



Legislative Assembly of Alberta

The 29th Legislature  
First Session

Standing Committee  
on  
Alberta's Economic Future

Ministry of Agriculture and Forestry  
Consideration of Main Estimates

Monday, November 2, 2015  
7 p.m.

Transcript No. 29-1-3

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The 29th Legislature  
First Session**

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

Miranda, Ricardo, Calgary-Cross (ND), Chair  
Schneider, David A., Little Bow (W), Deputy Chair

Anderson, Shaye, Leduc-Beaumont (ND)  
Carson, Jonathon, Edmonton-Meadowlark (ND)  
Connolly, Michael R.D., Calgary-Hawkwood (ND)  
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Fitzpatrick, Maria M., Lethbridge-East (ND)  
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Hanson, David B., Lac La Biche-St. Paul-Two Hills (W)  
Hunter, Grant R., Cardston-Taber-Warner (W)  
Jansen, Sandra, Calgary-North West (PC)  
Piquette, Colin, Athabasca-Sturgeon-Redwater (ND)  
Schreiner, Kim, Red Deer-North (ND)  
Starke, Dr. Richard, Vermilion-Lloydminster (PC)\*  
Taylor, Wes, Battle River-Wainwright (W)

\* substitution for Sandra Jansen

**Also in Attendance**

Malkinson, Brian, Calgary-Currie (ND)  
Strankman, Rick, Drumheller-Stettler (W)  
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## **Standing Committee on Alberta's Economic Future**

### **Participants**

Ministry of Agriculture and Forestry

Hon. Oneil Carlier, Minister

Jeff Stewart, Executive Director, Food Safety and Animal Welfare

Agriculture Financial Services Corporation

Brad Klak, President and Managing Director



7 p.m.

Monday, November 2, 2015

[Miranda in the chair]

**Ministry of Agriculture and Forestry  
Consideration of Main Estimates**

**The Chair:** Good evening, everyone. I would like to call the meeting to order and welcome everyone.

The committee has under consideration the estimates of the Ministry of Agriculture and Forestry for the fiscal year ending March 31, 2016.

I would ask that we go around the table and introduce ourselves for the record. Minister, when we get to your end of the table, please introduce yourself and your staff as well. Thank you. I'll start with the deputy chair.

**Mr. Schneider:** Dave Schneider, Little Bow.

**Mr. Gotfried:** Richard Gotfried, Calgary-Fish Creek.

**Dr. Starke:** Good evening. Richard Starke, MLA, Vermilion-Lloydminster, appearing on behalf of Ms Jansen.

**Mr. Taylor:** Wes Taylor, Battle River-Wainwright.

**Mr. Hanson:** David Hanson, Lac La Biche-St. Paul-Two Hills.

**Mr. Strankman:** Rick Strankman, Drumheller-Stettler.

**Mr. Hunter:** Grant Hunter, Cardston-Taber-Warner.

**Mr. Klak:** Brad Klak, president, Ag Financial Services Corporation.

**Mr. Carlier:** Neil Carlier, Minister of Agriculture and Forestry. With me I have Brad Klak, CEO and operating officer of Agriculture Financial Services Corporation. As well, I have Bev Yee, Deputy Minister, Agriculture and Forestry; Anne Halldorson, senior financial officer; Bruce Mayer, assistant deputy minister with our forestry division; John Brown, acting assistant deputy minister for industry and rural development; Jeff Stewart, executive director with food safety and technology; Darren Chase, executive director with policy and environment; Katrina Bluetchen, executive director of extension and communication services; Ryan Fernandez, director of financial planning and policy; Gordon Cove, president and CEO of the Alberta Livestock and Meat Agency; Darryl Kay, chief financial officer, Agriculture Financial Services Corporation; and Tony Clark, chief of staff.

**Mr. Dach:** Lorne Dach, MLA, Edmonton-McClung.

**Mr. Piquette:** Colin Piquette, MLA for Athabasca-Sturgeon-Redwater.

**Mr. Malkinson:** Brian Malkinson, MLA for Calgary-Currie.

**Mr. Coolahan:** Craig Coolahan, MLA for Calgary-Klein.

**Mr. Carson:** Jon Carson, MLA for Edmonton-Meadowlark.

**Mr. Connolly:** Michael Connolly, MLA for Calgary-Hawkwood.

**Mrs. Schreiner:** Kim Schreiner, MLA, Red Deer-North.

**Ms Fitzpatrick:** Maria Fitzpatrick, MLA, Lethbridge-East.

**Mr. S. Anderson:** Shaye Anderson, MLA, Leduc-Beaumont.

**The Chair:** Myself, as chair, Ricardo Miranda, Calgary-Cross. For the record, I wanted to also state that Dr. Starke is here in place of Ms Jansen.

Please note that the microphones are operated by *Hansard*. We ask that you please don't place BlackBerrys and iPhones on the table as they may actually interfere with the audiofeed and that they be turned off or set to silent or vibrate.

Hon. members, the standing orders set out the process for consideration of the main estimates. Before we proceed with consideration of the main estimates for the Ministry of Agriculture and Forestry, I would like to review briefly the standing orders governing the speaking rotation. As provided for in SO 59.01(6), the rotation is as follows. The minister or the member of Executive Council acting on the minister's behalf may make opening comments not to exceed 10 minutes. For the hour that follows, members of the Official Opposition and the minister may speak. For the next 20 minutes the members of the third party, 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 just outlined to the extent possible; however, the speaking times are reduced to five minutes as set out in Standing Order 59.02(1)(c).

Members may speak more than once; however, speaking times for the first rotation 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.

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 committee clerk about the process.

Three hours have been scheduled to consider the estimates of the Ministry of Agriculture and Forestry. With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting. The clock will be stopped for the break, and the meeting end time will be adjusted accordingly to accommodate this.

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 10 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 by the minister in the Assembly for the benefit of all members.

The vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on November 23, 2015.

If there are any amendments, an amendment to the estimates cannot seek to increase the amount of the estimates being considered, change the destination of a grant, or change the destination or purpose of a subsidy. An amendment may be proposed to reduce an estimate, but the amendment cannot propose

to reduce the estimate by its full amount. The vote on amendments is deferred until Committee of Supply convenes on November 23, 2015. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. Twenty copies of amendments must be provided at the meeting for committee members and staff.

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

Thank you.

**Mr. Carlier:** Thank you, Chair, and good evening. I'm pleased to be here today to discuss the 2015-16 budget for the Ministry of Agriculture and Forestry. Chair, as you are aware, the mandate of the former ministry of agriculture and rural development has been expanded to include forestry. I think bringing these three portfolios together into the same ministry was a natural fit that also aligns well with a key pillar of Budget 2015, to focus on stimulating economic growth and diversification.

Both agriculture and forestry are incredibly important to our rural communities as well as to building a strong, diversified, and sustainable economy that supports jobs and families. Together the two sectors employ about 100,000 people and generate approximately \$12 billion in exports annually. They are among the leaders in value-added manufacturing, with the food and beverage industry ranked number 2, behind petroleum and coal products, and forestry ranked fifth.

Agriculture and forestry, as two of our province's most prominent renewable resource sectors, also share many common priorities such as enhanced market access, value-added industry development, and sustainability. At the same time, agriculture and forestry also share some similar challenges, whether it be concerns about a reliable rail transportation system to get timber products and grain to market, the ongoing threat of pests to forests and crops, and adversity caused by dry weather conditions.

This year's dry spring and summer certainly created concerns for agriculture producers as well as helped fuel one of the busiest wildfire seasons on record. We have allocated a total of \$725 million in emergency funding to address these conditions, which is over and above our ministry's base budget. This includes \$350 million to ensure agricultural producers with insurance are being compensated in a timely manner and another \$375 million to cover the costs of combatting forest fires, including manpower, aircraft, heavy equipment, and supplies.

I would like to take this opportunity to once again express my gratitude to our front-line firefighters, who did an outstanding job protecting our communities, infrastructure, and forests in the face of extremely challenging circumstances. We had more than 1,750 wildfires in Alberta this season, which is 50 per cent higher than the 25-year average. This included more than 60 fires that were greater than 200 hectares in size. To put this in perspective, each one of those fires is the equivalent of at least 400 Canadian football fields. At one point in July there were more than 1,700 people simultaneously fighting wildfires across the province. The fact that we didn't have any major community loss as a result of these fires is a testament to the hard work that was done on the front lines and our province's proactive approach to controlling wildfires.

In terms of agriculture we have some positive news to report as well. Earlier in the year, at the height of the dry conditions, many producers were very concerned about how their crops and pasture land would fare. However, I've been very encouraged by the reports that we received throughout harvest. Many producers reported yields that were better than initially anticipated at the start of the summer. Alberta's total production for principal field crops is estimated to be only about 8 per cent below the 10-year average.

The soil conditions are better thanks to the rains we received in August and September. That moisture has also had a positive effect on the pasture and feed situation.

7:10

However, we know that the impact of this year's growing conditions has varied across the province. The producers who have been the most affected have access to an extensive suite of existing programs and resources, such as crop insurance and AgriStability, that are designed to help during difficult times. In fact, producers have already received more than \$297 million in crop insurance payouts this year.

In addition, we cut fees in half for our water-pumping program as well as worked with Environment and Parks to identify additional public land for grazing purposes.

Federal tax deferrals are in place for livestock producers if they have to sell some of their livestock, although we have not experienced a significant sell-off at this point.

While dealing with forest fires and crop conditions were priorities over the summer, my ministry continues to focus on the long-term success of agriculture, forestry, and rural Alberta. As I mentioned earlier, our priorities reflect the key themes outlined when Budget 2015 was tabled in the legislature on October 27.

Specifically, many of our efforts help support the stimulation of economic growth. There is tremendous potential within the renewable resource sector to help further strengthen and diversify our economy beyond its current dependence on oil and gas. The long-term success of agriculture and forestry relies heavily on our commitment to innovation, value-added development, environmental stewardship, and sustainability. My ministry supports these objectives on a number of fronts. As a regulator we set and enforce standards and legislation in key areas like food safety, animal health, food chain traceability, and forest management. Excluding emergency funding, the ministry is also investing approximately \$1.1 billion in delivering programs and services in 2015-16.

Through initiatives like the Growing Forward 2 agreement we continue to support strategic programs for our agriculture sector. Growing Forward 2 is a federal-provincial-territorial partnership with a mandate to drive an innovative, competitive, and profitable agriculture and agrifood sector. This is the third year of a five-year, \$400 million commitment to programming that includes research, improved market access, environmental best practices, industry development, and food safety.

The GF 2 programs are a strong complement to the other research and industry development activities undertaken by the ministry. This includes applied research to develop livestock breeds and crop varieties at our various facilities and the Food Processing Development Centre in Leduc, that helps aspiring entrepreneurs develop new technologies and value-added products.

Funding levels for the Alberta Livestock and Meat Agency and the irrigation rehabilitation program will also be maintained at the levels set at the start of the fiscal year. While the amounts are down slightly from the previous year, the investments are still substantial. More than \$32 million has been budgeted to support the livestock and meat sector through ALMA while \$19 million will be provided to help maintain Canada's largest irrigation network, which is responsible for 20 per cent of our total agriculture production and 30 per cent of our food processing returns.

On the forestry side approximately \$58.4 million has been allocated to forest management and industry development, which includes about \$35 million for mountain pine beetle control. The department will continue to support product diversification through

innovation by participating in research in co-operation with Alberta Innovates and FPInnovations.

Approximately \$135 million was allocated for the base budget for wildfire prevention, preparedness, and management. This includes about \$30 million to support initiatives that respond to the Flat Top report, which provided recommendations to enhance wildfire protection in the wake of the Slave Lake fire. A total of \$800,000 is being provided through grants to communities for FireSmart initiatives to reduce the risk of wildfires.

While responsible growth in the agriculture and forestry industries will yield positive benefits for the rural economy, we are also maintaining our investment in important community organizations and programs that support a strong and vibrant rural Alberta. Funding for regional and rural agriculture societies, which host community events, provide important services, and operate local facilities, will be \$11.46 million this year. An additional \$11.6 million has been allocated for agriculture service boards, that work with local producers, and \$3.9 million has been set aside for rural gas and electrical infrastructure grants. As we move forward, we will continue to take the necessary steps to manage the growth of public expenditures very carefully. We will focus our resources on core programs that position the agriculture and forestry sectors and rural Alberta for responsible and sustainable growth.

Our efforts will undoubtedly support the work of the newly created Ministry of Economic Development and Trade, which will oversee implementation of an economic plan that will include enhanced supports for small and medium-sized business, sector development initiatives, and a strategy to increase trade, investment attraction, and market access.

We will be good partners to this province's job creators, ideas people, and visionaries. We can continue to support a thoughtful and sustainable approach to agriculture and forest management that balances the economic, social, and environmental needs of Albertans and our communities. Growing our economy is how we are supporting jobs that support families. Our government envisions a province that is the best place in the country to start a new business and to get a new idea off the ground, a province that operates modern, efficient infrastructure and well-managed public services. I look forward to helping make that happen.

I will conclude my comments there, and I will be very pleased to answer any questions you may have.

Thank you, Chair.

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

I understand that Mr. Strankman wishes to start the questions.

**Mr. Strankman:** Yes. Thanks for that, Chair. At the pleasure of the minister and with discussion, I'd like to do a back and forth if we could, with a brief preamble by myself.

**The Chair:** Please do.

**Mr. Strankman:** Thanks for that, Chair.

Mr. Minister, I want to express to everyone in the room – and some of your staffers were here before in other estimates. In my brief preamble here I want to say to you, Mr. Minister, and to other staffers and indeed to others who are here for the first time that I hold no malice to the minister. I believe that we have a fairly good working relationship, or I like to think we do. But I'm charged, Mr. Minister and others around the table, with questioning the use and the expenditure of taxpayers' dollars, so I'm hoping to be as direct as I can in that regard. We have a limited amount of time for a large budget.

With that, I'd like to begin. To follow up on that, in a recent interview in the *Calgary Herald* our now Finance minister, Mr.

Ceci, stated that ministries weren't authorized above a 2 per cent spending increase and would likely be held to a zero per cent increase. I was wondering if you could tell me: what is your projected increase over the year? I mean, certainly, there has been an amalgamation of the two departments, but are you able to give me just some sort of a general summation in that regard, please, quickly?

**Mr. Carlier:** Thank you, Chair. Thank you to the member for the question. You know, going forward, we need to manage the public expenditures very carefully, looking for opportunities to allocate those funds to high-priority areas. As we go, no doubt, through the estimates this evening, a lot of that will become much more clear.

