27 seconds left.

**Mr. Quadri:** Okay. That's good. Yes, Minister, I like to eat.

Thank you, Chair. It will be 20 seconds. You know, earlier this month the minister announced that the government is moving forward with the development and implementation of the rural economic development action plan. Can the minister elaborate on exactly what he is hoping to accomplish with this plan and on what the process of implementation will be?

**The Chair:** Thank you very much. Your time is up, sir.

**Mr. Olson:** I'll buy you a coffee, and we'll talk.

**The Chair:** Now we want to go back to our original rotation and start with the Wildrose caucus. You have five minutes. You can combine them with the minister, and then you'll get 10. Do you want to go back and forth?

**Mr. Donovan:** Yeah, we'll go back and forth for 10.

**The Chair:** Okay. Great.

**Mr. Donovan:** Okay. Thank you again. Now, I know that my colleague that's on the phone from Lethbridge-East is always a very strong advocate, as I am, for the Lethbridge exhibition board. They do have a plan for expansion down there. In your budget, page 24, under 5.4 is there any extra money for the Lethbridge exhibition board as it is looking to expand a little bit?

**Mr. Olson:** Thank you for the question. It's great to highlight again the needs of regional exhibitions and all ag societies. I've met with them a number of times. I think the number they're looking for is in the order of \$25 million.

**Mr. Donovan:** Got to start somewhere.

**Mr. Olson:** Yeah, but mind that you don't shoot your foot.

You know, I'm very sympathetic. I think they have a great opportunity there. They're very proactive from the perspective of tourism and big-event attraction. I think they could do a lot of great things. I don't have anything in my budget for them. Frankly, if I did for them, there are at least six other regional ag societies who would be in line with them. Each and every one of them is doing great things as a regional ag society.

Right now in my budget I don't have money for that, but we certainly are encouraging them to speak with their own local municipalities. I know the city of Lethbridge has been quite supportive. We've encouraged them to talk to other municipalities in the region as well, and Minister Horner and I have met with them. They're great advocates for the cause, as is the MLA for Lethbridge-East. Right now they get operating money of \$395,000 a year from us.

**Mr. Donovan:** Yeah. I just think that they're looking forward to more of a convention centre style to be able to do stuff. I think it's something that southern Alberta is definitely lacking right now, a large enough centre to be able to host some larger events. The economic spinoffs of those are definitely huge. I know that anytime I go somewhere and I bring my wife and kids, you know, you spend money once you get stopped at one of those. It's always, I think, a positive to make sure that we don't have those forgotten.

I'd be remiss if I didn't comment about the ag society side and what they did during the floods. The Blackie ag society was one of

the pillars in our area. People came over. The operators of the arena opened it up. Good thing that Dave Schaefer, who runs it, keeps the place as clean as you could expect from anything. It made the transition very easy.

The step up that communities did in that: I wasn't shocked, I guess, growing up and going to school in Blackie and farming in the area, at what they did. It's just that you realize more what you have in rural Alberta when situations like that come up, and I think it's good advocacy for what ag societies do. I just wanted to touch that in the conversation. I know Nanton and everybody else also tied in and Vulcan also, not so much the ag society but the community as a whole, where people reached out on that. I think that was a positive on it.

There are line items for agriculture environment and water, for irrigation and farm water. The Bow River irrigation district has raised licensing issues to me. In 1991 the South Saskatchewan River basin water allocation was short, what they're allotted versus what they're getting right now. I'll give you a copy of this letter. It does tie a little bit into Agriculture and also into Alberta Environment to make sure that they have enough acre feet. If they get their allocations to where they're supposed to be at, again, they would be able to provide more acres to go under irrigation.

I think there are some great programs out there where, through innovation and the stuff that we do in this province, producers are covering over canals instead of having the evaporation loss there. With low-pressure irrigation systems and variable-rate irrigation now, I think we're being way stronger stewards of the land also and using the water more correctly. I think that also opens up to having more acres that we could have irrigation on. I think that's a key thing, in my riding anyway.

