



Legislative Assembly of Alberta

The 30th Legislature
Second Session

Standing Committee
on
Resource Stewardship

Ministry of Agriculture and Forestry
Consideration of Main Estimates

Thursday, March 11, 2021
9 a.m.

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Second Session**

Standing Committee on Resource Stewardship

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Ceci, Joe, Calgary-Buffalo (NDP), Deputy Chair
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* substitution for Joe Ceci

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Sweet, Heather, Edmonton-Manning (NDP)

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Nancy Robert	Clerk of <i>Journals</i> and Research Officer
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Jody Rempel	Committee Clerk
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Standing Committee on Resource Stewardship

Participant

Ministry of Agriculture and Forestry
Hon. Devin Dreeshen, Minister

9 a.m.

Thursday, March 11, 2021

[Mr. Hanson in the chair]

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

The Chair: Good morning. 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, 2022.

I'd ask that we go around the table and have members introduce themselves for the record. I am David Hanson, the MLA for Bonnyville-Cold Lake-St. Paul and the chair of this committee. We will begin starting to my right.

Mr. Bilous: Good morning. Deron Bilous, MLA, Edmonton-Beverly-Clareview, acting deputy chair.

Mr. Dach: Good morning. Lorne Dach, MLA for Edmonton-McClung.

Ms Sweet: Good morning. MLA Heather Sweet, Edmonton-Manning, critic for Ag and Forestry.

Mr. Huffman: Good morning. Warren Huffman, committee clerk.

The Chair: Mr. Guthrie, if you wouldn't mind introducing yourself there.

Mr. Guthrie: Good morning. Peter Guthrie, MLA for Airdrie-Cochrane.

The Chair: Thank you.

Now we'll go to the members participating virtually. When I call your name, please introduce yourself for the record. Mr. Singh.

Mr. Singh: Good morning, everyone. Peter Singh, MLA, Calgary-East.

The Chair: Mr. Turton.

Mr. Turton: Yes. Good morning, everyone. Searle Turton, MLA for Spruce Grove-Stony Plain.

The Chair: Mr. Yaseen.

Mr. Yaseen: Good morning. Muhammad Yaseen, Calgary-North.

The Chair: Ms Issik.

Ms Issik: Good morning. Whitney Issik, MLA for Calgary-Glenmore.

The Chair: Mr. Getson.

Mr. Getson: Yes. Good morning, everyone. MLA Shane Getson, Lac Ste. Anne-Parkland.

The Chair: Thank you very much.

Due to the current landscape we are in, all ministry staff will be participating in the estimates debate virtually. Minister, please introduce yourself for the record and any of your staff that may speak.

Mrs. Pitt: Mr. Chair?

The Chair: Oh, go ahead.

Mrs. Pitt: Sorry. It's Angela Pitt, MLA, Airdrie-East here.

The Chair: Oh, sorry about that, Mrs. Pitt. I didn't see you on my list here.

Okay. Go ahead, Minister. Introduce yourself and your staff, please.

Mr. Dreesen: Perfect. Thanks. Can you hear me okay, Chair?

The Chair: You bet.

Mr. Dreesen: Perfect. I have a small army with me here today: Shannon Marchand is my deputy minister; Darrell Dancause, the assistant deputy minister of financial services and senior financial officer; Bruce Mayer, the assistant deputy minister of forestry; Jamie Curran, the ADM of trade, investment, and food safety; Jamie Wuite, acting assistant deputy minister, primary agriculture; Katrina Bluetchen, the executive director of policy services, planning, and innovation; Jessica Johnson, the communications director; Janet Gomez, chief of staff for the deputy minister's office; Yvonne Jachowicz, the director of financial planning; and Darryl Kay, chief executive officer of Agriculture Financial Services Corporation. From my minister's office staff I have Tim Schultz, my chief of staff; Logan Skretting, policy adviser; Justin Laurence, press secretary; and Melissa Crane, my ministerial assistant.

The Chair: Thank you, Minister.

I'd like to note the following substitutions for the record: Mr. Deron Bilous for Joe Ceci as deputy chair, and Angela Pitt is standing in for Todd Loewen.

Before we begin, I would note that in accordance with the recommendations from the chief medical officer of health, attendees at today's meeting are advised to leave the appropriate distance between themselves and other meeting members. In addition, as indicated in the February 25, 2021, memo from the hon. Speaker Cooper, I would remind everyone of committee room protocols in line with health guidelines, which require members to wear masks in committee rooms and while seated except when speaking, at which time they may choose not to wear a face covering.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are being live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Those participating virtually are asked to turn on their camera while speaking and please mute their microphones when not speaking. Members participating virtually who wish to be placed on a speakers list are asked to e-mail or send a message in the group chat to the committee clerk, and members in the room are asked to please signal to the chair. Please set your cellphones and other devices to silent for the duration of the meeting.

I'd just like to point out that because we're in two separate rooms, we can't have microphones active in both rooms at the same time because we get a pile of feedback, so when you're asking questions, if you're trying to speak over the minister, he may, depending on where *Hansard* has the switch, not be able to hear you there.