Essentially, agriculture and forestry have been and will maintain, you know, as very strong economic contributors to our province. I would go so far as to say that they're the pillars of our economic prosperity in the province, though it is true that like most places around the country, around the world for that matter, we're going to become more and more of an urbanized society. The figures, I believe, are that something like over 80 per cent of people now live in the two major cities. If you take in the smaller cities, it's even more than that. But the truth still is there that the economic prosperity of the province lies within rural Alberta. They have opportunities in both agriculture and forestry to maintain that.

You know, our core line funding for the ministry, excluding the emergency funding, is at \$725 million. We're maintaining that core, and I feel that it goes a long way to continuing the prosperity that we all enjoy.

**Mr. Strankman:** Thanks for that, Mr. Minister.

On page 40, line 1.4, corporate services, it talks about corporate services' role in agriculture. Could you give me some sort of an understanding of what that really is? Does this department warrant an increase of \$1.26 million, considering that the department hadn't even used all of last year's budget?

**Mr. Carlier:** Thank you, Chair. Thank you to the member for the question. Corporate services would include financial services, corporate innovation and planning, information technology, legislative policy, and policy implementation, including some IT services.

7:20

**Mr. Strankman:** I understand a good part of that, Mr. Minister, but last year they only used some \$800,000 of that budget, and now it's been increased to \$1.261 million. I was wondering: if you haven't used that previously, why would there be an increase?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that follow-up question. A lot of that increase is allocated to increased funding from the Growing Forward 2 program. You will notice in the budget as well that it often flows and ebbs, depending on how the program has been designed. What you see there, Member, is that funding from Growing Forward 2.

**Mr. Strankman:** Okay. Would any of that include updates for floods and droughts? I see we have Mr. Klak here from AFSC. Would any of the budgeting relating to AFSC relate to your budget, or is that primarily under the AFSC? You know, there are forest fire updates, and there was the declaration of a disaster. Is that the reason for some of the financial increases there?

**Mr. Carlier:** The Agriculture Financial Services Corporation, you know, is run as a separate agency. There were some increases, I think, in the premiums. To get into some more fine detail on that,

AFSC does work within the department as an agency of the department, overseen by our financial folks within the department as well. But they do still operate separately.

**Mr. Strankman:** As a Crown corporation?

**Mr. Carlier:** That's correct.

**Mr. Strankman:** I understand the differences between a Crown corporation and corporations of the Crown, a significant differentiation there.

On page 40, line 3.1, it talks about agriculture, environment, irrigation, and water. The budget last year was increased by \$1.596 million, but it's down from a previous budget of \$13.78 million. I was wondering if you could give me some information as to why that reduction took place. There's drought in some parts of the province. If you could explain to me why there are lower operational costs.

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for the question. Yeah, you know, there was a small reduction in the irrigation rehabilitation project money. Recognizing that our irrigation projects in southern Alberta have been a great success story, not just for Alberta but for Canada, as far as that goes, with over 1.3 million acres of irrigated land in southern Alberta . . .

**Mr. Strankman:** Three point four billion cubic metres.

**Mr. Carlier:** Sure. You know, that has been a great success story in Alberta. Even in this dry year my understanding is that none of the reservoirs were below normal levels other than the St. Mary reservoir, that was a little bit low. They had good water. They've had really good yields also because of the heat. We feel that at \$19 million for the year it is still a substantial amount of money to help with their projects around the rehabilitation programs, and we were able to refocus some of those other funds to some other priority issues.

Over the past four decades \$850 million has been allocated from the government to the rehabilitation projects. You know, I and the government, the whole ministry, recognize the value of our irrigated land in Alberta and can continue to be able to work with them to maintain the system.

**Mr. Strankman:** Well, then, hopefully, if that's to be continued, then we can go forward with the projects that you and I discussed in my constituency. It would certainly be a welcome boost.

Minister, on page 40 again, line 4.2, we see a decrease of \$223,000 in food safety and animal welfare. That is, you know, something that I followed with some interest as a result of some of the debates now in the Legislature with the local food production act. I was wondering if you could give me some background or if your assistants could give you some background on that decrease. Certainly, there is a growth to that whole market, a growth to our exports, a growth to stuff going forward. Was there a transfer in departments there?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. The core funding for animal health going forward is going to be maintained. What you see there in the decrease, again, is the ebb and flow that was built into the Growing Forward 2 program. The core funding is being maintained. We do recognize, you know, the importance of biosecurity, the importance of maintaining our social licence as we go forward, as you mentioned, around market access. We need to protect our products going forward and to ensure that we have the social licence that we need to go forward, to

approach whatever markets in the world that might be. I'm looking forward to being able to do that.

**Mr. Strankman:** It talks, Mr. Minister, here about surveillance support. Then would that be included in that?

**Mr. Carlier:** Yeah. Again, that's part of Growing Forward 2, the ebb and flow.

**Mr. Strankman:** Moving on now, Mr. Minister, to line 5, industry development, I see that rural economic development increased its budget by almost \$4.7 million, and I think that's an important thing. Certainly, we've changed our mandate somewhat here to include forestry, but I was wondering if you could tell me or give me some specifics as to where that \$4.7 million went.

**Mr. Carlier:** Thank you, Member. You know, as I said in my opening comments, the agriculture and forestry sectors are huge contributors to the economy, upwards of \$12 billion in exports alone, and they employ a hundred thousand Albertans. Annual funding for a lot of things is being maintained, including \$2.8 million for regional exhibitions, \$8.6 million for the rural agricultural societies, and \$11.6 million for agricultural service boards. They all do great work, and have over the years, in maintaining our rural development and, I would say, our rural culture in Alberta, very important programs within the ministry and, I think, for Alberta and for all Albertans. There's also \$3.9 million in annual grants for rural gas and electrical infrastructure.

**Mr. Strankman:** Thanks, Mr. Minister.

As we've done as recently as today in the Chamber, we discussed private member's Bill 202, the Alberta Local Food Act. Can you tell me: is there any preplanning for that legislation in this budget? Certainly, you know, back to my earlier question about traceability and food development, processing, and everything that's going to be related to the presentation of that product, as a commercial producer I know what it costs me to have the RFID tags in my cows' ears and to bring that forward. Is there any budget planning for this legislation as it goes forward?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. There's a lot that the ministry already does around a local food initiative, including well over a hundred or so farmers' markets. We have, you know, rules and regulations around that. It's a huge economic boost. I believe that it's in the neighbourhood of about \$65 million that farmers' markets contribute to Alberta's economy, so it has been a real success story that way. We do have people on staff that are maintaining our farmers' markets and other local food initiatives, nothing very specific on the bill that you mentioned, but we already have built our foundation that would take advantage of anything that would come forward on that bill. I look forward to working with all members on that initiative and on how we can continue building our local food network, whether it is around hundred-mile initiatives or around farmers' markets.

I think we are currently in a situation where everybody has a renewed interest in food and where it comes from. They want good food. They want local food. They want the best and freshest produce possible of any products. Some of the other local initiatives: we provide coaching through new-venture specialists and, like I said, the farmers' markets program. I think we're in exciting times. I think we have an opportunity to expand our markets, both locally and nationally and internationally.

**Mr. Strankman:** Thanks, Mr. Minister. As a lifetime agricultural producer I agree that we are in exciting times in the Legislature and



in food development. I have spoken to the member promoting Bill 202 in regard to the differentiation between commercial food production and local food production. There's a differentiation, and it's going to run into legislative barricades as the success of that grows and goes forward.

So I want to talk to you about line 5.4. There it talks about, as you have, agricultural fairs and exhibitions and, relating to the Local Food Act, promoting local foods. Can this be accomplished without hurting programs? On line 5.4 it's reduced by \$4 million, so can you explain to me how this development has been increased?

7:30

**Mr. Carlier:** Thank you, Chair, and thank you to the member. I guess, to be clear, you know, as part of this question and part of your first one, hon. member, we have allocated \$150,000 for the Local Food Act, so there's some money set aside to help with that initiative. You mentioned the major fairs around the Local Food Act. I think we can expand that a bit and include all the fairs and exhibitions across the province, including what communities have done around agricultural societies. In smaller communities the agricultural societies are ones that, as many people are aware, run the local hockey teams, the curling rink, also the farmers' markets.

There are other fairs as well around local food initiatives. For instance, Northlands has a community garden within the city of Edmonton where they have about one acre where they're growing food, experimenting with different techniques and things, not necessarily as a stand-alone research facility – right? – but it gives an opportunity for urban farmers to take a look at what is actually possible and perhaps gives an opportunity for farmers' markets across the province to look at what might be possible as well.

**Mr. Strankman:** Yes. Thanks, Mr. Minister. I know from past experience that there was a program cut to assisting the Calgary Stampede. I believe it was some significant amount.

If I could go forward, Mr. Minister. In the 2015-16 estimates, again still on page 40 but line 6.1, it talks about cutting lending assistance to \$12.85 million. Can you define to me, please, what this lending assistance was? Obviously, AFSC has their own protocol for that, so I was just wondering if you could explain to me what that is, please.

**Mr. Carlier:** Thank you, Chair. Thank you, Member. Yeah, there was some reduction there around government of Alberta premiums. Getting to some particulars here around insurance, I'm going to defer to Mr. Klak, who is, most certainly, the subject expert.

Thank you.

**Mr. Klak:** Thank you, Minister, Chair Miranda. Though that looks like a reduction of approximately \$5 million, that relates to the end of a four-year program that started in 2011, which was to support the rebuild of the community of Slave Lake after the community was devastated by wildfires. Eligible businesses at the time received direct support from AFSC in terms of direct lending and a two-year interest-free period to assist them in getting back on their feet. I'm proud to say that we supported 162 direct loans, for \$111 million worth of lending, with respect to the program. That interest-free period is off. That's the reduction.

The remaining almost \$13 million in this line is predominantly related, 80-plus per cent, to the beginning farm incentive program, that supports intergenerational transfer, new entrants to agriculture. AFSC has got an outstanding lending portfolio of approximately \$2.1 billion right now. We're on track to fund an additional \$600 million worth of direct lending in this program year, which will be leveraged with private capital to between three-quarters of a billion dollars, \$800 million. That all goes to support economic activity

and primary agriculture and value-added activities in rural Alberta. We're very proud to be a part of that.

**Mr. Strankman:** Thanks, Mr. Klak. I appreciate that. I know that AFSC is a valued financial source for agricultural producers. I'm surprised, though, that they had involvement in financing some of the resuscitation or reinforcement for the damage that happened at Slave Lake. Was that primarily for businesses?

**Mr. Carlier:** Again I'll defer to Mr. Klak as those days were before my time.

**Mr. Klak:** Minister, Chair Miranda, yes. At the time, if you go back to 2011, the government was looking at ways to be able to provide assistance to the business community. I think we only had a few loans at the time around the Slave Lake area, but to be able to give some confidence to the community that we were going to use every mechanism – we have a commercial lending program – the government stepped in to pay the interest off. Again, I think it was that we were there as soon as the community could be accessed again. Our staff were there giving confidence to the community, and I think it significantly assisted that community in getting back on their feet, the business community.

We also did some of that same type of effort with the flooding that happened in 2013 in southern Alberta.

**Mr. Strankman:** Thank you again, Mr. Klak.

Moving on to page 46, the actual for last year for the AFSC, as I understand it, was \$990 million. I wanted to ask you if that was all derived from premiums or if that would be, you know, the total for the corporation. I mean, there are certainly other line items, the finances of loans, et cetera, for the corporation.

**The Chair:** I want to make you aware that we are going into our second 20-minute interval.

**Mr. Strankman:** Thank you, sir.

**Mr. Carlier:** Thank you, Chair. Thank you, Member. Member, if you could just provide a little clarity.

**Mr. Strankman:** Yes, Mr. Minister. That was on page 46 under Revenue. Also on page 46, if I could be so bold, under expenses the estimate is for \$1.073 billion. I was wondering if that number was for claims or how that typically flows.

**Mr. Carlier:** Okay. Thank you, Chair. Thank you, Member, for providing that extra clarification there and for the question as well. Again I will defer to Mr. Klak to provide any of the details, please.

Thank you.

**Mr. Klak:** Minister, Chair Miranda, yes. That's the aggregate of all the funding, from a revenue standpoint, that we receive. For example, on the insurance side of our portfolio, as you're probably aware, we have tripartite or partnership programs. So when you're moving between the two different budgets, when you're talking about the Alberta vote for lending, for income support, and for insurance programs, that's only Alberta's. For insurance it's 24 per cent of the total; the producer pays 40 per cent, and the federal government pays 36 per cent. For income support programs like AgriInvest and AgriStability: those are predominantly supported by the federal government at 60 per cent and the provincial government at 40 per cent. Producers have some fees attached, but that's really insignificant from a revenue standpoint.

Then on the lending side of the portfolio that is supported by the provincial government to that number, which was approximately

\$13 million, that goes to the beginning farmer incentive. The revenue versus the expense line: the revenue is supported in many cases. For example, that \$2 billion, roughly, worth of lending brings in interest, so that interest is recognized in there as well. There is an offsetting effect between the expense and the revenue side. When it comes to premium indemnities, indemnities are on the expense side, and the indemnities, again, on a consolidated basis reflect the fact of what we expect to be paying out from the insurance programs.

**Mr. Strankman:** Thank you, Mr. Klak and Mr. Minister.

I'd like to kind of go a little bit more on premiums because, as many know, this has been a trying year for many producers. In years where the premiums total less than the claims paid out, Mr. Minister or Mr. Klak, where does this excess money go? Does AFSC put that into their general fund, general revenues, you might call it, or do they have a specific reserve related to the crop insurance? Is this invested in some fashion? I'd like to follow up a little bit on that.

Thanks.

7:40

**Mr. Carlier:** Thank you, Chair Miranda, and thank you, Member. A very good question. I think, you know, being in the particulars of Agriculture Financial Services' insurance programs, again I will defer to Mr. Klak.

**Mr. Klak:** Minister, Chair Miranda, it is complex, so it's an excellent question. To put it into sort of as simple of terms as I can, the government of Alberta, the government of Canada, and the producers do not fund indemnities; they fund premiums. The premium is set. Money in over 25 years should equal money out over 25 years as an insurance principle. They're actuarially sound numbers.

Through a federal-provincial statutory agreement we set the expectation long term, over 25 years, at 95 per cent loss-to-premium. As you know, we've had fantastic years in the past. Two years ago we had one of the lowest ever: on \$800 million worth of premium a 34 per cent loss-to-premium. So we had close to \$400 million. That goes into a reserve fund. Our fund right now sits at approximately \$2.3 billion. That is invested with AIMCo. Again, by statutory agreement that money can only go to paying out insurance indemnities over that period of time. We've had some fantastic years.