We talked about the 1.4 million acres of irrigation in this province and the economic spinoffs of it. I definitely want to advocate always that irrigation is a very key process to this province and make sure that your department works with the other departments to make sure that it doesn't get lost on that. Some of the rehab money that I see you do have in here: I think it's an added bonus for everybody in it, but I say that if we don't advocate for it, we get pushed behind a little on it. It would be nice to have your reassuring words from your department to make sure that these things always stay current.

**Mr. Olson:** Well, thanks for those comments, and I certainly agree with you. You know, last year, unfortunately, we did have a bit of a reduction. I think a lot of people didn't believe that once there was a reduction, there would be any follow-up increase, so we were very pleased that we were able to get some additional money back in. There's no argument from us in terms of the value of irrigation and also no argument about the progress that's been made in terms of the development of the technology to make it more efficient and productive.

I'd be delighted if I had even more money to support irrigation. I think it's, obviously, well worth the investment. It's a matter of making choices and a matter of the money that we have available and a matter of all the other programs that are also worthy.

6:00

**Mr. Donovan:** On page 24, line 2, Alberta Grains Council, marketing council, economics and competitiveness. I've had a couple of different people raise the issue of where do they come to be able to do an all-party committee when they want to advocate for what their different group might do; the marketing council, for instance, if they want to come to an all-party committee and be able to explain what they're doing, what they're advocating for. It goes back to selling what we do in this province and what we do

right. Right now the only thing I can figure out so far is probably to go through SRD, a sustainable resource development committee to be able to do that. That's where the Member for Barrhead-Morinville-Westlock – her Fusarium bill is going to go through there to be discussed.

My understanding from my predecessors is that there used to be an agriculture committee way back when. We're talking some time back now. When I say predecessors, the two previous MLAs cover 50 years for me. The hon. Ray Speaker was 30 years, and Mr. McFarland was 20 years. When I say the two, I can reach back quite a ways.

I'm always concerned that there are groups that want to come and bring out things and not make it a partisan program. How would they go about doing that, where we could have an all-party committee on that? Just food for thought, I guess, on how to go forward. I think we want to make sure that it's not partisan stuff. The challenge now is that I know they go to different caucuses sometimes and do that. You know, just to make sure that everybody is on the same field. I think it's a good place to all be, on the same page together on it.

**Mr. Olson:** This is one I haven't really given much thought to. I mean, the marketing council: legislatively I'm responsible for them. They report to me. That's an umbrella organization that has a number of commodity organizations that are members, so I do get feedback from them. I guess that legislatively that's the line of communication. You know, I guess you could say the same thing about any of the organizations I'm responsible for, whether it's AFSC or ALMA, or in any other ministry. I think typically, you know, they engage with the minister who's responsible for them. I mean, they can talk to whoever they want, but in terms of structurally having something where we have all-party committees meeting with them, I'm not sure how practical that is. But I certainly have no objection to them talking to whoever they choose to talk to.

**Mr. Donovan:** I appreciate that.  
The rural development fund.

**The Chair:** You have 20 seconds left.

**Mr. Olson:** Oh, excuse me.

**Mr. Donovan:** I want to finish off. We'll fill the 20 seconds. Go ahead.

**Mr. Olson:** I was just going to say that I'm advised that our boards and commissions do host information sessions for MLAs.

**Mr. Donovan:** Just inform me sometime on those. Thank you.

**The Chair:** Thank you. Thank you, Minister.  
Dr. Swann, five minutes.

**Dr. Swann:** Thank you very much.

**The Chair:** Do you want to go back and forth with the minister?

**Dr. Swann:** Yes, I would.

**The Chair:** That'll make it 10.

**Dr. Swann:** That's great. Double my money.

Mr. Minister, what's the impact of our supply management programs on Canadian markets, on U.S. markets, and on the European trade agreement?

**Mr. Olson:** Thank you for the question. It depends on who you ask, I guess. You know, there are certainly people who would say that supply management is an impediment to our foreign trade. I have spent some time talking to experts about it and doing a little bit of research. I'm not convinced that that's the case. I think it may be a bit of a red herring. When I say that it depends on who you talk to, for example, I met with the agricultural envoy from either Australia or New Zealand, and to hear it from him, it's a huge problem and a huge issue, and until we dismantle supply management, we have no hope of getting into the trans-Pacific partnership.