Anyway, hon. members, the standing orders set out the process for consideration of the main estimates. A total of three hours have been scheduled for consideration of the estimates for the Ministry of Agriculture and Forestry. Standing Order 59.01(6) establishes the speaking rotation and speaking times. In brief, the minister or member of Executive Council acting on the minister's behalf will

have 10 minutes to address the committee. At the conclusion of his comments a 60-minute speaking block for the Official Opposition begins, followed by a 20-minute speaking block for independent members, if any, and then a 20-minute speaking block for the government caucus. Individuals may only speak for up to 10 minutes at a time, but time may be combined between the member and minister. The rotation of speaking time will then follow the same rotation of the Official Opposition, independent members, and the government caucus, with individual speaking times set to five minutes for both the member and the ministry. These times may be combined, making it a 10-minute block. One final note. Please remember that discussion should flow through the chair at all times regardless of whether or not speaking times are combined. If members have any questions regarding speaking times or the rotation, please feel free to send an e-mail or message to the committee clerk about the process.

With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone have an opposition to having a break? Seeing none, we will announce that as we go forward.

Ministry officials, at the direction of the minister, may address the committee. Ministry officials are asked to please introduce themselves for the record prior to commenting. Space permitting, opposition caucus staff may sit, appropriately distanced, at the table to assist their members; however, members have priority to sit 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 the committee will adjourn. Points of order will be dealt with as they arise, and individual speaking times will be paused; however, the speaking block time and the overall three-hour meeting 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 and any amendments will occur in Committee of Supply on March 17, 2021. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk, and as a courtesy an electronic version of the signed original should be provided to the committee clerk for distribution to committee members.

I now invite the Minister of Agriculture and Forestry to begin with his opening remarks. You have 10 minutes, sir.

Mr. Dreeshen: Well, thank you very much, Mr. Chair. I'm happy to have the opportunity to discuss the 2021-22 budget for the Ministry of Agriculture and Forestry. The agriculture and forestry industries are, obviously, essential contributors to Alberta's economy, but as COVID-19 impacted multiple sectors in both industries, we have taken action to reduce the impact on the industries and the province. Agriculture and Forestry is supporting lives and livelihoods by bolstering supports in the agriculture and food sector and implementing our forest jobs action plan. Together we will help create thousands of jobs in agriculture and forestry here in Alberta.

Budget 2021 continues our government's focus on creating jobs, growing the economy, and making sure that services are there for people that need them. This means that we have to be strategic in the way that we direct every dollar, that we deliver to farmers and foresters what they actually want and transform our ministry into a

key economic enabler for the province. It's important that departments focus on ways to improve how we spend taxpayers' dollars, and Budget 2021 is our opportunity to do just that.

There is an incredible potential for our agriculture sector's profile to increase to meet the appetite of the growing world population. Right from the start of the pandemic last year we recognized the importance of agriculture and declared the entire food chain an essential service. We created a \$43 million set-aside program to help our cattle industry, and to date it's helped process about 450,000 head of cattle. We also created a \$5 million agriculture training support program that has directly helped Alberta people be employed. The Agriculture Job Connector website has helped connect hundreds of Albertans to a new, rewarding career in agriculture, and we've had over 31,000 views since it launched. The agriculture training support program provides \$2,000 per new hire to a maximum of \$250,000 per employer, and as of March 9, 2021, it has received 43 applications with requests to support \$636,000 for 318 new hires here in the province.

Agriculture and Forestry has set a target to attract \$1.4 billion in value-added investment by 2023-24 to create more than 2,000 jobs and help Albertans get back to work in emerging sectors like hemp, agritechology, processing grain and oilseed, plant protein, and meat. We've already created \$527 million in investment and created 981 new jobs from that target. Raising Alberta's profile as an attractive investment destination in global markets will increase provincial exports. We've set new, aggressive growth targets at 8 and a half per cent per year for exports for products like flour and beverages, and we've also created a 7 and a half per cent export growth target for primary ag products like canola and wheat.

9:10

We're also investing \$815 million in irrigation, the largest one-time irrigation investment in the province's history. We will modernize irrigation district infrastructure and increase water storage capacity, adding more than 200,000 new irrigated acres in the province, and we'll also create over 8,000 jobs.

To support this momentum, Agriculture and Forestry is also increasing AFSC's borrowing limit by \$800 million, from \$2.8 billion to \$3.6 billion, by '23-24 and is doubling the individual lending limit from \$15 million to \$30 million. This increase will encourage economic growth in the province and continue to give farmers and ranchers reliable access to the lending programs targeted to meet the unique needs of our ag sector. To this end, AFSC is also making it easier and quicker for clients to access lending. They have a quick loan process, approvals that will be under an hour up to \$150,000, reduced the average loan approval turnaround time from six days to five, improved the loan renewals or automatic renewals for loans in good standing, a new client-friendly process for loan payment deferrals when necessary, and they've also begun accepting electronic client signatures to add convenience for farmers.

We've recently announced that farmers and ranchers enrolled with AFSC will see a 20 per cent reduction in their crop insurance premiums. That saves farmers directly about \$55 million this year alone. On average a 2,000-acre farm would see about \$8,000 in savings this year. That premium discount will also save money for producers and governments.