We completely exhausted the crop insurance fund in 2001 and 2002 with the devastating droughts that occurred. So we've built that back from actually being in deficit position to \$2.3 billion over that period of time. But the disaster declaration that the minister spoke to: really, what that does is give us access to premiums, and if the indemnities were to continue to go over premium, then we can access that reserve fund. So we have quite a bit of money in that.

**Mr. Strankman:** Thanks, Mr. Klak. Thanks for that.

To follow up on that, you mentioned the reserve, and that's where I was kind of going with my questioning because I was aware that it was somewhere in the range of the \$2 billion mark. Do you feel that it's equitable for a Crown corporation to have a reserve like that? Is there a government direction in regard to that? You know, Mr. Klak has made mention of the drawing down. At what point could farmers involved in your scheme expect reduced premiums? I mean, I think it's fair to ask. You know, it's taxpayers' dollars, and it may be seen to be trade or nontrade compliant being that you're a Crown corporation.

**Mr. Carlier:** Thank you, Chair, and thank you, Member, for that question. Yeah, I would agree that it's a fair question without a

doubt. You know, we heard Mr. Klak talk about how it's a sustainable insurance program and the rules and regulations around that. But I will again defer to Mr. Klak to see if there are any further details that he can share with us.

**Mr. Klak:** Thank you, Minister, Chair Miranda. The reality is that the programs are really governed under the federal-provincial statutory side. We've had some outstanding years, especially the last five, but we've also seen one of the biggest run-ups in commodities prices over the last 10 years. So the good years, which would be driving premium costs down, have somewhat been offset by the underlying values which have been creating a bit of an equilibrium effect.

The target that we are given by – and every province has sort of a sister type of an organization like AFSC. The target that we have is to have 1.5 times premium in reserve. We are significantly over 1.5 times premium right now, which is drawing down those premiums to producers this year at a faster rate. If you look at that line item that you were talking about with regard to the insurance side, there is a reduction in the provincial government. There is also a reduction in terms of the premium that the producers are paying as well as what the federal government is paying because of the offset and a reduction in – there was a softening in commodity prices but because of good years' results. So it is happening, Member.

**Mr. Strankman:** I appreciate that.

Just to take a bit of an offshoot on that before we move on to forestry, I know that the producers in my particular area are openly frustrated with the delivery of the AFSC crop insurance model and have sought out private suppliers for crop insurance. I was wondering about this mandate. Is the organization, AFSC, looking into competitive models?

**Mr. Carlier:** Thank you, Chair. Thank you, Member. You know, I was somewhat encouraged by the numbers we were hearing over the summer. It varies across the province, obviously, but we're well onboard. Over 80 per cent of the producers in the province are subscribed to the whole suite of different programs with the Agriculture Financial Services Corporation. So, you know, I believe that what I see is that it has been and will continue to be a very viable organization because of the high subscription rate from the producers.

**Mr. Strankman:** Thanks, Mr. Minister.

Moving on to forests, on page 41, under 7.1 it talks about wildfire management. You've increased the budget almost \$250 million over the last year's actuals and \$370 million over the last proposed budget. Can you give me some indication as to why that might be?

Thanks.

**Mr. Carlier:** Thank you, Chair, and thank you, Member, for that question. That money that you're talking about is disaster funding. We've had, you know, a very trying year this year around wildfire fighting and the disaster that was declared. I am quite proud and happy to be the minister of forestry. Fifteen thousand people are employed in Alberta around forestry, which includes, you know, 70 communities. Revenue from forest products is reaching approximately \$4 billion annually. Much like the disaster funding we receive in agriculture, we have to declare an emergency to receive disaster funding with forestry as well, part of the whole process about how we do it. Normally the funding is around \$139 million.

**Mr. Strankman:** Thanks, Mr. Minister.

In the Chamber you and I had that discussion about the fire line fighter contracts going forward and the need for transparency and openness. I was wondering if you and your staff have had an opportunity to look into this and get a better understanding of how that could be changed and, you know, publicly improved.

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question as well. You know, I do recall that conversation that we had in the Chamber in the spring and took that seriously, knowing that there might have been a few challenges, especially in a busy year like this. Knowing that we had so many fires this year – over 500,000 hectares have burned – what you mentioned about the contractors will actually be part of our 2015 review going forward, reviewing everything that happened in this very trying and busy wildfire season.

**Mr. Strankman:** Thanks again, Mr. Minister. In that review will there be any review of the water bomber fleet and the allocation of them going forward? Is there going to be, you know, a different methodology to the spacing and the allocation of their readiness?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question as well. I know that in this past year there was one water bomber that wasn't reviewed. Again, going through what we've seen this year in the extremely busy wildfire season, any of our resources, whether that's manpower, towers, bombing fleets: everything will be reviewed this year. The review has started, actually.

**Mr. Strankman:** That sound wonderful, Mr. Minister, yes, and proper allocation of taxpayers' funding going forward.

I see here the agriculture and food innovation endowment account, page 41, line 9. I was wondering if you could give me some understanding of what this is for. It's not being funded. In what fashion was it redundant?

7:50

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. There was actually a bill that was passed, Bill 11, Savings Management Repeal Act – I'm not sure what happened; that happened sometime ago, before this government was in power – which actually eliminated the agriculture and food innovation endowment account.

**Mr. Strankman:** Thanks, Mr. Minister.

With my assistant I understand that I overlooked a question here. We want to simply have one final question on the Flat Top Complex. Could you give me some indication of the strategy coming out of that committee going forward? Is that included in your reviews wholly, or do you have a specific review of that situation?

**Mr. Carlier:** Thank you, Chair. Thank you to the member. You know, actually the Flat Top Complex review is a separate review from what is happening this year. Two separate reviews. My understanding is that from that review of the Flat Top Complex fire, there were 21 different recommendations. Eighteen have been implemented to date, and we're looking forward to implementing the others.

There are, you know, some real success stories with that report going forward. It's a real improvement to the whole FireSmart program, that has been a real success story. We've been able to protect a lot of communities and boreal forests, hopefully not seeing the disaster that Slave Lake had seen. We've had the opportunity this summer in my travels right across the province to meet different

stakeholder groups that are implementing the FireSmart program, not taking any grant from it. They're not a community, but they see the value in the FireSmart program. I think that the Flat Top Complex review has been very successful, and I'm looking forward to what recommendations might come out of this review as well.

**Mr. Strankman:** Is there going to be specific allocated funding as a result of that?

**Mr. Carlier:** To the review this year?

**Mr. Strankman:** Yeah.

**Mr. Carlier:** No, I don't believe it's reflected in this budget. The review, you know, will perhaps be reflected in the next.

**Mr. Strankman:** Okay. I'll move on to page 41, line 3.3, irrigation infrastructure assistance. You and I seem to have a common canal there, we might call it. In the research from my assistant here it talks about \$2 million of grants being cut. I was wondering if you could give me some idea of what's going on there. You and I have specifically discussed the one pipeline in my constituency that would provide definitive irrigation for some 10,000 acres, you know, if that pipeline was made whole again, reliable. Could that pipeline possibly have been assisted by this grant?

**Mr. Carlier:** Thank you, Chair. Thank you for that, Member. That reduction reflected here in the budget is actually from the irrigation rehabilitation program. It was designed to rehabilitate the existing canal systems. Like I said earlier, we had a real success story in agriculture. Over the past 20 years they've been able to increase production by 20 per cent using 20 per cent less water. A big part of that is due to the fact that they're getting new technologies but also implementing new pipeline structures, getting rid of the canals where a lot of evaporation occurs and going to pipelines. Some of those pipelines are starting to get old. That's why the fund is there, too, to start replacing some of those pipelines.

**Mr. Strankman:** So are you considering, Mr. Minister, the reallocation of some of these funds for those types of situations?

**Mr. Carlier:** The small cut here in the irrigation rehabilitation program: that funding will be reallocated to some of our other core programs within the department, not necessarily centred around irrigation projects.

**Mr. Strankman:** Okay. Thank you.

Mr. Minister, on page 16 in the business plan you talk about the impact of sustained dry conditions. For some in the room, I primarily live in one of those areas. You talk about priority initiatives. I was wondering if you could talk about what those initiatives are. You know, we've talked about the renewability and sustainability of agriculture, period, and the reliability, if you will, of irrigation. Is there a specific plan to create funding? That's at the top of page 16 of the business plan. I was wondering if you could give me some indication of what other programs you may have coming forward there.

**Mr. Carlier:** Thank you, Chair, and thank you, Member, for that question. Perhaps, Member, you're referring to page 16 of the annual report?

**Mr. Strankman:** Of the business plan.

**Mr. Carlier:** Oh, yes. Sorry. Excuse us. Let's just talk about irrigation for a while.

**Mr. Strankman:** Thank you, Mr. Minister. No. We have allocated time, and I don't think taxpayers would appreciate that. If I could just move on.

In that same business plan, under the desired outcomes as your priority initiative 1.1 you talk about increasing Alberta's agriculture and forestry interests in trade agreements. With some concern – I guess I might use the words not “open concern” but “quiet concern” – your support for the international trans-Pacific trade agreement was partially disconcerting to me. I was wondering if that's what you're hoping to do there in a more generous fashion. You know, we have a need to . . .

**The Chair:** I hate to interrupt you. I just want to make you are aware that there are only 20 minutes remaining.

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

**Mr. Carlier:** Sorry. I don't . . .

**Mr. Strankman:** You talk about reducing interprovincial trade barriers. Can you tell me if you have the initiatives to extend finished products to market?

**Mr. Carlier:** Thank you, Chair. Thank you, Member. Trade, obviously, is very important to Alberta. It's very important to our commodity-based operations in agriculture and forestry. We support the responsible growth of those opportunities for our export sectors. You mentioned the trans-Pacific partnership, in particular. I'm very interested in reviewing those details once we get them. At this point it is only an agreement in principle, and we haven't seen any of those details yet. Basically, what I've seen is what's been available in what was released in press releases by the previous government. We haven't seen the actual text of that agreement. It hasn't been leaked. So I think, you know, that perhaps at this point we're still a bit premature to comment on what might be in those agreements, but I'm very much looking forward to working with governments across Canada and around the world to extend our trade with any country around the world. I'm looking forward to working with the incoming federal government on that trade and other initiatives as well.

**Mr. Strankman:** Just as an aside, Mr. Minister, are you aware or have you been approached by the owners of Rahr Malting in Alix? They are hoping to expand their facilities there and create some secondary processing.

**Mr. Carlier:** Thank you, Chair. Thank you, Member. You know, I don't think so, not directly, but I think you and I might have had that conversation as well. I don't believe that they have approached our office yet. I'm encouraged by anyone looking to set up any further food processing in Alberta, including any value-added. It would be most appreciated.

**Mr. Strankman:** Thanks for that.

There are rates and benefits given to other producers in British Columbia and other jurisdictions that are greater incentives than we have in Alberta. Tax structures, et cetera, you know, are more favourable to production outside the province of Alberta. I wondered if you're aware of that. Have you given that any consideration?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. You know, we have a number of programs and projects available within Alberta that help encourage processors, food processors, both large and small. We've had some real success stories, often with the help of low-interest loan agreements with the

Agriculture Financial Services Corporation. Some of those successes would include Kinnikinnick Foods, which are the largest producers of gluten-free foods in North America, and Sunterra Food. One of my favourites is The Little Potato Company, which started out as a father-and-daughter operation operating out of the back of their pickup truck in a farmers' market. They now employ a hundred people here in their processing facility in Edmonton, and talks are now under way for opening up even a second plant. Very encouraging.

Back to your other question, AFSC actually has assisted Rahr Malting to become established in Alberta. I don't know if there's anything further that Mr. Klak has to add to that, but I know that he is obviously the technical expert on the lending side of AFSC.

**8:00**

**Mr. Klak:** Minister, Chair Miranda, whether it be a specific project, AFSC is probably as involved in small and medium-sized food processing in terms of being a direct lender or a support lender in consortium projects as anybody, as any financial institution, and we're really proud of that. We were there in the beginning to assist Westcan Malting, which ultimately became Rahr Malting. We were there for companies like Cheemo perogies and Spitz sunflower seeds across the province. A lot of those were not success stories at the time, and they have a hard time getting established because food processing tends to be a low-margin business and it's not something that attracts a lot of venture capital or risk capital in comparison to some of our other sectors in Alberta. AFSC is really proud to play that role and looks forward to continuing to play that role.

**Mr. Strankman:** Thanks for that, Mr. Klak.

To page 16 of the business plan again, Mr. Minister. On line 1.2 you talk about reducing interprovincial trade barriers, and in some cases that is a barrier for finished products. I was wondering if you could make any comment on how that is a net derogatory problem for agriculture and forest products.

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for the question. You know, we often get I wouldn't say sidestepped, but often we talk about our international markets, which are huge and add a lot, obviously, to the viability of both agriculture and forestry. But equally important are what barriers might exist interprovincially as well. You know, we focus on the value-added to Asia. There are many products now that are an innovation of our forestry products around different kinds of panel board, different types of engineered flooring, and what they've been doing very recently around different types of pellets, wood pellets, which are not even necessarily just for warming your home. There are actually product pellets now available to help supplement coal-fired burning, which happens to be a lot more environmentally sustainable.

We're often working with other departments, both federally and provincially, on rail improvements as well. There has been a lot of talk recently, as I'm sure you're aware, you know, around the review of the Canada Transportation Act, which I'm looking forward to as well, working with our federal counterparts to see how we can move forward so that we don't see those issues that we might have seen last year.

**Mr. Strankman:** I think that with the recent budget their new fuel tax might be an eye-opener for them as they go forward for rail.

On line 1.4, on the same page, you talk about increasing representation in priority markets and strengthening the Canada and Alberta profile as a preferred global supplier for agriculture and forest products. Again, trade fairs and local exhibitions aren't necessarily a vehicle to promote international trade. Would you consider some of this development to be under the whole new

portfolio of the new Minister of Economic Development and Trade, or are you going to have representatives to assist that department?

**Mr. Carlier:** Thank you, Chair. Thank you, Member. I think you've answered it in the end part of your question there. I think that there are both. I think there's a real dovetail opportunity with Agriculture and Forestry and the new Ministry of Economic Development and Trade, obviously. You know, we often look to our big neighbour to the south as our largest trading partner, which they are, but there are real opportunities in agriculture and forestry to expand our markets, especially to the Asia markets. I'm looking forward to working with the ministry to help develop those markets, whether it's through trade missions to those countries or other methods as well. I think it's important.

**Mr. Strankman:** Thanks, Mr. Minister.

Line 1.5 states that you would identify and pursue those new opportunities for growth in a domestic market. That's a fairly broad goal. For your domestic markets and/or even international markets is there some sort of a performance standard, a series of or a strategic goal of deliverables?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. You know, we do have targeted numbers for a lot of our international markets, not so much for our domestic markets. I think our real potential for growth lies in export to other countries – the United States, obviously, and then all the other countries within the Pacific Rim – including getting the implementation of the European trade agreements.