Then you talk to other people who say: "Well, they should take a look in the mirror because they say that they've dismantled supply management, but they've just structured it in another way using another name. That still is, essentially, a monopoly." The information and advice that I get is that it really is not a trade impediment.

I'll give you an example. During this lengthy negotiation over the CETA deal with the European Union there were some rumours – and I should say that the people in supply management in Alberta are very well organized. They're great advocates for this industry, and they run a great industry. I talk to them a lot, and they are constantly asking questions about what is going on out there in terms of international trade. I asked Minister Ritz once in the midst of all this negotiation on the CETA deal, "Is supply management at risk?" His answer to me was, "It's not even in the top 10 in terms of the list of things that the Europeans want to be negotiating." There is a lot of noise and a lot of buzz about it, but I'm not so convinced that it really is a factor.

On the other hand, I would really like to see supply management take an opportunity like we have with these expanding markets to look at export. We have some situations where we have – for example, when it comes to chickens, the national allocation is really a problem for us. At our last FPT meeting in Halifax last summer, I pointed out that we're relatively unhappy with the national allocation. That is not an attack on supply management, but when you think about the number of people moving to Alberta and our share of the allocation, we've fallen way behind. It was interesting that my minister colleagues were very quick to say: "You've got a very good point. That's perfectly fair. We just don't want to see anything that will take anything away from us." Well, it's pretty hard when you've got a national allocation with a pie that's only a certain size. Somebody is going to get a bigger piece of the pie, and somebody else is going to get a smaller piece of the pie.

Anyway, it is a very interesting discussion.

**Dr. Swann:** Is it affecting our interprovincial or U.S. markets?

**Mr. Olson:** I don't think it's affecting our U.S. markets. Interprovincially, as I say, it is an issue for us. Our chicken producers have actually opted out of the national allocation system over this disagreement. So there are some issues there, for sure.

**Dr. Swann:** I raised this last year, concerns about antibiotic resistance and antibiotic overuse in agriculture. When are we going to see any serious action on reducing antibiotic use and overuse in agriculture, where 80 per cent of all antibiotics get consumed?

**Mr. Olson:** Well, I recall some of the discussion from last year. Perhaps I can ask Jason to expand on that.

**Mr. Krips:** Thank you, Minister. Thank you, Chair. Dr. Swann, it's one of these issues, just like food safety, that's complex, with

no simple answers. There are many factors to weigh. Antibiotics serve an important purpose in terms of animal health and welfare and food safety. It's also important to note that antibiotics are used wisely and appropriately so they continue to be effective as part of an animal and human health perspective. Science is unclear as to how much of an effect antibiotic use in animals causes resistant pathogens in humans. However, we are aware of the growing concern about this issue.

We are working with the ag industry, federal surveillance, and veterinary and public health partners in examining this issue. For example, we are participating in the Canadian integrated program for antimicrobial resistance surveillance of the Public Health Agency of Canada. So we are monitoring this issue, Dr. Swann.

**Dr. Swann:** So how clearly do you know what antibiotics are being used and in what volumes and for what purposes in agricultural operations today? Where is the report that shows that you are monitoring and we know how much is being given and how appropriate that use is?

6:10

**Mr. Krips:** Well, that's something that we are working on, Dr. Swann, with the Canadian integrated program for antimicrobial resistance surveillance, with the Public Health Agency of Canada, so it certainly is a partnership approach with the federal government.

**Dr. Swann:** So are there reports? I'm asking about reports to show that we do know what we are feeding to animals, how much, and whether it's an appropriate drug in an appropriate dosage and of appropriate duration. You say that you're monitoring for safety and for animal health. Where is the evidence?

**Mr. Krips:** We can certainly take that under advisement, Dr. Swann, in terms of getting reports out of the Public Health Agency of Canada. We do it in partnership with our federal agents as well as industry.

**Dr. Swann:** So you don't monitor any in Alberta. Is that what you're telling me? The department of agriculture here doesn't monitor antibiotic use in Alberta.

**Mr. Krips:** No. We do it in partnership with our federal counterparts, including the Public Health Agency of Canada, where this work is being done in partnership. We're participating in that program.