We also established RDAR, Results Driven Agriculture Research, which is an arm's-length nonprofit corporation that was first set up to ensure that research funding priorities are producer led. We have listened to our industry partners and maintained research funding at \$37 million per year, and that's more than all the other prairie provinces combined. Of their 10-year commitment

that's over a third of a billion dollars committed to ag research here in the province.

I'm pleased to confirm that we're also holding the line on funding for key support services for farmers and ranchers, including rural utilities and ag societies. The COVID-19 pandemic caused agricultural societies across the province to cancel a majority of their events, which are their main source of revenue, so we've tweaked the funding formula for operating grants and are now basing it on a five-year historical average. We're also simplifying the form needed to apply, cutting red tape and saving ag societies time and effort while processing grant payments as quickly as possible in the next fiscal year.

Rural communities generate billions of dollars of economic activity each year, led by key sectors like agriculture and forestry, which together employ nearly a hundred thousand Albertans. Our government values the contributions of our rural utility providers to the economic development of rural Alberta. The capital grant for rural utilities in '21-22 will be at \$5.9 million, a 2 and a half million dollar increase from last year, and that includes rural electric and rural gas.

We've promised our irrigation districts long-term predictable funding, and we're delivering on that in Budget '21. Total funding was \$10 million, increasing to \$12 million in '21-22 and '22-23. This stability is essential to help irrigation districts plan for the future.

Now switching gears to forestry, the department has worked hard to reduce unnecessary regulatory burden and cut red tape that enables this sector to thrive. The ministry will continue to protect and promote the forest sector and partner with Alberta's foresters and forest companies to expand economic opportunities both at home and abroad as part of our forest jobs guarantee. This means eliminating red tape and market barriers to create an environment of sustainability and increase profitability. We are increasing the amount of fibre available to industry while ensuring the sustainable management of our forests.

Alberta's government is also funding the fight against the mountain pine beetle infestation at \$30 million a year plus an additional \$60 million over three years that has just recently been awarded by the federal government. Mountain pine beetle infestations in Alberta continue to represent a significant threat to the long-term sustainability of our province's forest sector, protecting more than \$11 billion worth of pine forests. Since 2004 Alberta has spent more than \$560 million in the fight against the mountain pine beetle.

A record high demand for wood and wood products has shown that forestry and the sustainable forest management practices that allow for it continue to be essential in our day-to-day lives.

Budget 2021 ensures we are prepared to respond to the upcoming wildfire season, using innovative solutions and new technologies to make sure our monitoring, forecasting, detection, and responses are efficient and effective. From updated digital tools to automated weather stations, to drone technology innovation is at the forefront of Alberta wildfire detection and management practices.

Agriculture and forestry have been bright spots in Alberta's economy throughout the pandemic, and we will look at primary agriculture food processing and forestry to help lead Alberta's economic recovery.

Thank you. I look forward to answering any questions from committee members. Thank you.

The Chair: Thank you, Minister.

For the hour that follows, members of the Official Opposition and the minister may speak. The timer will be set for 20-minute intervals so that you're aware of the time.

Would you like to combine your time with the minister's?

Ms Sweet: If the minister is willing to go back and forth, I would appreciate that.

The Chair: Minister, you're okay with that?

Mr. Dreeshen: Absolutely.

The Chair: Thank you very much.

Go ahead, Member Sweet.

Ms Sweet: Well, thank you, Mr. Chair, and thank you again to the minister for being here and, of course, bringing all of the department staff to be able to answer any questions that we may have with the budget. I appreciate the information that, hopefully, we'll be able to share with each other over the morning.

What I would like to start with, if possible, is innovation and trade and looking at the diversification of the ag industry. Budget 2021, clearly, from the government's perspective, is about job creation and innovation and looking at creating new jobs in the province, so I think we should focus a little bit on that in your budget.

If we look on page 40 specifically, trade, investment, and food management is one of the line items that jumps out at me. It's under Consolidated Total. You will see that in 2019-2020 it was \$38,868,000, and in '21-22 it is now down to \$32,080,000. What we're seeing, Minister, is that there is actually a decrease in your budget when it comes to trade, investment, and food management. Where I would like to start is if you can maybe give us an update on what the trade offices are looking like in our major trading partners such as China, Japan, Korea, and India and if those offices are still continuing to run and if those partnerships are continuing in relation to trying to develop exports.

Mr. Dreeshen: Thank you for that very important question. Obviously, trade is so important to agriculture and forestry. About 80 per cent, the majority, of commodities that we actually grow and raise here in Alberta are exported, and it's very important that we focus on trade development. That's why we actually are doubling our international office presence. We've always had four dedicated agriculture staff abroad; we're now doubling that to eight. That's something that we're targeting in key markets like Singapore, going into southern Asia. We also have added export staff in The Hague, also in the U.S., and I believe that Mexico is the fourth new office.

We, obviously, work with the federal government as well to make sure that we can help facilitate trade. It is something that I think is important to have, specific Alberta Agriculture folks that can not just facilitate investments into the province but also be able to work with our exporters to make sure that they can find great deals around the world and, obviously, for our primary producers, for them to be able to get a higher return on their products. That's something that, again, goes into our investment goal total of \$1.4 billion, and as I said in my speech, we had about \$527 million in new investment that the department has helped facilitate, and of the 2,000-job total that we're looking at, we've created 981 jobs. We're almost halfway there on the job front. That's something.