**Mr. Strankman:** Thanks, Mr. Minister.

To kind of go to the portfolio of forestry, again, what sort of measurables do you have for implementing sustainable timber harvest limits going forward? We're taking this from the business plan, desired outcome 3. In the preamble to that it mentions that the ministry "manages commercial harvest of timber . . . and works with industry partners to implement sustainable timber harvest limits." Could you explain to me how they arrive at that? Is this something that's a commercial standard?

**Mr. Carlier:** Thank you, Chair. Thank you, Member. Alberta's expectations, you know, are the world's expectations for facilitating environmentally responsible production practices, which includes environmental stewardship. We harvest no more than we can grow, although it's true that trees grow, obviously, a lot slower than perhaps wheat does. But it is still a very sustainable renewable resource going forward, and our plans reflect that.

Working with industry. The industry, I'm quite proud to say, are smart folk, and they really see the long-range plan. They don't look at a one-year plan. They look at a five-year, a 20-year, a 50-year, a 100-year, even a 200-year plan to ensure that our forestry will remain sustainable not only for now but, frankly, in reality for generations to come.

**Mr. Strankman:** Well understood, Mr. Minister. I appreciate that.

In a past iteration of another government I specifically asked the then Energy minister about the relinquishment of some 17 oil leases that they had accrued in the lower Athabasca regional plan. With the recent designation in southwestern Alberta of the Castle area as a practitioner of sustainable harvesting I was wondering if you could give me any indication of what the Spray Lake operation was allocated since the designation of the Castle area as a park has restricted any harvesting going on there.

**Mr. Carlier:** We had, you know, conversations with the management and owner of Spray Lake Sawmills in Cochrane before, during, and after the designation of the Castle protected area. The Castle area is unique. The government took the position, as was outlined in the platform, frankly, in the campaign, that it is prized for its headwaters, functions as a key wildlife sector corridor, and is biologically diverse. So we took the position to protect the Castle area in conversations with Spray Lake Sawmills, knowing that their current allotment of lumber – for sure, you know, a cut for them – will still maintain the viability of that operation.

**Mr. Strankman:** I'm sorry. I didn't quite understand your answer there. Does that mean that they were reallocated forestry relationships in other jurisdictions? I mean, there certainly must have been an amount of work that they accrued to measuring out their harvestable area, potential developments. How was that settlement arrived at?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for the question. My understanding from our officials is that there is extremely little unallocated forestry land in Alberta. I think we're approaching, like, 1 per cent unallocated. So Spray Lake Sawmills were not allocated any additional lumber.

**Mr. Strankman:** If I could, Mr. Minister, they weren't allocated new harvesting areas in relation to the land that they had allocated to them in the Castle area?

*8:10*

**Mr. Carlier:** That's correct. There was absolutely no forested land in Alberta that we were able to allocate to them. There was a little bit, I believe, north of Slave Lake, but it was economically not feasible to ship that long distance.

**Mr. Strankman:** To follow that line, then, basically the lumber, the harvested amount that was allocated to them, was simply removed from their allocation with no compensation?

**Mr. Carlier:** The type of agreement that we had, Member, allowed the government to be able to take away or change the agreement that we had with them to create the Castle area.

**Mr. Strankman:** So it's unlike the energy resources leases that were taken away from the oil producers in the lower Athabasca regional plan, where the government remunerated them some \$40 million. Just to confirm, in this case the Spray Lake firm was given no compensation for their allocation from Forestry.

**Mr. Carlier:** That's correct.

**Mr. Strankman:** Thanks, Mr. Minister.

Moving on, in line 3.1 you talk about working with processors and producers to increase the adoption of environmentally sustainable agriculture practices and energy efficient technologies. Can you tell me how you're going to consult with stakeholders in this process? Are you talking about implementing or enforcing compliance with new environmental guidelines? Would that be primarily agriculture or even include forestry under your mandate?

**Mr. Carlier:** Thank you, Chair. Thank you, Member. I'm quite pleased with what I've seen around forestry and agriculture and what already has been done for environmental sustainability. Currently forestry, for instance, is implementing bioenergy strategies that are a success story that we as a government and even industry don't have an opportunity to brag about enough. Forestry is currently generating enough electricity to power a city three times

the size of Grande Prairie, so that's a real success story there as well. Also, GF 2 supports the adoption of innovative technology going forward. Again, the Growing Forward 2 program still has two years to go. We're looking forward to working with the agriculture industry and forestry to continue implementing environmentally responsible practices.

**Mr. Strankman:** Thanks again, Mr. Minister.

Chair, in line 4.1 under desired outcomes you talk about investing in new products, processes, and services. Can you explain to me how you might decide how a revolutionary system for irrigating, for example, might be brought forward? Would there be the potential for direct investment, or would that be left to incentive financing, possibly even by AFSC?

**Mr. Carlier:** Thank you, Chair. Thank you, Member. We live in exciting times. You know, there have been changes in technology in just about any field, not just my son's Game Boy but also things around irrigation, around any kind of forestry, around adding different chemicals on the fields. They're exciting times. I don't know if we know what lies around the corner in new products and innovations and services that might result. We have a lot of different services around innovation, around research, both in the province and in the federal government as well, so we're looking forward to working with those folks. A lot of those different innovative products were value-added. We have the Food Processing Development Centre and business incubators. I think they do great work in trying to develop those new business ideas.

**Mr. Strankman:** Finally, Mr. Minister, there is the consideration of occupational health and safety for farm workers. I was wondering: have you given that any consideration? Are there any budgetary considerations for that potential legislation coming forward?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. You're absolutely right. We're going to be introducing some changes within occupational health and safety to once and for all remove the exemption for farm workers. It's high time that we have the opportunity to protect every worker in Alberta, including workers that work on the farm. It's part of a three-part process. We have to have the changes in legislation, but we also need the right mix of education and regulation and awareness as well.

I do believe that changes in regulation will give us the basis necessary to start raising awareness around our farming families and also education there. We do continue with education around farm safety. We're allocating approximately \$600,000 to do so. I think much of that money is provided through the Growing Forward 2 program as well. We're also providing another \$120,000 per year for the Farm Safety Centre, which ensures safety smarts programs, mainly targeted to school-age children.

**Mr. Strankman:** Well, thank you, Mr. Minister.

You used the word "education" many times there, and rather than punitive legislation, I think that education is a far better way to go forward in this regard. With that, do you think that there would be improved access to capital for rural entrepreneurs who may want to come forward with educational programs for occupational health and safety for farm workers?

**Mr. Carlier:** Chair and Member, you know, I think every person in this room would agree that safety on our farms . . .

**The Chair:** Thank you, Minister. We've run out of time in that last 20 minutes. Thank you.

Now we turn to the members of the third party. I don't know if one of you or two of you will be speaking.

**Dr. Starke:** Chair, for this section I would like to conduct a back-and-forth dialogue with the minister if that's permissible to him.

**Mr. Carlier:** Sure.

**Dr. Starke:** Great. Thanks. Minister, I'm interested in discussing the area of the ministry that's been dropped from your title but, you've assured us, is still very important, and that's rural development. As you will recall, back in June I asked you a few questions about this in question period, and you said, "I'd like to thank the member for reminding the House about the importance of that program . . . I've been meeting with farmers and producers to hear their concerns and their ideas," and then you continued, "We are doing our best to consult with farming families and the rural communities . . . I look forward to discussing funding priorities in more detail with this member and this House as we develop the full budget coming into the fall." Well, here we are, Minister. We're here to discuss funding priorities and the full budget.

First, I'd just like to ask the question, though: why did you feel that additional consultation over and above the 230 submissions and eight different communities around the province was necessary?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. I think, you know, for a large part it is to bring our new government up to speed on the issues around rural development. I think anybody would agree that agriculture and forestry are about rural development. Any promotion of either industry is, for sure, rural development. Since our conversation in June I've had the opportunity to meet with over 160 different stakeholder groups right across the province, and that's not counting the individual farmers and processors I met as well. So I've had a really good opportunity to consult and discuss with many of those different folks, and I have really enjoyed learning about their insights.

**Dr. Starke:** Minister, I have no doubt whatsoever that you enjoy talking to farmers. I certainly do as well, as would anybody. But I guess my question, then, is: what changes have you made to the implementation plan for the rural economic development action plan as a result of your additional consultations?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that. We're maintaining all of the core funding in many of the areas around rural development, recognizing, as I mentioned before, you know, how the industry employs so many people and generates so much economic activity. Regional expositions are maintaining their funding as are rural agricultural societies, agriculture services boards. As we noted before, the Agriculture Financial Services Corporation provides lending services to producers in maintaining their crop insurance program. That all is being maintained as we move forward, which I think is important.

**Dr. Starke:** Good. Well, let's look at a few specifics, then, coming out of the rural economic development action plan. One of the recommendations, for example, is enhanced capacity at the Leduc Food Processing Development Centre. Minister, what funding has been allocated to enhance the capacity at the Leduc Food Processing Development Centre in this budget?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for the question.

8:20

**Dr. Starke:** Minister, I'll tell you what. On some of these questions, if you're having trouble accessing the information, I'll maybe ask that you just return it to me in written form so that I can get through the questions that I have.

The next question I had was that a recommendation was made to announce the extension of the next generation council. Have you announced the extension of the next generation council? If so, when did you announce that, and if not, why not?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. You know, we much value the work that was done by the next generation council. I did have the opportunity to meet with those folks, and we got a very good briefing from them. We understand the good work that they've done, but we also believe that what we were able to gain from that council has been gained, and we won't be extending that council.

**Dr. Starke:** So it's not going ahead any further.

**Mr. Carlier:** It is not.

**Dr. Starke:** Okay. Another recommendation was to implement a new AFSC community bond program in conjunction with the Alberta Community and Co-operative Association and opportunity development co-operatives. What has happened to the community bond program?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question as well. You know, recognizing the importance of the many varying programs throughout the province, as our technical expert is sitting right directly to the left of me, I'm going to defer that question to Mr. Brad Klak.

**Mr. Klak:** Thank you, sir. Chair Miranda, just briefly, there were a number of recommendations with regard to AFSC community local opportunity bonds' increased beginning farmer approach and enhanced beginning farmer approach to deal with some of the succession issues and also looking at potentially increasing lending limits. I think that with the changeover that happened in government, to be fair and respectful to the shareholder, we're going through, much like the previous government, reviewing boards, agencies, and commissions with regard to relevance going forward. That is being done and has been announced. We look forward to going through that process, but to be fair, I think the government wants to complete that process before they jump forward and initiate any enhancements to AFSC.

**Dr. Starke:** Okay. Well, then, let's look at another area. The federal government has done or is in the process of doing a legislation review on rail transportation. You mentioned the importance of rail transportation as far as market access. Has the government made a formal submission to the federal government's review, and if so, when will Albertans be able to see what's been submitted?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. With the previous government I had an opportunity to meet with the outgoing agriculture minister, Gerry Ritz, about three different opportunities. We had an opportunity to talk about, you know, the changes that they're proposing in the Canada Transportation Act. Going forward, I'm looking forward to working with the new government as well on those changes, that I think everyone in this room would agree we need. It's important to commodity experts in this province, and I'll be looking forward to working with them to implement some of those changes. The

previous federal government had made some temporary changes due to what happened with the backlog that we've seen in the last year, but I think we can all agree that, going forward, we want to do what we can to ensure that it doesn't happen again.

We have had, you know, the opportunity to make recommendations to the federal government, and the review is publicly available. We're looking forward to the federal report on December 15.

**Dr. Starke:** Okay. And our formal submission is public, Minister?

**Mr. Carlier:** Yes, it is.

**Dr. Starke:** Okay. One final thing coming out of the rural economic development action plan was with regard to broadband high-speed Internet access throughout Alberta. The development action plan revealed that Alberta has the broadest and widest area of coverage for broadband high-speed Internet of any province in Canada, yet one consistent message we received at the meetings was that it's not nearly good enough yet. Minister, what are your plans to continue or expand or improve upon the final mile program in order to extend broadband high-speed Internet coverage throughout the province?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. Yeah, I can't agree with you more. I live in rural Alberta, myself. You know, they call it high speed, but it's not really. It's not just, as maybe perhaps some people think, to watch Netflix. That's not the truth, right? As we move forward with new technologies, it's important for our rural communities and our producers and our processors, frankly, to have access to that. It's going to become a business need going . . .

**Dr. Starke:** Excuse me, Minister. I completely recognize the need. What are you doing about the need?

**Mr. Carlier:** You know, going forward, we recognize that there is a real need for this. We've had the opportunity and a means of enhancing high-speed Internet through the final mile rural connective initiative. The government will continue to look at infrastructure and technology solutions to address some of these issues.

**Dr. Starke:** Okay. Minister, just to shift gears a little bit, I was very interested in the comments you made with regard to social licence and food safety assurance. As you're probably familiar with, many of our commodities are currently subject to quality assurance programs. Specifically, pork is and chickens are, and these adhere to the HACCP principles, hazard analysis critical control points, which were used initially by Carnation to assure food safety within their plants. But one major commodity group is still not taking part in province-wide certified quality assurance, and that is beef production. You've mentioned that you intend to mandate occupational health and safety on our farms. What about that? Are you planning on mandating beef quality assurance for our beef producers?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. I think it's important not just for the health of our animals and the health of our public, you know, Albertans, but also for our customers, obviously, to maintain our market access. Food companies in partnership with producers are taking some very important initiatives. I had the opportunity to meet several times, for instance, at the round-table discussions on verified beef sustainability with McDonald's Canada. The Canadian Roundtable for Sustainable Beef has been established, so I think there are some

real good initiatives out there to ensure that we have, like you mentioned, the social licence that we need to maintain around beef, meat, biosecurity.

**Dr. Starke:** Well, Minister, you mention the round-table on beef sustainability. One of the major contributors to that was the Alberta Livestock and Meat Agency in terms of financial support to that program, but you've cut back on the funding to ALMA. What other programs could be in jeopardy as a result of your government's decision to cut back on the Alberta Livestock and Meat Agency?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. There has been, you know, as you noticed, a small reduction in the funding for the Alberta Livestock and Meat Agency, recognizing the important work that they do in strong support of our livestock industry. ALMA still has a budget of \$32 million to provide grants and programs that support research and innovation going forward on the value-added industry development and enhancing our food security.