**Dr. Swann:** What about hormones?

**Mr. Krips:** Not hormones. No.

**Dr. Swann:** That's also a concern, I think, from a human health point of view, that we're consuming hormones with an unknown effect, but presumably, especially in a developing fetus, hormones have a significant impact on development. So I wonder if that's something that you could get back to me on in terms of what the Public Health Agency is doing with you in relation to hormones.

**The Chair:** Two minutes left, Dr Swann.

**Dr. Swann:** Another issue that I just learned about last month from a veterinarian in Calgary is that he started up a pharmaceutical company that produces vaccines and pharmaceuticals at a much lower cost in Calgary for veterinary use and for human use. It's Dr. Merle Olson and Avetlabs. They're a small operation. They're the only one in western

Canada producing veterinary supplies, including vaccines and pharmaceuticals, especially deworming, I think, and he's having a difficult time getting going. I just wondered whether you had heard of his operation. You know, he's looking for support to advance it, and he's had quite a number of endorsements from farmers who are paying about a fifth of the cost for some of the common vaccines and these deworming things because he doesn't have to bring it in from overseas.

**Mr. Olson:** Thanks for that. I have not heard of them. You know, we are approached regularly by people with great ideas, new innovations, and this is an illustration of the usefulness of an organization like ALMA. So I would suggest, you know, perhaps, a conversation with Mr. Cove and his colleagues. There may be some possibility of some support there. Obviously, I'm not in a position to commit to that, but it would be a useful conversation.

**Dr. Swann:** Thank you.

**The Chair:** Thank you very much.  
Mr. Eggen.

**Mr. Eggen:** Thank you, Mr. Chair.

**The Chair:** Five minutes. Back and forth?

**Mr. Eggen:** Well, we'll do the interactive version of this.

One of the big concerns that I've been following both this fall and winter is the movement of grain to market. I know that there's been some extraordinary combination of events that have contributed to a serious backlog in cereal grains and pulses. Everything has been backed up, right? Oats, I think, too, right? You built this budget with pretty solid knowledge that this was happening. I don't know if you could just help the public to look for places where you've made an investment to try to alleviate that backlog.

**Mr. Olson:** Well, yeah, that's a huge order.

**Mr. Eggen:** Just the highlights, you know.

**Mr. Olson:** Keeping in mind that, you know, the railways are a federal responsibility, I don't think you'll ever see anything in my departmental budget that is going to be a solution to this issue. This is a long-standing, century-old issue, and short of building several rail lines past every elevator on the prairies, you know, we're not going to have competition. So that really is the essence of the problem. I'm pleased that the federal government is now acting to address this issue of competition.

In terms of my budget probably what you would see is – in terms of my ministerial expenses, for example, I flew to Winnipeg for a day, left at 3:30 in the morning and was home by 7 o'clock to advocate and meet with Minister Ritz and other provincial ministers. So, you know, you'll see those kinds of activities in our budget as an advocate. But we are not in a position to be building railways to the coast or, you know, any kind of big-ticket items like that.

**Mr. Eggen:** No. But in the past we have taken a sort of wheels-on-the-rails approach with buying cars, right? I mean, if I look at it as a vertical line between ourselves and ships and so forth, we've gone into partnerships with port authorities, too – right? – so we could do both of those things again. With Prince Rupert it seems to work out pretty well. Has this budget year explored the possibilities of expanding or replicating something like that in Churchill or Thunder Bay?

**Mr. Olson:** Fair enough. That's a fair comment. You know, when the topic of railcars has come up and I've heard people say, "I'd like to see more of those cars with "Alberta" on the side," my response has been that we'd probably be better off seeing some diesels with "Alberta" on the side. It's complex, though, because it gets you involved in things like running rights and so on. These are the types of things that we're encouraging the federal government, again, because they're the ones that have control, to take a look at. The Premier has been very proactive on this, too.

In terms of looking at corridors, the similarities are eerie between the movement of oil in pipelines and movement of grain and movement of other commodities. This really is a very important issue not just for the agriculture industry but for Alberta's economy and for Canada's economy, and it is having a negative impact on our international reputation.