These deals don't happen overnight; they take a lot of time, energy, and effort. The department does an amazing job because of their connection that they have with the industry and marketing councils. If, say, you're a fast-food restaurant or you're a chain wanting to come into the province, you're actually able to go to the department, and they can facilitate, talk to food suppliers so that they know where they can actually get it. So I think it's something . . .

Ms Sweet: Mr. Chair, I think the minister has answered my question. I'd just like to move on. We don't have a lot of time this morning.

Minister, thank you for providing that information. I'm wondering if your ministry would be willing to provide that in writing about what offices you're actually staffing for export trades.

If you look at the report that was written by Farm Credit Canada for 2019, you will see in their report that in relation to pulse exports – canola, soybeans, and wheat – some of the major export countries we should be focusing on include India, China, the United States, the United Arab Emirates, Turkey, Pakistan, Spain, Belgium, and Germany, yet I heard you list off Mexico, the U.S., and Singapore.

9:20

Again, if we're looking at the Farm Credit Canada report, there are significant recommendations in relation to our exports for our grain and pulse industry, that speak to other areas that we should be focusing on to increase our export demand. Again, if your ministry would be willing to demonstrate where these positions are being employed and whether or not it's actually being funded through Ag and Forestry or whether it's being funded through economic development and trade, please.

Moving on, we want to look at line 3.1, export and investment.

Mr. Dreeshen: Mr. Chair, can you hear me?

The Chair: Yeah, we can.

Mr. Dreeshen: Oh, perfect. Yeah. I just wanted to say that Beijing, Seoul, Tokyo, and New Delhi are the four existing offices that we have agricultural specialists at. The doubling of the four new ones is in Singapore, Mexico, the EU, and the U.S. I think the fact that this is a recorded meeting and, as the chair pointed out, *Hansard* is available immediately afterwards, I don't think a written submission from the department is necessary because it'll be online.

Ms Sweet: Okay. Thank you, Minister.

Moving on, line 3.1, export and investment, is being cut by approximately \$250,000. Can you please explain to me what programs are being cancelled under that cut?

Mr. Dreeshen: Sorry. Which line was that again?

Ms Sweet: Line 3.1, export and investment.

Mr. Dreeshen: Sorry. I just had some audio issues.

Yeah. For line 3.1 in the estimates, yes, essentially some staff reductions that we had just to be able to – an overarching view that we've had within the department is: how can we deliver our services more efficiently? Whether it was this line item or others, we've been wanting to (a) focus on outcomes and (b) try to figure out how we can achieve those outcomes with less, and that's something that I'm very proud of within our department. Whether it's food safety or exports or research, we want to be able to have the same high-quality standards and outcomes that Albertans expect but also have a keen eye on trying to make sure that we can offer these services as efficiently as possible. There are lots of cases within this budget where we found . . .

Ms Sweet: Mr. Chair, how many positions have been cut under that \$250,000?

Mr. Dreeshen: The overall FTE reductions within this budget are 70. We don't have it broken down by line item, but overall the FTE reductions are 70 throughout the department. I think we have 1,301 FTEs currently in the department, and that's something that I think is a good size for Agriculture and Forestry, again, to be able to deliver these programs efficiently.

Ms Sweet: Since taking on government, there have been about 230 staff that have been removed from Ag and Forestry. Is that correct?

Mr. Dreeshen: I believe it's 277 from October '20 and then the additional 70 that are within this budget. In 2019-20 it was 51, 277 in '20, and in '21 an additional 70 FTEs. The 70 FTEs in this budget are primarily through attrition, where there were positions that people had, but then they retired or they moved to different departments. That's primarily the 70 FTE reductions in this budget.

Ms Sweet: Well, thank you, Minister. I think we might have a disagreement around attrition and whether or not those positions should be filled again, but I appreciate your comments. It's still terminations of positions.

If we look at line 3.2, food management, what programs have been cancelled from that among the \$2 million that was cut?

Mr. Dreeshen: Actually, in food management there are statutory programs that we actually have to, through legislation, be able to provide funding for, and that is being maintained. Whether it's the dairy act or the Meat Inspection Act, we have to ensure that our statutory requirements are being found. Again, as I mentioned earlier, there are some workforce reductions. Over a million of it is just from FTE reductions. Again, they were outcome based, being able to make sure that we can ensure that we have the appropriate number of people there applying the statutory programs that are within those pieces of legislation. Again, there are some workforce reductions that we found within that program and within that line item.

Ms Sweet: Okay. If we look at line item 3.4, intergovernmental and trade relations, what programs and services have been cancelled under the \$800,000?

Mr. Dreeshen: I hate to sound like a broken record, but again there are some FTE reductions within that line item as well.

Ms Sweet: Minister, if we look at your line items from lines 3.1 to 3.4, what you're saying is that the majority of the cost savings that you're looking at or the cuts that you've put in your budget are related to services and staff within those positions. Can you please explain to me how you're going to look at continuing to ensure that our trade markets, our exports, our innovation are going to continue when you've lost almost 300 positions out of your ministry over the last two and a half years?

Mr. Dreeshen: We're focusing our efforts on doubling our export staff, going from four to eight, to again have that outcome base in ensuring that we can deliver these programs as efficiently and effectively as we can.