**Dr. Starke:** Okay. Minister, I'm now going to turn to your business plan, and my colleague from Drumheller-Stettler asked some questions about this. I was fascinated by this document, but I do have to tell you that I have some questions. On page 16 under desired outcome one, performance measures 1(b), you list both the last actual and the targets for '16, '17, '18 for Alberta's agrifood exports by sector. You break them down according to primary commodities and processed and manufactured products. I found that interesting because, of course, outcome 4 talks about Alberta's agriculture and forestry industries becoming more diversified and maximizing product value. When I did the calculations on the percentage of our exports that are going out, comparing 2013 through to 2018, a five-year period, while there is growth in the overall number of exports, the percentage that is processed or manufactured products is stagnant. It's at 41.8 per cent throughout the entire five-year period. Minister, if you're really trying to do more value-added, shouldn't that number be going up?

**Mr. Carlier:** Thank you, Chair. Thank you, member, for that question. I believe in your first question, you know, you suggested that we get back to you. Could this be one as well?

8:30

**Dr. Starke:** Okay. We'll do that.

I guess my comment on it, Minister, would be that, you know, these targets that are listed in the business plans tend to be objectives, and usually they should be objectives for improvement. I have to confess that when I did those calculations and they showed no improvement whatsoever despite your government's professed interest in increasing value-added – I mean, after all, the whole reason you're against pipelines is that you want to force more value-added here locally. This is value-added in agriculture, which you're responsible for, Minister, yet the targets you've listed show no improvement in the percentage of processed or manufactured products. I find that rather disconcerting.

But let's move on. In desired outcome 4 on page 18, under performance measures again, under 4(a) we list the "number of value-added products developed and successfully introduced into market with assistance from Agriculture and Forestry." Immediately it was interesting. There's a disclaimer. The last actual 2013-14 was the number 217, and right away there's a disclaimer saying, "The target for 2015-16 is lower than the last actual due to significant product commercialization activities in 2013-14 that are not expected to be repeated." In fact, if you take it out to 2017-18, as you can see from the numbers, the best we're achieving five

years after that watershed year of '13-14 is 190, a 12 and a half per cent decrease. Minister, why are we projected to perform so poorly over the next five years with regard to this key performance measure?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for the question. Value-added processing: you know, product growth reflects challenges we face on a number of fronts, including labour, including a downturn in the world economy, including some of our primary markets, China for instance. So all that reflects, I think, part of that. Looking toward the future, we're projecting that some of that growth would increase because of, hopefully, the rebound of the world economy.

**Dr. Starke:** Okay. But, you know, I'll ask the question again. Your outcome is that the agriculture and forestry industries are more diversified to maximize product value and that you're going to identify new products, processes, services, and more diversification and value-added opportunities, yet your target at the end of the three-year planning period still represents a level that's 12 per cent below what was achieved by the previous government that you folks spend an awful lot of time trashing. I'd be really curious to know why you set your sights so pessimistically for this industry that you're supposedly so optimistic about.

**Mr. Carlier:** Thank you, Chair. Thank you to the member. There's no "supposedly" about it. I'm most certainly optimistic about this industry, very excited about the opportunities that exist in agriculture and forestry. Again I'll reiterate that a lot of these target numbers that you see are going down because of a downturn in the world economy.

**Dr. Starke:** Okay. Let's move on, Minister. Let's move to page 19. I love the title for desired outcome 5: "Alberta has thriving rural communities." I don't think you'll find anybody that would argue against that, but I want to get down to specifics. Priority initiative 5.1: "Support positive economic development in rural Alberta that enables producers and agriculture and forestry businesses to grow and succeed." Okay. Priority initiative 5.2: "Increase business and entrepreneurship capacity in rural Alberta." Minister, what exactly does that mean?

**Mr. Carlier:** Thank you, Chair. Thank you, Member. What it means is new processors coming in. We have programs all the time coming in. We have opportunities to expand existing programs, existing projects.

To get any specifics, I think it would be a good opportunity now to again defer to our subject expert, Mr. Brad Klak.

**Dr. Starke:** Actually, no, I'm going to interrupt there. You know, I appreciate that Mr. Klak is very knowledgeable on this, but I do have a couple more questions, and we're running to the end of the time.

Number 5.4: "Develop long-term solutions to address labour challenges in the agriculture and forestry sectors." Such as?

**Mr. Carlier:** Thank you, Chair. Thank you, Member. There have been some labour challenges. There have been changes to some federal programs that, you know, were not necessarily beneficial to the rural economy of Alberta, including agriculture. There have been some programs that have been designed by the federal government that were designed specifically for agriculture, whether you were wrapping cucumbers in Medicine Hat or picking mushrooms in southern Alberta, that had some real challenges over the past few years. I'm looking forward to working with the federal



government on trying to get past some of those challenges that we do have. Going forward, we are implementing some training programs for our aboriginal peoples in the forest industries, Work Wild with the Alberta Forest Products Association, going into schools where they're trying to encourage the good jobs that exist both in agriculture and forestry products.

**Dr. Starke:** Very good. Mr. Minister, I'd just like to . . .

**Mr. Carlier:** We have auto agriprocessing, an automation efficiency program.

**Dr. Starke:** Fantastic. I've got about 30 seconds. I just want to ask one last question. Initiative 5.5 reads: "Improve leadership capacity and skills development in rural communities." A moment ago you just told us that the next generation council isn't going to be extended. Wouldn't the next generation council be an ideal way to improve leadership capacity according to priority initiative 5.5?

**Mr. Carlier:** There are many other programs available with our youth in agriculture and forestry. I just mentioned the Work Wild program, which is implemented by the Alberta Forest Products Association in our forestry communities and otherwise. Another great program which we're having the opportunity to celebrate here very shortly is our 4-H program, which delivers programming to . . .

**The Chair:** Thank you, Minister. The time has run out.

At this time, with the consensus of the group, we would like to take a five-minute break if that's okay. Yes? Thank you. We'll be back in five minutes.

[The committee adjourned from 8:37 p.m. to 8:43 p.m.]

**The Chair:** I would call everyone back to the table so we can resume, please. Thanks, everyone.

Before we continue, I just wanted to remind the members, from the introductions, that ministry officials are in fact present and may at the direction of the minister answer the question. So I'd just like to remind all the members of that before we go forward.

Now we have the portion of the evening where we turn our minds to the independent members. We have 20 minutes for that.

**Dr. Swann:** Liberal member, yes. Thank you very much, Chair, and thank you, Mr. Minister and staff. It's good to see you here. I've learned a lot listening to you online, so I hope to not repeat too much of what was said before.

One of the key issues in my background is public health, food safety, antibiotic resistance, issues around the agricultural use of antibiotics and hormones, and the growing concerns not only in the public but also in some of the independent food producers. Certainly, we see it marketed more and more on television.

Countries such as the United Kingdom, Norway, the Scandinavian countries all require that any antimicrobials used in animals be available by prescription only. Provincially, Quebec has started to require this as well. The concern, of course, is the growing antibiotic resistance in the human population and the deaths, now thousands of deaths each year, associated with antimicrobial resistance.

Does the Alberta government have any intention to restrict antibiotic use in growth-promoting food production? Does the government have its own strategy to tackle the growing problem of antimicrobial resistance? Is eliminating antibiotics in animals except for infectious diseases something the government believes is possible or desirable? If minimizing the use of antibiotics is the goal, what sort of targets is the government pursuing? I've raised this pretty consistently over the last 10 years and have yet to hear a

substantive response from the agriculture department, and the concerns continue to grow.

Would the minister like to take a few minutes just to talk briefly? I think I have 10 minutes – is that right? – or is it 20 altogether?

**The Chair:** It's 20 minutes altogether, back and forth if you'd like to share.

**Mr. Carlier:** Thank you, Chair, and thank you, Member, for the question. Pathogen reduction strategy: Alberta is working collaboratively towards the preservation of effective antimicrobials for humans and for animal production. The Canadian integrated program for antimicrobial resistance surveillance is sampling on-farm slaughter and meat retail. AF co-ordinates with academia and industry to provide Alberta's input on surveillance projects. AF, Alberta Agriculture and Forestry, is also working to develop a provincial antimicrobial resistance strategy and action plan, and we're also advising the Council of Chief Veterinary Officers on AMR policy.

I'd like to take the opportunity to defer to our subject-matter expert on that, Dr. Stewart, for further elaboration.

**The Chair:** If you could please say your name for the record.

**Dr. Stewart:** Thank you, Chair. My name is Dr. Jeff Stewart.

To answer the question a bit further, Alberta is working collaboratively towards the preservation of antimicrobials for human use as well as for animal production systems. Naturally, the goal is to try and reduce the use of antimicrobials. There is a program that's under way, the Canadian integrated program for antimicrobial resistance surveillance, which is divided into two areas. One is sampling, which looks at on-farm slaughter as well as meat retail. As well, Alberta Agriculture and Forestry co-ordinates with academia and industry to provide input on surveillance projects that are out there in the province. We're also working with Alberta Health to develop a provincial AMR strategy and action plan, and we're also advising the Council of Chief Veterinary Officers on the AMR policy.

**Dr. Swann:** Thanks very much. I guess I'd be interested, just before you sit down, to hear what progress you've made. This is not a response that's inconsistent with past responses I've had. When are we going to see evidence that we are reducing antibiotic use as a growth promoter in agriculture?

**Dr. Stewart:** Mr. Chair, I don't have that information with me tonight, but I would be happy to provide it.

**Dr. Swann:** With respect to health and safety protection for farm workers I want to commend the Minister of Jobs, Skills, Training and Labour for stepping into the 21st century and committing to some standards in the workplace that are consistent not only with other occupations in Canada but also with our international trade agreements, that require us to maintain a health and safety standard for all farm and agricultural operations. It may be that the standards are commonplace in other jurisdictions, but we're still struggling with that here despite previous Premiers committing to it and repeated committee reviews.

I see a commitment here, and I expect to see some delivery, if not in this session, at least by next session. A minimum would be a WCB commitment on all farm and agriculture operations to ensure that every injury gets compensated and every farmer, agricultural operator, and owner is protected from lawsuits. It's a win-win for the industry and the workers, the paid farm workers. I guess I'd like to know when we're going to see any of these important changes

related to workplace safety standards, child labour standards, workers' compensation made universally accessible. Those are the priorities, but you would recognize that labour code standards may well be in the works sometime as well.

8:50

**Mr. Carlier:** Thank you, Chair, and thank you to the member. I'd like to acknowledge the member as well for his diligence and, you know, his preoccupation with this file. I would recognize that it is very important. It's important to our farming families, to our workers on our farms, and, I would suggest, to all Albertans. We're most certainly moving forward on this file to ensure that every farm worker has the same access to safety legislation as any other worker in the province. It's high time that we offer this protection to our farm workers, as any other farm worker has in every jurisdiction in Canada.

You mentioned market access. I think it's important that we get this right to ensure that we continue that market access as, you know, our trading partners would not look favourably on us if we didn't move forward on this. So I assure you that we're going to move forward as quickly as possible and, as well, assure you that the discussion and consultation process doesn't stop there. We continue to consult with our farming families and our other stakeholders to ensure that we get this right and that we get it right for a made-in-Alberta solution.

**Dr. Swann:** Well, that's encouraging, Mr. Minister. I've heard this talk before, consultation after consultation after consultation. I hope this will see the light of day within the next 12 months.

With respect to chronic wasting disease in elk and deer and some of the concerns I've raised in your office and with the environment minister: farmed elk and deer were the original source. It's now spread widely, especially in Saskatchewan, where it has not been well contained, but it's in Alberta as well, and any deer and elk found east of Calgary and Edmonton appear to have to require a post-mortem head submission and a test for prion disease. Our own Alberta Prion Research Institute is concerned but doesn't speak publicly about some of the concerns they have, that have been raised as far back as 2012 by the United Kingdom, who raised the concerns around variant Creutzfeldt-Jakob disease associated with eating beef. That was the mad cow scare that devastated our own agriculture industry for the last 10 years.

Around the same time the Secretary of Agriculture in the U.S., in 2001, declared a state of emergency because of wasting disease, and I quote: CW disease is on the rise among both wild and domestic cervids, is progressive, always fatal, possibly transmissible to cattle or other domestic livestock. It's time to get serious and place quarantines widely, cull those infected, and either provide payment for potentially infected animals to be tested or sacrifice them. Much more aggressive action was recommended.

In Saskatchewan it's kind of disturbing to hear that the government is no longer paying for the testing of dead animals, and therefore individual hunters now have to submit the heads and pay for the testing on their own. This speaks to a failure of real, serious commitment to the control and management of wasting disease and its theoretical potential at this time to spread into cattle and, just as with Creutzfeldt-Jakob disease, with mad cow disease, a theoretical potential to spread into humans and the devastation that would create. With the finding more recently that prions are actually growing in plants, I've talked to you about the possibility that our international markets could consider boycotting our agricultural goods, especially our seeds and plants.

Our federal government does not seem to be taking it seriously enough, in our view. I'd like to hear what you're planning to do to

raise the level of awareness and control measures across the country and properly invest, both here and ensuring that the federal government does, to control and contain and even eliminate this condition, if we can, in North America before it gets out of hand.

Thank you.

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that. In January and July of this year there were two separate cases of chronic wasting disease in two separate operations. We were able to detect that with, you know, our strong chronic wasting disease monitoring system. Those are the only two cases we've had since 2003.

**Dr. Swann:** That's on game farms.

**Mr. Carlier:** On game farms, yes.

**Dr. Swann:** It's still in the wild much more prevalent than that, of course.

**Mr. Carlier:** Yeah. But those affected game farms: the elks that were there were all depopulated to ensure that, you know, it wouldn't be spreading past that. The wild populations that you mentioned, I think, are above my pay grade, perhaps, but I will with your permission – without your permission I'd like to go again to our subject expert, Dr. Stewart.

**Dr. Stewart:** Thank you, Minister, Chair. You raise some interesting points, Member. It's true that chronic wasting disease is an important issue for Albertans. The evidence does suggest that CWD cannot be transmitted to humans. Health Canada does follow the World Health Organization's recommendations against consuming meat, though, that is from known CWD positives. In Alberta all farm cervids over a year that die or are slaughtered for human consumption are tested. The statistics for 2014 were that we tested 6,624 cervids. Of that, 2,632 were farmed, and 3,981 were tests from wild cervids.

**Dr. Swann:** What was the positivity rate?

**Dr. Stewart:** Oh, you ask good questions. I don't have that. I'll have to get that for you.

**Dr. Swann:** Thank you.

Your comment about consumption: it would be limited, presumably, if someone knew that their animal was positive for prion disease. That, I guess, begs the question: was the animal even tested? In Saskatchewan many hunters don't bother testing because they don't want to spend the \$140 for the prion testing. It suggests to me that we're not taking this seriously enough. Clearly, we have a responsibility for stepping up our testing and control measures in wasting disease, but the federal government has to feel some pressure from us as well.