There is an organization called Quorum research that monitors the rail movement of grain. They've been contracted by the federal government since 2001 to do that. They're an independent body. They work for the federal government, but they're independent. We've had a number of meetings with them, and they've pointed out, you know, some of the things that we're hearing such as Algeria putting in an order for 120,000 tonnes of grain of whatever sort – I can't remember – for delivery this spring, and there wasn't one Canadian grain company that bid on it because they have no hope of getting it there. We hear about mills in Iowa looking for oats from places like Manitoba, but they can't get it there, so they're looking elsewhere, to other countries, for oats. We hear about Japan looking for wheat, wanting to buy Canadian wheat, and deciding: well, maybe we're going to have to buy it from the States because we can't seem to get it there. This is a restriction on our economy that cannot be ignored.

I've talked a lot about the vision that somebody had 150 years ago to build a railway across the country, which actually allowed the country to become a country, and these are the kinds of longer term visionary things that the Premier is thinking about and talking about with her colleagues – Premier Wall, the B.C. Premier, the Manitoba Premier, and the federal government – because we do need that kind of long-term visionary approach. But I have nothing in my budget right now that would address that.

**Mr. Eggen:** That's fine. I mean, there are the rails, but then there are the ports, too. You're right. There's a correlation of some parallel issues around moving some of our other products that we produce here in this province. But with agriculture it's a much more long-standing process at the very least. Again, like I said, you know, have you explored the possibilities of engaging in further partnerships with other port authorities like you did with Prince Rupert, like, say, with Churchill or Thunder Bay?

6:20

**Mr. Olson:** I've actually asked questions of my department and of others about Churchill, and one of the things that's pointed out is the capacity of that port presently. Unless we get a lot more mild weather, they're not open for, you know, a very long time. When you look at places like Vancouver and Prince Rupert, it's a year-round operation. But we've said, as we have with pipelines, that we'll go any direction, look at any option. I think we have to be open to that.

**Mr. Eggen:** Yeah. For sure. I wonder if you can put wheat in a pipeline. I don't know.

**Mr. Olson:** We've talked about that, too. Not yet but maybe someday.

**Mr. Eggen:** Yeah. Okay.

The last question I have is just in regard to the age verification incentive program with beef cattle. I know it was a three-year program that ended. But then as a larger component to the food safety program the tracking of domestic animals and cattle, in particular, is probably central to a food safety program, too, right? I'm just wondering: are there ways for people to continue to access help and incentives – it must mean money, right? – for tagging the cattle and tracking them through the system?

**Mr. Olson:** Well, I'll start, and maybe Jason can supplement. I think the rationale behind the three-year program was that, ultimately, this is an industry responsibility. You know, I think we've been very active in terms of from time to time mandating things, other times incenting things that are best practices. We feel as though we've got a very credible program that is really a leader in many areas, not just in beef and pork but . . .

**The Chair:** Mr. Eggen, you have a minute and a half left.

**Mr. Eggen:** Yeah. I know. He can finish the question.

**Mr. Olson:** . . . in other areas as well.

But maybe Jason could give some specifics.

**Mr. Krips:** Certainly. Thanks, Minister. Mandatory traceability actually revolves around three principles. One is animal identification, one is premises identification, and the other one is animal movement. As a subcomponent of animal identification we did phase in mandatory age verification. We did have a program, which was lasting three years, to help incent our industry, actually, into mandatory age verification. We do believe that that practice will – now that the incentive program has ended, we'll see the adoption into producers' practice.

But I think it's important that you take a look at the larger mandatory traceability systems that we have right across the country. You know, a big part of that is not only just animal identification but premises ID and animal movement, which we have within our operations here in the province. We do believe that we have a very robust traceability system within the province, and we do believe that we've actually led the rest of the country with respect to these three pillars of mandatory traceability.

**Mr. Eggen:** Well, thanks very much. Always when the rules are changing, we have to move up to that level and exceed it. I mean, this country of origin labelling is problematic, but it's not insurmountable, right? If we're producing an excellent product, which we already do, and then have the papers to follow it through, then over time we will succeed, I'm sure.

**The Chair:** Thank you, Mr. Eggen.

For the six remaining minutes we'll go to the PC caucus. Mr. Rogers.