Ms Sweet: Minister, through the chair, would it be possible, then, for your ministry to provide the breakdown of the FTEs within each department that have been either lost through attrition or termination?

Mr. Dreeshen: Again, that's quite a Herculean task because, again, when you break it down throughout the budget, it's a lot easier because FTEs are not classified as a single person. It does make it difficult to be able to break it down by line item.

Ms Sweet: Through the chair, Minister, I would have a hard time believing that given the fact that you're talking about trying to find efficiencies within your ministry. You must know where those positions live and what those job requirements are. I believe your ministry could probably provide in writing to the opposition what

areas you are focusing on in terminating those positions, those contracts, and ensuring that the services that Ag and Forestry is providing to Albertans are actually being met. How can you say that through termination of positions you're finding efficiencies if you can't tell me what those roles are?

Mr. Dreeshen: Sure. Well, there are 1,301 FTEs, as I mentioned, within the Department of Agriculture and Forestry. I'm happy to lay out or to go through each one and compare last year's budget to this year. I guess I'd start at the minister's office. Last year it had six; this year it has six as well. The deputy minister's office, even though I have a new deputy – I'm on my third one now in less than two years – has four. When it comes to the Farmers' Advocate and the Property Rights Advocate, they actually increased. They went from six to eight. We have corporate services; they went from 91 to 77. Rural programming, 2.1: from 30 down to 13. We have export and investment: from 50 to 38. We have food management: from 118 to 88. We have food and bioprocessing: from 71 to 58. Intergovernmental relations and trade: again, as I mentioned, the reduction there is from 62 to 59. We have under animal health and assurance gone from 78 to 62. Crop health and assurance went from 60 to 34. Ag service boards didn't change much, went from one to one. The marketing council was six to six. Natural resource management: from 130 to 71.

We'll jump over to forestry. For wildfire management we have from 609 to 587. Wildfire suppression and response: that's a trickier one because, again, that's demand driven and contract work. Forest stewardship and trades is 189 to 151, and CAP for under seven is 38 to 38. I think that's all the 1,301 employees that we have at Agriculture and Forestry. As I said earlier on, I do believe that our department size now is at a stage where we can deliver efficiently our programming, whether it be statutory or direct services to the industry.

9:30

Ms Sweet: Thank you, Minister. Fair. I'm going to leave some of the trade and investment to my colleague for Edmonton-Beverly-Clareview.

I'd like us to move on to BRM, please, business risk management programming. I knew you knew this was coming. Minister, if we could, let's talk about AgriStability first. Obviously, there have been lots of conversations between all of the producers across the province. I know that you have received letters from all of the producers from the province requesting that you please sign on to the AgriStability program. Many producers are concerned about the fact that Alberta has continued to hold out on signing on to the AgriStability program. Again, my question to you is: knowing that the AgriStability program is only going to be renewed for the next two years, that it will be expiring in 2023, and that the federal minister is willing to look at change to the program, readjustments, and negotiations over the next two years, can you please explain to our producers and Albertans why it is that you're refusing to sign on to the AgriStability program?

Mr. Dreeshen: Thank you again for that question. You are right. BRM programming is something that is very important to farmers. There are four programs within business risk management: AgriInsurance, AgriInvest, AgriRecovery, and AgriStability. They're all different in how they provide support for the industry.

But your specific question on AgriStability is something that – we are considering the current proposal that the federal government has made. It's something where we actually – you talk about a letter-writing campaign – wrote a letter to the federal ag minister, as have other provincial departments, asking for an FPT meeting to

be able to have a vote on a change within the five-year BRM envelope. It's almost like a constitutional change. If you want to change a BRM program, because it's an agreement between provinces and the federal government, you actually have to have a vote . . .

Mr. Sweet: Just to clarify, Minister – Mr. Chair?

The Chair: Yeah.

Ms Sweet: Yeah. Just to clarify, I'm just asking why we're not signing on. I appreciate that the minister has tools that he's going to use to talk to the federal government, but what are his concerns at this point in relation to AgriStability that is preventing him from signing on to it? That is my question.

Mr. Dreeshen: Thanks, Chair, for the opportunity to finish answering the question on how we would go about actually signing on to changes to AgriStability. You have to have a majority of the provinces and the federal government be onside as well as the majority of the agriculture production within the country to actually make a change to a BRM program. That FPT meeting date hasn't been set yet, but once it is, the province of Alberta is considering AgriStability change.

The two proposals that the federal government has put on the table – there are other asks from industry to change AgriStability – were removing the reference margin limit as well as increasing the compensation rate. Those are some things that a lot in the industry have said are short-term fixes. That is something that – we have actually commissioned a study on how we could actually improve AgriStability as one of the four pillars within BRM. That's something that some folks have said is a longer term fix, something where, if we could develop a replacement program for AgriStability this year and actually have a sign-off by next year, in 2023, as you pointed out in your question, when BRM programs are all up for renewal, we think that we could actually design a better revenue support program and a replacement program for AgriStability.

But we want to make sure that we work with other provinces, that we work with the federal government as well as producers to be able to design a program that's timely, that's bankable, and that's something – unlike AgriStability, which takes almost two years in some cases to actually pay out and provide support to farmers, we want to be able to have a program that's timely and is predictable. Again, lots of farmers and ranchers have said that they've had a great year and, for whatever reason, they actually still get an AgriStability payout. In other years, where they've had huge revenue declines, it's never triggered.