There's no question in my mind that international markets don't care whether it's transmissible to cattle or humans. They know that it's transmissible to wildlife, and they have at least a theoretical basis for saying, "We're going to cut off agricultural products from North America," because we have a growing and expanding prion pool in the North American continent and we don't seem to be able to get it under control. Saskatchewan is the most egregious example, but if we're not investing as a provincial government – I know we've cut back; at least, last year we cut back on the control measures in Alberta. Certainly, there are thousands of people in North America, probably, eating infected meat because they don't bother testing, and it is now all over the northwest and, especially, Saskatchewan.

The idea that this doesn't get into humans, that it's not expected to get into humans may well be true. We said that about BSE. The fact that it could not transfer into cattle, again, is a theoretical improbability, but are we going to take the chance? There are billions and billions of these prions in the environment that ultimately are going to transform themselves, as they perhaps did with BSE, and potentially threaten not only the wildlife industry, which is a tremendous part of our hunting and fishing and tourism industry; they're also going to contribute to the threat of boycotts of our agricultural industry just on the basis of the potential for that.

I guess I'm looking for a sense of urgency about this, and I haven't seen it yet although I've raised it for the last few years. Again, the international markets don't have to have the facts to say: there's a theoretical possibility; we're going to cut off your agricultural products. It threatens not only our wildlife industry, perhaps; in Europe it potentially threatens other agricultural industry. So I'm looking for a sense of urgency about this particular issue.

**9:00**

**Mr. Carlier:** Thank you, Chair. Thank you, Member. I hear you very, very clearly on the issues around prion disease, not just chronic wasting disease. I have been assured by our officials that we do have a strong chronic wasting disease monitoring and response program in place. You mentioned Saskatchewan a few times. I understand the issues they've had there, and often the issues that we have in our own province are on the eastern border with Saskatchewan, you know, coming from that. I think it's important enough that we continue the monitoring, working with Health Canada and the Canadian Food Inspection Agency to ensure that we keep on top of this. I have not heard of any evidence or suggestion that we're losing market share because of our monitoring program. I think we are doing an adequate job of that, keeping in mind that we'll continue to monitor and maintain this program going forward.

**Dr. Swann:** A final question. The past government discontinued the agriculture and food innovation endowment account in the fall session of 2014 pursuant to Bill 11, the Savings Management Repeal Act. Over \$3 million was transferred to it from the Alberta heritage savings trust fund in 2014-15. Can you tell us what the \$3 million was used for?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. You're right. Bill 11 was the elimination of that endowment fund. The actual includes nearly \$2.7 million in agriculture opportunity fund operating grants. That's where it was redirected.

**Dr. Swann:** So it was used for . . .

**Mr. Carlier:** Agriculture opportunity fund operating grants.

**Dr. Swann:** I don't know enough about that. Can you explain that?

**Mr. Carlier:** Yeah. Maybe we can get you some specifics.

**Dr. Swann:** Or transmit it to me afterwards. That's fine.

**Mr. Carlier:** Yes, please. Thank you.

**Dr. Swann:** Thank you, Chair.

**The Chair:** So no more questions? No? Okay.

We now turn to members of the government caucus. Mr. Anderson, I believe you have some questions.

**Mr. S. Anderson:** I do. Thank you, Chair. Minister, if you wouldn't mind, we could do a back and forth. Would that be okay with you? I have a few questions, and MLA Dach does as well, so I will let you and the chair know kind of as we go here.

Before I ask my question, I heard you say some things about Asian markets, and it's pretty dear to me with the Edmonton International Airport. I know that you guys probably know about Air China coming in and expanding markets through there and using that as a starting point to go through North America. I'm pretty excited about that as well as the food processing plant. I welcomed a delegation from China there that were incredibly impressed with that plant, and I was impressed with it as well, so I'm looking forward to some future discussions there.

On to the business here. This was a tough year for some of the farmers. You know, I have an urban-rural area, 'rurban' as some say. Some of these had to deal with dry growing conditions in the spring and some hail damage in the summer. As a result, many are stressed and have had some rough economic times. My question to the hon. Minister of Agriculture and Forestry is: how is the government planning to provide disaster assistance to the farmers affected by this 2015 drought?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for the question. You're correct. It was, you know, a tough year for a lot of our producers. It started out very tough, with a low moisture content because of the low snowfall throughout the winter. Believe it or not, more snow this year is what we need. We had significant rainfalls in August and September, which helped mitigate a lot of those issues that we had. As agriculture often is, there were some dry areas, drier than others. Mackenzie county, for instance, was quite dry as well as Cypress county.

We had over 20 counties and municipal districts within the province declare an agriculture disaster because of the low moisture content. Even with that, our total production, our yields, this year were quite a bit better than we originally anticipated. I think a lot of those late rainfalls helped a lot of the crops develop. It also helped with our forage and pasture situation as well. We're about 8 per cent below our 10-year average, which, I would suggest, still qualifies as a drought but is not nearly as hard as we thought it was going to be.

We have a whole suite of different programs within the Agriculture Financial Services Corporation that were well subscribed to by producers across the country – sorry – across the province. Speaking of the country, actually, some of our programs, you know, are even being studied by other jurisdictions in Canada for their value, that we do know they add to our farms and our ranches.

We had the opportunity to assist in other ways as well. We cut the water pumping program, for instance, the rates there, in half. That gave the ability to a lot of producers, if they had access to an additional body of water, to be able to pump, to fill up their dugouts, for instance, to make sure that they have the water needed to water their livestock. It doesn't matter too much how much feed you might have if you don't have any water for those cattle. So that was really important.

We've also had the opportunity to work with Environment and Parks to access further grazing opportunities they had with parks, the leasing opportunities they had there. That was able to assist a lot of different producers, especially in the north Peace Country, where it remains particularly dry.

Early on in the year – I believe it was in July – the federal government announced its federal tax deferral system, that allows breeding stock deferral. If they've had to reduce any of their livestock at all, their cattle herd, they're able to use that deferral to

help build up the herd again in the spring. So we welcome that from the federal government.

Also with the federal government there are other business management mitigation strategies that producers can access, including AgriStability. Moving forward, you know, we believe that a lot of these programs are well accessed by our producers and, in large part, gave them the ability to get through what was somewhat a tougher year than normal.

**Mr. S. Anderson:** Thank you, Minister. I actually had some farmers that were pleasantly surprised with some late rains and had some crops coming up when they didn't really expect it, so a little bit of positive news, I guess.

Seeing as how I'm new to this and to the agricultural disasters, my first time being through it in this sense, I would like to ask the minister, because I've had this question asked of me before, if he could explain to us: what does it actually mean to declare an agricultural disaster?

**Mr. Carlier:** Thank you, Chair. Thank you, Member. You know, there are two parts to that question, I suppose. I mentioned before that a lot of the counties and municipal districts declared their own agricultural emergencies. Other than raising awareness, it doesn't really trigger anything, unlike a provincial declaration that we're able to make as an order in council. The provincial declaration set in motion the ability for Agriculture Financial Services Corporation to access the reserve funds to start paying out any insurance claims that might be coming up. We had some early claims, obviously, with the hail that happened in central Alberta, but going forward as well, folks might need some.

I think, you know, for maybe a little bit further detail on that I will defer to our expert on the subject matter, Mr. Brad Klak.

**Mr. Klak:** Minister, Chair Miranda, Member, from a payout standpoint to date, as of October 31 we were over \$300 million through our multiperil programs and our perennial crop insurance programs. We're on target through the insurance programs to be – to the minister's point, things got an awful lot better than they were looking at the end of June, as you mentioned, even in your own constituency – in that 100 to 105 per cent of premium, which would put us around \$650 million. I know some of the public statements have been at \$700 million and \$900 million, but that really is a credit to the fact that Mother Nature and conditions really did improve to a great extent.

The ministry used countless opportunities this summer also to speak about lines of defence. We've got insurance programs. We insured a record number of acres across Alberta this year, 14.7 million acres, taking on over 5 billion dollars' worth of potential liability, which is good for our producers. It was hard. I think that the hay in the pasture was hit really badly, and that's an area where we have struggled in trying to get our producers to take advantage of those programs for a variety of reasons that we could get into. We're working hard, and we're going to be marketing that program very hard to show them the benefits of that.

**9:10**

We've got over \$550 million in AgriInvest accounts in this province, which is there as a rainy-day fund, that the producers have had matched by the federal and provincial governments. We've got, I believe, over \$147 million in AgriStability and AgriInvest, but AgriStability as well is for those producers that are going to be significantly impacted versus what their five-year averages were.

Our producers access quantitatively some of the best – and this isn't just anecdotal – backstopped business risk management programs in this country if not in North America, and they are all

trade compliant. Our producers had a very challenging year, but I think it's a credit to the minister and the government to have anticipated a lot of these concerns – drought is not a new event for us – and to be able to allow the programs to do what they were designed for.

**Mr. S. Anderson:** Thank you.

Kind of along the same vein, I guess, you know, I've been stopped in coffee shops and along the street by different people asking me about the disasters that happened, the drought and things. Given that the disaster has affected so many of these farmers, is the government thinking of any risk management tools at the moment going forward?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. I've been quite encouraged this year, which was a bit of an abnormally dry year, by the programs that we have in place. If we're looking at back history, you know, early on in this year we were comparing it to the year 2009, which was a drought, but it was, as it turned out, not as bad as 2009. My understanding is that one of the worst years that we've had recently was 2002, when it was very particularly dry.

But, you know, I'm encouraged by the programs that we have in place. At least, as an example, this year it was adequate. I think that gazing into our crystal ball now, we don't know what the future will hold. We're hoping for better times next year and enough snowpack over the winter to maintain our soil moisture content that we've had over the past few weeks and, as well, adequate rains in the spring.

**Mr. S. Anderson:** Thank you, Minister.

On to my next one here. Again, it has been a tough year for farmers, and I'll kind of go back to this a bit because I've had so many people in my office about this. Insurance for farming is a significant help for them. My question to the minister is: why, then, in line item 6.2 on page 40 of the operating estimates do we see that there has been a decrease by almost \$30 million in insurance funding for these producers?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. In getting at these numbers, I think it would be prudent to talk to the subject matter expert, so I will defer that question to Mr. Brad Klak.

**Mr. Klak:** Thank you, Minister, Chair Miranda. I spoke a little bit about this to a previous question. It's really not a reduction because from the standpoint of the government of Alberta, of producers, and of the government of Canada, that are all partners in this program to various levels, the producer is paying the highest share, at 40 per cent. We fund, the producers fund, and the federal government funds. The liability, which means what those losses are, ultimately is what it turns out to be based on the weather conditions, the market conditions, the price conditions that exist. So money into the program over 25 years should equal money out of the program over that same period of time.

The real cause for the drop, again, in terms of that \$30 million is not a lack of funding to the program. What it is is that there was a softening of commodity prices pretty much across the board this year. Barley increased a little bit later on in the year, but there was a general softening. So when we looked at where to set those premium levels, that was the biggest determinant. The second-largest determinant was that underlying risk, essentially determined on an individual and a risk area basis. Especially if you looked at the last five if not the last 10 years, 2009 was a bit of an anomaly, and really since 2002 we've had some excellent results, which have driven premium costs down. That's a good-news story for the backstop.

That same protection is in place. In fact, our producers can insure up to 80 per cent of their own yield that they're able to produce. I think our average right now is 77 per cent. So they're taking advantage of those programs, again, to the highest number of acres that we've ever insured, but we're not reducing it. What it is is that the costs of those programs to the provincial government, to the federal government, and to the producer have come down a little bit because – this year is a little bit of a case in point – over the past decade it's been good results, albeit there's been a softening in crop prices that took those numbers down a touch.

**Mr. S. Anderson:** Thank you, Mr. Klak.

I guess we kind of meshed together a little bit my subset of questions here about asking if the crop insurance has been affected by this. If you could be a little bit more specific. Like I say, I'm a little new to this.

**Mr. Carlier:** No worries. Thank you, Chair. Thank you to the member. I will defer again to Mr. Klak to see if there are any particular details that we haven't covered. There might not be much, but I'll see what Mr. Klak might have to add.

**Mr. Klak:** Minister, Chair Miranda, from just a numbers standpoint, again, insurance has been working well. I know there have been some other comments, but generally speaking we have an excellent relationship with the almost 28,000 policyholders in this province. We try our best. We treat them as clients. They went through a challenging circumstance. It was better than we expected, but insurance will pay out, again, likely in that 600-plus million dollar range. Even on the perennial side, which from a take-up is quite low, there was approximately \$17 million in premium on hay and pasture. That program has already paid out \$60 million. It's not unprecedented, but that almost paid out risk, which from an insurance industry standpoint is extremely, extremely high.

It was an average hail year for us. It wasn't a terrible year; it wasn't a fantastic year. We have a program called straight hail. In fact, Alberta producers have access to the best hail insurance in the country. They can actually take a hail endorsement on their multiperil, which 98 per cent of them do. We're the only province that offers that product. We are also one of the most hailed-on agricultural jurisdictions in the world, so it's important. We also offer a straight hail product. The multiperil hail side we're still reconciling with our postharvest inspections, but on the straight hail side over \$32 million went out to Alberta producers that were affected. That's a product that there is no government subsidy attached to. That is all paid for, administrative costs as well as premium costs, by producers.

I think it's a good-news story from the standpoint that the producers have availed themselves of our products. They continue to. We have excellent client satisfaction rates. We take all of that very seriously. We want to be known as a great partner for those producers with regard to risk management programs.

**Mr. S. Anderson:** Thank you, Mr. Klak.

Like I said, the other one kind of meshed together one of my questions, so I'll go on to my next one here. Environmental stewardship focuses on supporting agriculture and rural communities, and through this we are able to protect our earth, air, water, and our lifestyle as well as our source of livelihood. It is perhaps a great way to diversify our economy. Speaking of that, I see on line 3.2, environmental stewardship, that the government is projecting an increase of \$580,000 from the budget for 2014-15. I would like to ask the hon. minister if he can explain to the committee where these funds will be spent.

**Mr. Carlier:** Thank you, Chair. Thank you, Member. Environmental stewardship focuses on supporting our agricultural and rural communities. It's important that we maintain our environmental sustainability on earth, air, and water, which are vital to the lifestyle and livelihood of our rural communities, our farmers, and our ranchers. Environmental stewardship delivers in partnership with industry the business model system, science, information, and measures that enable industry to take action. An example of this would be our environmental manual for farmsteads. This goes into, for example, many different things, situations that might arise on a farm, anywhere from a few spills to nutrient loss in their soils to water erosion from their soils, wind erosion as well, greenhouse gas emissions, issues around dust and smoke, I mean, some of the pilot projects within larger commodity groups, hog barns and dairy barns, et cetera.