**Mr. Rogers:** Thank you, Mr. Chairman.

**The Chair:** Would you like to go back and forth with the minister?

**Mr. Rogers:** Yes, I would love to go back and forth. Thank you for that.

Mr. Minister, thank you and your staff for trying to provide us some very good answers here today. I'm going to follow up on something that was raised by another one of the questioners here today, and it's around farm safety. The Farm Safety Advisory Council's report and recommendations were released back in

March 2013. I believe that the government has accepted all of the council's recommendations, which focused on enhanced education and training. Can you tell us what the government has done and maybe if there's anything in this current budget to address those recommendations?

**Mr. Olson:** Sure. Thanks for the question. Bear with me while I find my notes. There were four recommendations that came from the committee. You're right. We have accepted all of those. They involve things like looking at options to strengthen province-wide co-ordination of farm safety education and awareness, developing a certified Alberta farm safe program, and we are piloting that right now. On the first one I mentioned, looking at options for province-wide co-ordination, we have a group that has for the last couple of months been out there doing stakeholder consultations, talking to people from all perspectives about the feasibility of some sort of province-wide co-ordination, also developing more materials; for example, for temporary foreign workers. We've been working with the temporary foreign worker office in developing awareness materials there. So there are any number of initiatives that have been undertaken.

We have five target audiences. We have an agriculture workforce safety stream, that targets owner-operators and workers. We have a safety up program, which is aimed at new and young farm workers. We have a safety wranglers program, aimed at youth aged 9 to 14. We have a Farm Safety Kids Club, aimed at children eight and under. We have, as I think I mentioned previously, four staff who are responsible for farm safety awareness.

In terms of budget, which, of course, is what we're talking about here, we've got a number of initiatives where significant monies are being spent. Some of it is Growing Forward money, at least three or four different initiatives. There's \$406,000 in Growing Forward 2 for a three-year program for farm safety education and awareness, \$102,000 a year for the Farm Safety Centre to ensure that the safety smarts program is delivered to school-age children, and \$100,000 to the Ag for Life foundation for farm safety and agriculture education programming.

We have formed partnerships with Alberta Health Services and the agriculture injury prevention working group and Alberta Municipal Affairs. We also have a workforce development retention grant available to employers to work with a consultant to review, improve, and develop retention strategies. That can include developing on-site safety training programs. So you can

that see it's kind of a full-court press in terms of awareness, education, incenting people.

I did mention the Canadian Agricultural Safety Association program, which is helping us develop the Alberta farm safe plan which is currently being piloted. For farmers who complete that and get their certification, get a certificate of recognition through occupational health and safety, that will allow them to receive discounts in WCB coverage.

**Mr. Rogers:** That sounds rather comprehensive, Mr. Minister. You mentioned the pilot at the end. Also, something you said in your comments really caught my attention. You mentioned \$400,000 from Growing Forward. If I remember hearing you earlier, that sounds like a million dollars in the pot because you mentioned that 60 per cent of Growing Forward is federal, and 40 per cent is provincial. Is that a million dollars, then, worth of . . .

**Mr. Olson:** I think the \$406,000 is provided 60 per cent by the federal government, 40 per cent by us.

**Mr. Rogers:** It's combined. I see. Could you share with us approximately when this might be rolled out, finished, and, more importantly, assessed in terms of some effectiveness?

**Mr. Olson:** Well, most of what I've mentioned is already ongoing. This farm safe plan, though, is being piloted right now. I don't have the details as to where the pilots are being done off the top of my head, but once I get the feedback from them, we'll make adjustments to the course as are necessary, and then we'll develop an electronic version that can be done online. We anticipate that we'll be able to launch that in 2015-16.

**Mr. Rogers:** Thank you very much, sir.

**The Chair:** Thank you very much.

Well, Minister, staff, committee members, clerk, my assistant Zack, and the page, thank you all very much. It has been a very productive three hours.

I hesitate to interrupt, but I must advise that the committee time allotted for this item of business is concluded.

I would remind committee members that we are scheduled to meet tomorrow evening, Wednesday, March 19, at 7 p.m., to consider the estimates of the Ministry of Infrastructure.

Thank you all very much. Have a great evening.

[The committee adjourned at 6:30 p.m.]