It's a complicated program, AgriStability, and is something that we want to make sure that we can not just do tweaks now, but we want to ensure that we can actually change the long-term view of AgriStability as well as work on improvements to the other BRM programs, whether it's crop insurance under AgriInsurance – we, again, as I mentioned, made a \$55 million reduction in crop insurance premiums. We're actually working with AFSC to see if there are some formula changes in the premiums as well as WLPPI, or the livestock insurance program, under AgriInsurance.

Ms Sweet: Mr. Chair.

Mr. Dreeshen: We want to be sure that we can . . .

Ms Sweet: If we could please have the minister go back to AgriStability for the moment. I appreciate that you're looking at other BRM programs, but I'm not done with AgriStability. I would just like to clarify, then. You're saying that you have commissioned

a study in relation to AgriStability. I think that's great. I'd love to see it. If you could please share it and table it in the House, I would appreciate that study being reviewed.

Your comments in relation to production and producer-led and the fact that the majority of producers across the country have to sign on: again I'd like to emphasize that I know you've received a letter from all the major producers in the province asking you to sign on, so in Alberta you actually do have the support of producers and industry to sign on to the AgriStability program. My question again is: given your argument that it needs to be the majority of producers signing on, knowing that in Alberta you have all the major producers signing on because you have the letter, can you please explain to me and to the producers why you're not listening to their voices and haven't signed on to the AgriStability program?

Mr. Dreeshen: We are listening to producers and farmers. That's something that I think – this government ensures that we work closely with all commodity groups, farmers, and ranchers directly to make sure that we can increase their competitiveness around the world so that we can have a stronger agriculture sector here in the province. The notion that we're not listening to them, I think, is laughable.

But when it comes to the study that we commissioned – it's called the Nichols report – it is something that we have shared with commodity groups, with other provincial governments, the federal government. We've actually had them sign NDAs when it comes to that report, so we'd have to consider whether we would make it public as of right now. But it is something that I think – it was a draft report that really highlighted the flaws within AgriStability and had an initial idea of what a replacement program could look like. It's not set in stone. It's not something, we think, where you just turn a key and launch a new AgriStability program. It really was a discussion document for commodity groups to be able to get them thinking of: here's a laundry list of flaws within AgriStability, and how could a revenue reduction program be developed?

Just on the history of revenue reduction programs like AgriStability, you go back to CAIS or GRIP or NISA. These were all revenue reduction support programs for farmers and ranchers in Canada, and they all had some good to them. I think, again, this report looked at how we could actually try to design a better BRM program that does help out farmers.

Again, to the vote to the FPT, it's a majority of farmers or the majority of agriculture production across the country. Even though you have to have a majority of the provinces, those provinces have to represent a majority of the agriculture production within the country. That – I believe it's seven out of 10 – is the majority of votes and majority of agriculture production that you'd have to have in order to have a successful vote at an FPT meeting to actually make a change to a BRM program within the five-year envelope of the CAP program, which is another acronym, but is a Canadian agricultural...

Ms Sweet: Thank you. Thank you, Mr. Chair. I'm very aware that all of the provinces have signed on to the AgriStability program except Alberta, Saskatchewan, and Manitoba. I will leave that with you in the sense of trying to let you know that, again, the producers in the province would like you to sign on to the AgriStability program. You can make your choice around doing that. I think that, again, it has been very clearly articulated by both the federal minister, myself, and producers that we know that there are flaws in the program. However, it is the program that is being offered as of right now. There is a willingness to look at changing that program, but as it is today, producers are asking you to please sign on to the AgriStability program.

Now, if we can move on to AgriRecovery, I appreciate that last week you made your announcement around supporting pork producers given the shutdown of the Olymel plant and providing some funding through AgriRecovery. AgriRecovery is not represented very clearly in the budget. Can you please explain whether or not you've already exceeded your budget in regard to AgriRecovery now that you've had to use the program?

9:40

Mr. Dreeshen: Yeah. AgriRecovery is, again, of the BRM programs, a disaster relief program, so there's no estimate on – and I know your leader yesterday was going off on contingencies, but AgriRecovery essentially is a program that is there if you need it. We couldn't predict that we needed 43-plus million dollars for a fed cattle set-aside program before we actually designed the program. We didn't know that we would need \$4 million in AgriRecovery to go out to hog producers because of the Olymel shutdown.

AgriRecovery is a good BRM program because of its flexibility. If there are significant market disruptions for any sector, we can actually go and use AgriRecovery as a one-time support payment to producers. That's something that – of the \$4 million in AgriRecovery for hog producers, it's a 60-40 split between the federal government and us. Essentially, \$3 million came from AgriRecovery; \$1 million came directly from the province. Even though it's a 60-40 split, we actually, I think, paid about \$2.2 million of the \$4 million directly to support hog producers in the province.