This has been, you know, one of our on-farm stewardship programs. A lot of this is funded in conjunction with the partnership we have with the federal government on the Growing Forward 2 program, which, as I've mentioned before, has its ebbs and flows designed into the program but still will be in place to the year 2018. In the meantime, from now till then, we'll start negotiating programs and projects around the Growing Forward 3 program, which I'm very much looking forward to.

**9:20**

**Mr. S. Anderson:** Thank you, Minister.

Seeing how you brought up Growing Forward 2, I would like to ask if the on-farm stewardship program is working in conjunction with the federal government's Growing Forward 2 funding program.

**Mr. Carlier:** Thank you, Chair. Thank you, Member. Yes, it is. The Growing Forward 2 program in conjunction with all the provinces, including Alberta and the federal government, has been providing programs on this. It's important not for just Albertans but for everyone, so I take some comfort that we are able to get the federal funds to help with these programs. The funds project helps livestock and crop producers implement on-farm management practices. It might, you know, positively impact water quality and promote sustainable practices throughout our industry. I'm looking forward to the continued co-operation we have under Growing Forward 2 and, frankly, any other programs that the federal government might want to initiate.

Thank you.

**Mr. S. Anderson:** I appreciate that.

The next question – like I said, some of my stuff is pretty broad here, so the answer has kind of come up in that one – is going to be from MLA Dach if that's okay, Chair.

**The Chair:** You have 45 seconds.

**Mr. Dach:** Thank you, Chair, for letting me speak. I'll be brief. To the minister: when can we expect a resolution to the COOL dispute over livestock and meat exports to the United States?

**Mr. Carlier:** Thank you, Chair, and thank you, Member, for that question. The mandatory COOL, country of origin labelling, has been a thorn in the side of our producers for too many years. That's why Canada has been successful in four different applications to the World Trade Organization to move forward on this. You know, I've been assured by the federal government that they have the opportunity to invoke any sanctions if they don't repeal this . . .

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

For the time remaining, we will follow the same rotation we just followed. The minister and the member may combine their speaking time for a maximum of 10 minutes if they wish.

Having said that, I believe the first person up is Mr. Hanson.

**Mr. Hanson:** Thank you very much, Chair and Mr. Minister.

**The Chair:** Did you wish to combine the time for 10 minutes?

**Mr. Hanson:** No. I'll present an amendment and two questions. Then the minister can answer.

**The Chair:** Okay. Thank you.

**Mr. Hanson:** I'll take advantage of this time to present this notice of amendment, and I'll just quickly go through two questions, and then, Mr. Minister, if you could answer them. The first question is regarding the feeder associations. The feeder associations provide funding to young farmers for buying grass calves in the spring, and it has very limited funding regardless of stock prices. Cattle prices have skyrocketed, especially over the last 18 to 24 months. Is there any plan to reallocate funding to the feeder associations so that more young farmers can take advantage of this program? Just as a suggestion I would suggest a formula that more closely follows the fluctuations in cattle prices.

My second question. Again, if you would indulge my preamble, Mr. Minister. You may recall a previous meeting between myself, yourself, and a man representing a group from the town of Two Hills, in my constituency, regarding a greenhouse project. He appeared to have quite a concise business plan to start a five-acre greenhouse project in the community that would have fit in quite nicely with the government's plan to diversify rural economies and lessen dependence on oil and gas industries. He even had arrangements in place with a local distributor, Sunshine Food, to distribute everything that they could produce. It seemed to me that you were quite interested in the project during the meeting, and I was quite surprised that he could not get support for this project. Being that we show 38 million plus dollars at line item 5.1 under Rural Economic Development, can you tell me what exactly his failing was with this project so that I can help him get this thing straightened out? It seemed to me to fit very well with the plans to diversify rural economies. Do you see any other opportunities within your department to get this project off the ground? I feel it is very important to get that diversification in our area.

Thank you.

**The Chair:** Before you answer, Minister, if he could please read the amendments that he's proposing for the record, please.

**Mr. Hanson:** The amendment reads:

Mr. Hanson to move that the 2015-16 main estimates of the Ministry of Agriculture and Forestry be reduced for the minister's office under reference 1.1 at page 40 by \$50,000 so that the amount to be voted at page 39 for expense is \$1,128,139,000.

Thank you.

**The Chair:** Thank you.

**Mr. Carlier:** Thank you, Chair, and thank you to the member for those two questions. The first question was on the feeder association loan guarantee program, which in July 2014 was doubled from \$500,000 to \$1 million. Since then, the Agriculture Financial Services Corporation has a specific loan guarantee program in which 17 associations have had secured loans come through, for a total of \$8 million.

You know, perhaps for some more specifics on that, because it was administrated by the AFSC, I will again refer to Mr. Brad Klak for any further details.

**Mr. Klak:** Thank you, Minister, Chair Miranda. Just really briefly, as you're aware and for others' knowledge, there's a guarantee in place. It's been in place, I think, since 1936: \$55 million, which the province carries in order to support the growth of the cattle sector, as it has for many, many years. But with prices especially, volumes and prices, and, hopefully, an expansion of the cattle herd the associations were bumping into that \$55 million guarantee.

The province was conducting a review, and I believe the province is still reviewing its options with regard to a contemporary approach, not looking at 1936 but looking into the future. They came to us last Christmas and asked if there was anything that we could do. We have a guarantee, a specific guarantee program. We were able to create some free board for the feeder associations. We've lent over \$7 million to that, which may not sound like a lot, but it's leveraged about four times, so that's supported approximately \$28 million worth of activity in the cattle sector.

With the minister's support we also took a look at a risk rating for what we were charging because the difference between the guarantee from the province and AFSC is that we were charging. Essentially, we were charging 3 per cent on the outstanding balance. What we did was that we risk rated the model, and I'm very proud to say that we're taking that down to 1.1 per cent.

I know the feeder associations like the way that the guarantee worked in the past, but we're doing what we can, I think, on an interim basis to be able to provide that support at as reasonable a cost as possible, and we're going to continue to work with the minister and his government colleagues to see how they want to go with regard to the future to support that expansion in the cattle sector.

**Mr. Carlier:** Thank you, Chair and Member. I'd like to address your second question as well, on the greenhouse. You have me at a bit of a disadvantage because I haven't had an update on what's happening. I don't know exactly, you know, who the individual approached and what specific programs or information he was looking for and where it might or might not have fallen off the tracks, but I would really appreciate getting some of those specific details. I most certainly would be interested in looking at that going forward.

**Mr. Hanson:** Could I answer back to that?

**The Chair:** Do you have a question?

**Mr. Hanson:** Well, yeah. It was under a recommendation that was given at the meeting. I believe it was to the AFSC. He was basically turned down without any real explanation, so I was just wondering if there are other departments or other avenues within your department that we can follow through with because I'd really like to see this project get going. I'll get you more details on that.

**Mr. Carlier:** Yeah, please. I think that would go a long way.

**Mr. Strankman:** Chair, could I beg your indulgence? Do we have time for one more question?

**The Chair:** You have three minutes.

**Mr. Strankman:** Yes. Thank you for that. If I could, Mr. Minister, I've been approached by an organization of volunteer egg producers that get together. These egg producers are under 300 laying hens, and they're from the Nobleford district. They voluntarily market

their eggs under the name of Galimax. They have since been – you know, it would appear to me that they fall under the mandate of the local food production act, that we're going to be discussing and have discussed in the Legislature. But now they are being pursued with great vigour by the Alberta egg producers' marketing board because they're voluntarily marketing these eggs in greater numbers than what single producers can bring forward.

9:30

I was wondering if you could give me any idea what might occur in cases of conflict like this. Is there any consideration for an appeal process? I mean, certainly, it's before the courts now, and singularly we can't discuss that issue. But to that type of voluntary production that infringes upon marketing boards, both for poultry and feathered animals: there's the potential for issues there.

**Mr. Carlier:** Thank you, Chair, and thank you to the member for that question. I believe that in the early days – I recall that situation as well. I did refer to that as before the courts. I wouldn't want to say something that might jeopardize that particular process although, you know, I'm interested in where that might go.

The second part of your question. You asked if there might be an appeal process. I suspect that would all be suspended until the outcome of the court process, but I'm no lawyer. I'm just guessing there.

Thank you.

**The Chair:** You have one minute and 40 seconds left.

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

You know, that is a nebulous position. Certainly, in the case of marketing boards there may be the – I wanted to make your department and your government most certainly aware that there is a potential for conflict there, so I appreciate your comments in regard to that.

I think that at this time, Mr. Minister, I'll yield to the other members. Thank you.

**The Chair:** Thank you.

Sorry. You had a question?

**Mr. Hunter:** I do. Thank you, Chair. My question is for the comments you made on Spray Lake Sawmills. I'd actually like to ask: what was the response to no remuneration?

**Mr. Carlier:** Thank you, Chair, and thank you, Member. We have had ongoing discussions and consultation with the Spray Lake Sawmills. I think they're well aware that under their agreement it says that the minister may or may not compensate for anything. We established earlier on in these proceedings that there is no unallocated lumber in the province. What we have asked Spray Lake to do is an assessment of the impacts for this moving forward. It's still early in that process, so there's really nothing more I can add until we receive that.

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

Members of the third party, do you have any questions? Mr. Gotfried.

**Mr. Gotfried:** Yes. Thank you, Chairman. With the minister's permission, I'll direct a few questions for back and forth.

**The Chair:** Thank you.

**Mr. Gotfried:** Mr. Minister, the cost of doing business in Alberta is high and very challenging. Electricity, labour, land, and

transportation costs, including your government's recent plans to increase taxes on railway diesel fuel by almost 300 per cent, are high, not to mention the challenges of attracting and retaining workers in a unique, nonurban setting. Where specifically in this budget is an allocation and plans to address these key issues of competitiveness, productivity, and viability of this high-potential sector? What will you do, other than raising fuel taxes, to ensure our costs for getting agriculture and forestry products to market remain competitive given our significant reliance on rail in this high-cost environment?

**Mr. Carlier:** Thank you, Chair. Thank you, Member. Using programs and projects that have been in place and going forward, too, I think we can address a lot of the issues around competitiveness. I think the growth within the industry is viable, it's important, and it's more than possible. I think it's probable. We recognize that the agriculture and forestry sectors are essential contributors to our strong and diversified provincial economy, and I remain optimistic – I believe the industry does as well – on moving forward. We have various programs. As an example, the agriprocessing automation and efficiency program is designed to stimulate new investment. I'm looking forward to outcomes in that.

New investment capital expansion. The agriprocessing product and market development will stimulate new investments in value-added and agriproduct processing sectors. I mentioned before that the processing sector in Alberta is vibrant and continues to grow. As an example, we've had just these past few months an opening of a new canola seed-crushing plant in Camrose, which I've had the opportunity to go through. They currently are crushing 800,000 tonnes of canola seed. It's early days. They're looking to full capacity of that operation; it will be upwards of 1.2 million tonnes. So that's, I think, another great success story.

In forestry we're investing \$1 million in innovation to look at options for other products in value-added, with a lot of really great success stories there as well. You know, we've kind of gotten used to the fact that most of our homes, newer homes, anyway, have oriented strandboard but recognize that that product has only been around since the 1970s and uses mostly deciduous forests, which up to that point nobody was harvesting.

**Mr. Gotfried:** Thank you, Mr. Minister. I guess that answers part of the question. I'm still concerned about the transportation.

Mr. Minister, in the food processing sector, which you've just referenced, there are many processing plants that are suffering from decades of underinvestment in plant equipment, outdated technology, and lack of automation, which, again, speaks to a lack of competitiveness. There's also a significant productivity gap often related to economies of scale compared to companies and key competitors in the U.S. and around the world. What specifically will your ministry do?

Really, I guess, I'm looking for specific programs and where the dollars will be allocated in this budget to encourage and stimulate that much-needed investment in automation to allow us to be competitive. We can't reach that without specific investment or initiatives or some sorts of programs to ensure investment in that all-important value-added sector, noting, of course, that value-added seems to be a major platform for this government across all sectors and that sometimes the economics are not there and may need to be assisted.

**Mr. Carlier:** Thank you, Chair. Thank you for that, Member. Yeah, I can't agree more. You know, to remain competitive in the world market – we have very large and successful industries both in agriculture and in forestry. Programs I had previously mentioned:

an automation and efficiency program goes a long way to what you're talking about, addressing some of those inefficiencies that we have in there in some of our aging processing plants. I've been encouraged this past summer, you know, with some of these larger processors and the work they are doing, exactly that, addressing some of those problems. I think the industry recognizes they have those as well.

Agriprocessing product and market development, which also stimulates value-added, would go a long way for our new processors coming in. They're coming in all the time. I think it's pretty exciting as well. The Agriculture Financial Services Corporation has a value-added agribusiness program, which has been very successful. I'd like, frankly, to hear a little more detail on that myself, so again I'm going to defer to our expert on the matter, Mr. Brad Klak.

**Mr. Klak:** Chair, very briefly, we worked with the Alberta Food Processors Association, started six years ago or so, and everything that you're saying is true. They were looking at productivity. They were having a hard time in low-margin business, and they were really having a difficult time with traditional lenders. So we work with them. We take on a significant amount of risk under that program, and we are probably the only one that will look at lending them the full amount – a lot of it is equipment, and it's very specialized equipment, but for the training for staff on that equipment – and will amortize that over the life expectancy of a piece of equipment, not just on the Revenue Canada rules. It's probably not enough.

We've got tremendous opportunities, especially with the U.S. and some of the dollar differential opportunities now. We are really going to be promoting that program as hard as we can because it is a good time, but it's a costly time, especially if you're using Canadian dollars to bring in equipment from Germany or from other Euromarkets or things like that. But we're going to try our best on that.

**Mr. Gotfried:** Thank you.

**Mr. Carlier:** Yeah. Chair, if you will, I'm going to add a little bit further to that. Just an example of some of our most popular programs: under the automation and efficiency program we have included \$6.7 million for the crop side in that program and \$3.9 million to livestock. The other program I was mentioning was the agriprocessing product and market development. That one stimulates new value-added. In there, as an example, our most popular programs: \$3.1 million in the crops and \$2.3 million in livestock through that development project.

9:40

**Mr. Gotfried:** Great. Thank you, Mr. Minister. That's very encouraging, and I look forward to further information on these opportunities.

Mr. Minister, as a Calgary-based MLA, a proud born-and-raised Calgarian and Albertan, and a lifelong supporter of the Calgary Stampede – we had some reference earlier to the attention given to the Calgary Stampede with respect to a 21.5 per cent, or \$2 million, decrease in their budget. This organization, which boasts over 2,000 year-round volunteers and 48 hard-working committees, is not only a symbol of success but a globally recognized brand that helps put our province on global maps. The magnitude of this funding cut will most certainly impact much of the great work being done by staff and volunteers in such areas as aboriginal relations, agriculture, agrifood promotion, to name a few, through a very active, outreach-focused international ag committee and as a national leader and beacon for provincial tourism promotion, not just over the 10 days

of the Stampede but including 2.8 million people attracted to such events as the Global Petroleum Show and other off-site and on-site initiatives. More recently their commitment to engaging new Canadians in key aspects of our heritage and culture has been a cornerstone of the community outreach.