Again, when you look at the Olymel shutdown for two weeks – and I know that your party called for Olymel to shut down last year even though there were zero COVID cases at that facility and, again, would have made a huge disruption to the supply chain. But now that Olymel shut down this year for two weeks, it's actually caused about 100,000 head of market-ready hogs to be bottled up, and that is something that we – this AgriRecovery program will help producers with feed costs. It's about 95 cents a day that they're being able to have a subsidy, a support for our hog producers in the province.

Again, there's also a million dollars set aside for – I know it's probably the wrong term – food banks to be able to help. Like what we did during BSE, Albertans were happy to eat our way through a market problem in agriculture, and it is something that I think is a great plan, to be able to provide high-quality, safe pork products to food banks across the province, which again goes to show the great connection between agriculture and Albertans and the pride that we have in our province.

Ms Sweet: My question, I guess, Minister, is – I appreciate and, I mean, I acknowledge that you did the announcement, and I acknowledge that they're accessing AgriRecovery. To say that you couldn't budget or estimate the potential loss: I am a little concerned with that when we're looking at how budgets are created for the province, with the fact that we had the same issue with meat plants when it related to beef earlier, when COVID first started. The same program was required to support the beef industry. So there was knowledge and there is historical knowledge that there was potential need to support the industries when it comes to AgriRecovery and the potential of shutdowns of meat plants. I mean, we don't know with COVID whether or not we could have a potential outbreak again in another meat plant and how that's going to disrupt our food chain. Again, when I don't see the projection of planning around the potential need within your budget, I'm a little concerned.

I think it also speaks again to your budget management when it comes to wildfire management. Again, you've put nothing in the

budget in relation to wildfire; you haven't even created an estimate in relation to what you think you may have to spend. So there is no contingency in your budget as it relates to AgriRecovery, and there's no contingency in your budget as it relates to wildfire. Really, what you've done is created a budget where you say that you are saving money for Albertans when in reality you're actually missing a good percentage of finances out of your budget because you haven't projected any expenditures even though you know, through the chair, respectfully, that that funding is going to be required. We probably will have a wildfire at some point, unfortunately. I'm concerned around how the budget has been laid out and the lack of contingency within your budget when it relates to looking at these emergency services and recovery benefits as well as wildfire. Can you please explain to me why they're not at least projected?

Mr. Dreeshen: Sure. I apologize, Chair, if I'm going out of scope of Agriculture and Forestry's budget. If you go to page 217 of the entire budget, within Treasury Board they have, under – it doesn't have a line item – contingency and disaster and emergency assistance, \$750 million. That's the contingency fund for Alberta Wildfire. There's obviously base funding within Agriculture and Forestry's budget, but when it comes to over and above disasters when wildfires do hit – obviously, two years ago we had one of the worst wildfire seasons, over 2 million acres burned in the province, releasing about 130 megatonnes of CO₂. Last year we had one of the best fire seasons; only 8,000 acres of our forests actually burned. We've had one of the best and one of the worst years, so it's safe to say that this year will probably be somewhere in the middle. Again, we are planning, and we've launched a lot of new initiatives in Alberta Wildfire to be able to have whether it's new technologies or just new co-ordination with Albertans and contractors. I think it's a great step forward.

On AgriRecovery, when you said that we didn't have it within the Agriculture and Forestry budget, it's a little tricky because it's in two places. On pages 34 and 36 of the estimates it's 5.3, which is agriculture income support, and then it's again on page 36, agriculture income support again, on the contingency vote by program. It's essentially budgeted in the estimates but in two different places when it comes to AgriRecovery. But, again, the Treasury Board, the \$750 million in disaster, the COVID contingency of \$1.25 billion: that's where you'd have the disaster contingencies and COVID contingencies that departments can draw from. I hope that helps answer that question of where the AgriRecovery is within the estimates.

Ms Sweet: Minister, thank you so much for being helpful.

Line item 5.3 has actually been decreased in this budget. It was forecasted at \$46 million, and your actual estimate is \$43 million. Now that we're talking about AgriRecovery being on that line item, at 5.3, you've decreased that line item, so what other supports for emergency response for agriculture have been decreased in line item 5.3?

Mr. Dreeshen: Again, it's on pages 34 and 36. It's a combination of the two. Again, it's a demand-driven program, so depending on what disasters do strike, that's where you'll be able to see the combination of both numbers, on pages 34 and 36, when it comes to AgriRecovery.

Ms Sweet: Thank you, Minister. I appreciate that.

Again going back to 5.3, it's been decreased from your forecast in your estimates. In 2019-2020 it was actually \$49 million; now it's \$43 million. Then if we look at line item 5.3 on page 36, there is no estimate for '21-22, and actually for '20-21 you've cut it in

half. Are you anticipating that we're not going to need a lot of emergency supports, given that we're in the worst pandemic that Alberta has ever seen, and it is significantly impacting our supply chain?

Mr. Dreeshen: Yeah, COVID-19. I mean, hopefully, with vaccines and all the work that the provincial government and our Health minister have been working on with Dr. Deena Hinshaw to be able to reduce COVID for us as a population, to be able to put it all behind us, I think it will go a long way to not just helping our supply chains but the entire province. But again – and I apologize if I'm not clear enough – on pages 34 and 36, on agriculture income support, if you actually do look at the actual to the budget, the budget is \$43 million, and our estimate is \$43 million. Essentially, that number is the same, \$43 million, and on page 36 the estimate, which is a dash, which doesn't have a number associated with it, will come from – again I apologize, Chair, for talking about a different set of estimates – the Treasury Board \$750 million contingency. That dash will eventually come from that disaster contingency fund for AgriRecovery. I hope that helps.