Given that the budget allocation this year has been reduced by a whopping 21.5 per cent, which is the lowest it's been since 2005 for this engaged and very accountable nonprofit organization, whose estimated impact is \$400 million on the economy, what has this government planned and budgeted for to mitigate the layoffs, the loss of community capacity, and the cancelling of key initiatives across several portfolios that stand to be impacted by this funding cut?

**Mr. Carlier:** Thank you, Chair, and thank to the member. We recognize the importance of the Stampede organization. Over the decades, you know, it has been an important part of Alberta's culture and of Calgary's culture in particular for much of that time. The organization will still receive \$7.67 million as a grant, but we need to weigh that with the fact that the Stampede's total revenue in 2014 was \$137 million, so the \$7.67 million is a very small portion of that.

You know, we needed to manage the public expenditure of that money with that cut, be able to reallocate those monies on resources under our core programs that strategically position agriculture and forestry growth in rural Alberta. We recognize the importance of the Stampede. All of us recognize the Stampede. We know and realize that that organization actually puts on over a thousand different functions a year. So we value it. We're still maintaining what we feel is a fairly substantial support to that organization, \$7.67 million, and going forward . . .

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

I understand, Mr. Dach, you have questions as well.

**Mr. Dach:** Yes. Thank you, Chair, for letting me speak. We know that the rural economy is quite significant in the province, and to strengthen and diversify Alberta's economy, it's vital that the rural economy be included. My questions to the Minister of Agriculture and Forestry: what is the ministry doing specifically to support rural Alberta, and are you following through on the rural economic development plan?

**Mr. Carlier:** Thank you, Chair. Thank you, Member. A good segue into our previous question. In maintaining, for instance, the rural exhibitions funding, maintaining the \$2.8 million, we recognize how important those are in those communities. In maintaining as well the \$8.6 million in the rural agricultural societies, if you go to almost any small town in Alberta, you recognize almost instantly the importance of the agricultural societies, whether it's from, you know, the curling club to making sure that they have the proper working bucking chutes for their local rodeo. We recognize how important those are. Also, maintaining the funding of \$11.6 million for the agricultural service boards: agricultural service boards work with the counties and municipal districts on many different things. The main part is identifying, perhaps, new invasive species around weeds, et cetera, and helping eradicate those weeds when they become prevalent in the communities.

Agriculture Financial Services still, you know, has lending services to producers, has been a great boon to Alberta in maintaining our market advantage and also having an opportunity to grow our sector in value-added and other areas as well.

**Mr. Dach:** Okay. A follow-up if I may: what's the annual funding for these important community organizations?



**Mr. Carlier:** Thank you, Chair. Thank you, Member. You know, further to what I said, I don't have the breakdown for specific organizations other than what I said before about the \$2.8 million for regional exhibitions, \$8.6 million for rural agricultural societies, and \$11.6 million for the agriculture service boards. They're all really important to the well-being of our rural communities as well as their economic development. Like I said, I've had the opportunity to talk and meet with many different agricultural societies. Whether they're putting on a rodeo or a fall supper – I even had the opportunity to attend an antique tractor pull, which was quite fascinating; it was very good. Throughout the province we recognize the importance of these societies and other things, and I'm really pleased that we're able to continue our support for them.

**Mr. Dach:** Okay. Another question for you if I may, on a slightly different subject matter but in the same vein, with respect to rural gas and electrical infrastructure: what is the budget for increasing the rural gas and electrical infrastructure?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for the question. For rural gas and electrical infrastructure the annual grants were maintained at \$3.9 million, recognizing the importance that rural electrification associations and rural gas have had to the development and prosperity of rural Alberta, recognizing, going forward, that we'll be able to maintain grants to support those organizations, and looking forward to working with them – rural gas, electrical infrastructure, and actually water co-ops as well – to ensure that they stay viable. We recognize the importance they have to rural Alberta.

**Mr. Dach:** Thank you.

If I have more than 45 seconds left, I'll return if I could to a line of questioning I was pursuing earlier, and it has once again to do with the COOL program, the country of origin labelling. May I ask: how are we protecting our hard-working Alberta livestock producers against this unfair legislation?

**Mr. Carlier:** Thank you, Chair. Thank you, Member. Yeah, I couldn't agree with you more. The success of our livestock producers is linked closely to the prosperity of the rural communities. This discriminatory practice is hurting our producers; it's hurting our rural communities. We've had the opportunity through the World Trade Organization to implement sanctions against the United States if they don't repeal this. In July over 80 per cent of the House of Representatives of Congress agreed to repeal country of origin labelling. It's now stuck a bit in the Senate.

As you probably noticed over these few hours here, I'm a fairly optimistic guy by nature, and I remain optimistic. They need to repeal. If they don't repeal, they'll have sanctions, and they're going to have to repeal anyway. I'm going to suggest that our southern neighbours are intelligent enough to realize that, and moving forward on that, we can finally get this repeal behind us. If it doesn't happen yet this year, we have the opportunity in January to meet with a lot of the U.S. representatives and also Mexico representatives in a conference in Denver in July, and for sure this will be my number one topic. If it's not repealed by then, this will be my number one topic to hammer into their thick skulls, frankly, that they need to repeal this and that we need to move forward.

**Mr. Dach:** Okay. Beyond that meeting is there anything that we have in our tool kit beyond persuasion just in case the U.S. does not lift these rules?

**Mr. Carlier:** We have, you know, the ability to – and I say “we.” It's through the federal government, right? It's going to be through

the federal government. We have a representative down in Washington, Ms De Silva. I'm going to have a conversation with her a little bit later this week to see what we'll begin doing to move forward on that file.

**9:50**

The sanctions, I'm hoping, through our federal government negotiators are going to hit them where it hurts, perhaps in their wine industry in California, for instance. I guess we drink enough wine that that's going to hurt if we put sanctions on that. We probably do.

We honestly have to move forward on this. It's been too long. It's hurting our industry. We have a lot of support from their own producers in the United States as well, who also feel it isn't fair and is hurting their industry, too. So the time is right. We need to get by this. We need to convince our American cousins to repeal that legislation.

**Mr. Dach:** I hear you're part of that sanction already, in that you'll drink any wine as long as it's beer.

**Mr. Carlier:** I do.

**Mr. Dach:** All right. If I have a moment to continue?

**The Chair:** You still have two minutes and 30 seconds.

**Mr. Dach:** Thank you for letting me speak.

Now, just to change channels to rural broadband, again, it's a very important lifeline for communities, as we've spoken about earlier – it was mentioned by one of the other questioners – for people living in areas far from the urban centres. In this budget grants for rural broadband expansion have been cut back, with line 5.1 under capital grants cut back to \$3.9 million, after an additional \$1.1 million was invested in 2014-2015. I'd like to ask why the government decided to spend less on this high-priority area.

**Mr. Carlier:** The final mile rural community program was a one-time program that would, you know, help with the connectivity initiative. It has run its course. It's important to note that this was just one means of enhancing high-speed Internet access, through the final mile rural connectivity issue.

Service Alberta has been implementing a number of other initiatives, other solutions to enhance Internet connectivity in our rural communities, in our farming communities. Yeah, it has to happen, right? We need our rural communities and our farmers to have access to the same tools that urban folks do. I think it's not only just fair and just, but it makes good business sense as well. For example, the county that I live in, you know, took the initiative to build a class 1 tower to increase connectivity to the community. I can almost see this tower from my house, and I still don't have Internet access, right? So the county cleared a parcel of land closer to my property that they were going to build a tower on. They cleared that 18 months ago, and there's still no tower there. I would recognize that there's work to be done and that Service Alberta, you know, over the next few months and few years will be implementing some of these programs to increase our Internet capacity throughout Alberta.

**Mr. Dach:** If I have more time, I yield to MLA Anderson.

**The Chair:** Twenty-one seconds.

**Mr. S. Anderson:** Twenty-one seconds. Well, I wanted to talk about the broadband as well. You know, seeing as my background

is communications and microwave, I'm going to be meeting with somebody soon on that because it's very important to me.

The Growing Forward 2 program, actually, is something that has been discussed with me by a few people.

**The Chair:** Thank you, Member. I'm sorry. You've run out of time.

We have seven minutes left. I understand, Mr. Taylor, that you had questions, so we go back to you.

**Mr. Taylor:** Okay. Well, thank you. One of the questions that I would be asking you is with regard to REAs, or rural electrification associations. What is this government doing to put REAs on the same playing field as IOUs, or investor-owned utilities?

**Mr. Carlier:** Thank you, Chair. Thank you, Member, for that question. I've had the opportunity – as a matter of fact, I believe I'm meeting with another REA this week – since June to meet with REAs almost on a weekly basis either as groups or as individuals. I recognize that the rural electrification associations have an important role in the development of rural Alberta. We're going to review our options, you know, in co-operation with the Minister of Energy. I think there are some opportunities there to assist them, as you suggest.

We need to do a comprehensive review of all the REAs. As you might be aware, there are some that are quite a bit larger than others, some smaller as well, so I believe that we need to take all the data we can from all these REAs, their separate operating styles of governance, et cetera, and review all the data that we are able to gather. I'm hoping to do this as quickly as possible, recognizing that I think some of it is time sensitive. Hopefully, after that review we can do what we can to ensure that REAs remain viable to ensure that we have electrification, that our rural communities, our rural landowners are able to flip on their light switch and get the power they need at a fair price.

**Mr. Taylor:** Okay. Thank you, Mr. Minister.

Chair, if I could I would like to defer my time over here to Mr. Strankman.

**Mr. Strankman:** Thanks, Chair. Mr. Minister, on page 18 of the business plan, on line 4.4, it talks about using "established facilities for value-added processing, product development and commercialization." We had the opportunity of a constituent from Rimbey-Rocky Mountain House-Sundre who presented us with seven goslings that she's raised and can't find a place to have them slaughtered for sale. I was wondering if you could tell me from your line item there about establishing facilities: what constitutes an established facility? Is it public or private? Does the government have some potential of being involved in that? Certainly, there are licensed abattoirs, and I know of them and have used them, but processing plants, abattoirs, and meat packers are similar things. I believe that these constituents from Rimbey-Rocky Mountain House-Sundre used due diligence to get their animals slaughtered for a cash market but simply couldn't find a facility to do that.

**Mr. Carlier:** Thank you, Chair. Thank you, Member. Yeah, I've heard of similar situations as well right across the province. I'm encouraged by, you know, some of the abattoirs that are opening. Actually, a larger meat-packing plant is opening up north of Calgary here within the next few months specifically for . . .

**Mr. Strankman:** Commercial.

**Mr. Carlier:** Yeah, but, you know, specifically for the European market.

I've also heard from some new Canadian groups, as we expand our diversity in our own population, about what some of their needs might be as well around kosher prepared foods and halal prepared foods as well. So I do see the need there in many varied instances. I've heard also from an organic producer northwest of Grande Prairie who had very similar concerns as well. I can't remember how far he was shipping his products, but it was a long way because he wanted to make sure to, you know, maintain his organic sustainability.

We have, you know, 64 provincially licensed abattoirs for poultry in Alberta. You know, if there is a specific need, a large number of poultry that need to be slaughtered in a particular area, I think that's something we can look at on an individual basis.

**Mr. Strankman:** The thing is, Mr. Minister, that those slaughter facilities are primarily for supply-managed stock. In this case of an individual's stock there are no facilities available, to my understanding. You know, there are some producers who take their – we've discussed and Dr. Swann has discussed the idea of processing game. There are some facilities that process wild game in a licensed facility. Are these some of the incentives that you'd like to see brought forward for small numbers of animals?

**Mr. Carlier:** Thank you, Member, for the question. You know, if it's going to be financially viable to do so, I think it's absolutely worth looking into. I welcome the opportunity to look at it if this is an emerging issue. I know that in my youth I would help my grandmother butcher her 300 chickens, and we would do it in a couple of days. But you've never seen my grandmother; she could really butcher chickens.

**Mr. Strankman:** Certainly, Mr. Minister, I wouldn't want to be on the receiving end, if I could be so bold. The hour is getting late.

Yes. But that does relate to a potential conflict, Mr. Minister, you know, for those types of production. To an earlier question that I had in regard to the reduced funding and traceability: commercial operators are forced to produce verifiable records for the production of their food and the location of that based on liability and the safety of the source of our food supply.

**10:00**

But for smaller producers, you know, there's talk of direct marketing, and I do understand that. In fact, we've done that on our farm, direct marketing, but there's also the potentiality of a liability issue if there were some transient disease, not unlike what Dr. Swann, the Member for Calgary-Mountain View, has talked about. There's a potential for liability that affects the whole industry, so I'd just like to understand if you and your department have given that some consideration because the potential for the transmission of a communicable disease is a serious issue for the commercial side of agriculture.

**Mr. Carlier:** Thank you, Chair, and thank you, Member, for bringing it up. I think, you know, it's a very important concern for all of us. We don't want to have any of our citizens subject to any kind of disease, let alone our animals.

**The Chair:** Minister, I apologize for the interruption. I must advise the committee that the time allotted for this item of business has concluded.

**Dr. Starke:** Chair, a point of order.

**The Chair:** Yes, sir.

**Dr. Starke:** I just want clarification, Chair. Was the clock running during the break or not? Does that break time come out of the total meeting time of the committee, or is 7 till 10 the actual time of the committee and therefore that time is lost during which we were in recess?

**The Chair:** Thank you for the question. I believe that under the standing orders we have been allocated three hours, not three plus five, so I believe the clock was not actually stopped. It was continuous, and I believe that is a practice that has been the case up until now. Does that answer your question?

**Dr. Starke:** Well, it does, but it's not consistent with past practice. With regard to three hours, if we are meeting for three hours, it has to be three hours' running time because if there's a delay in reconvening the committee, that takes time away, especially in the

rotation manner that we are following. Respectfully, sir, I acknowledge your ruling, but I would say that if we are to take recesses, I would submit that the clock should be stopped during the time of the recess and then resumed when the recess is over.

**The Chair:** Conversely, we can continue without actually having a break.

**Dr. Starke:** That's another option, yes.

**The Chair:** Thank you.

To finish off, I would like to remind committee members that we are scheduled to meet tomorrow at 3:30 to consider the estimates of the Ministry of Jobs, Skills, Training and Labour.

Thank you, everyone, for meeting tonight. The meeting is now adjourned.

[The committee adjourned at 10:03 p.m.]