9:50

Ms Sweet: Thank you, Chair. I appreciate that.

You know, referencing the emergency contingency through Finance works. I appreciate that. Again, though, I think we're talking about two different things because in 5.3 you're saying that your budget is \$43 million, your forecast is \$46 million, and then your estimate is \$43 million. It is still a cut, Minister, because you're actually forecasting a higher amount, but you're estimating less and you're budgeting for less. The way that I read that is that it's a cut.

Mr. Dreeshen: I think we're just talking around in circles. The budget remains the same. It's \$43 million and \$43 million. That is the same. It's a demand-driven program, so on page 36 on the estimates that comes from the disaster contingency fund of \$750 million, and whether we have to use AgriRecovery or, again, the supply chains get disrupted or there are other factors that are market disruptions for the ag sector, we will be able to draw from that \$750 million in disaster funding, and that represents, again, that dash on page 36.

Ms Sweet: Let's move on to a funner topic, one that will give you a little bit of a break so you can celebrate for a second here. Let's talk about irrigation. I know that you've been using this announcement quite a bit lately in relation to the investment of the federal government, primarily. Let's be clear. The federal government is paying for the majority of this investment. The province is only paying for a small percentage of the investment.

I'd like to talk a little bit about the irrigation, recognizing that, of course, it's a proud investment for you. It's good news for southern Alberta and for farmers in southern Alberta. When we're looking at FTEs in relation to your ministry, the only way irrigation can be successful is to ensure that we have clean drinking water, that we have clean, very pristine water coming down into our irrigation networks to support farmers. There is a certification that is given by the province to producers when their water is tested to give support, I guess, to the industry as a marketing tool to be able to say: "Look, we have this beautiful, clean – it's been certified. It's been tested. It's wonderful." Industries such as, like, Cavendish and our grain producers, our potato producers, everybody that's in the south uses this to be able to market their product to say: we have a sustainable and healthy food network.

Can you speak to me a little bit about where the water monitoring is going to live in your ministry, as it used to be done through ag?

Mr. Dreeshen: I think we can actually agree on something, through Mr. Chair to the member opposite. We do sell Alberta's brand as clean water, clean air, and clean land, and that is something that we proudly do. Again, irrigation – and this is a great topic – has really been a century-plus success story in southern Alberta. The 13 irrigation districts that are down in southern Alberta do an amazing job of water management.

You mentioned the federal government was contributing half or that half of the money was theirs. The Canada Infrastructure Bank, their money, their half of the \$815 million announcement: that's just a loan that irrigators actually have to pay back. That's access to capital. That's a loan from the federal government, from the Canada Infrastructure Bank. That was actually, I think, the first deal the Canada Infrastructure Bank ever signed, which, I think is, again, great work by our irrigators. Thirty per cent, or \$244 million, is actually direct funding from the provincial government. We've put almost a quarter of a billion dollars into irrigation directly as a provincial government. Irrigators themselves put in . . .

Ms Sweet: Mr. Chair, I appreciate the announcement. Minister, I appreciate it, but I've asked you about water monitoring and who is going to be responsible for doing that. I appreciate the grant program for irrigation. You have done many announcements on it. I'm sure some of your colleagues will probably ask you questions about it in the next block, but if we could focus on water monitoring, please, and making sure that there are still individuals doing that. Currently irrigation has to pay for their water to be monitored, so I want to make sure there's still staff within the ministry that will be doing that for them.

Mr. Dreeshen: Yeah. Irrigation districts are assuming water monitoring responsibility, and the Department of Agriculture and Forestry will, again, be there to assist the irrigation districts when it comes to water monitoring within the irrigation districts. You go outside of that, and then it's within Environment and Parks, and I apologize, Chair, for talking about other departments within the estimates.

Ms Sweet: No, and I appreciate that, Minister. I mean, we could get into coal policy and how that's going to impact irrigation and how that will impact southern Alberta's ag industry – I think there are lots of concerns there – but it doesn't relate to the budget, so you and I can talk about coal policy another day.

Let's continue on with water. One of the things that has continued to come up is this investment around irrigation.

The Chair: You have another 20 minutes.

Ms Sweet: I'm good? Okay.

I support supporting the ag industry in the south with irrigation. One of the feedbacks that's been received around that is that the south has been primarily focused on in this budget. There has not been a contingency in relation to how you're going to be supporting farmers in the north, many of whom were unable to get into their fields last year due to flooding. Those that were able to get in had either failure of crop or had to leave their crop on-field because we got so much water at the end of the season that they couldn't get their crops off fast enough. Can you please speak to me about your direction in relation to how you're going to support northern farmers when it comes to water mitigation, flood mitigation, and where the investment will be coming from so that it's not just focused on southern Alberta?

Mr. Dreeshen: Thank you. Irrigation, obviously, is huge in southern Alberta because they have the heat units, and there's a

really significant economic play that will bring generational changes in southern Alberta, but when it comes to northern Alberta, the member is correct. In northern Alberta, in pockets kind of north of Edmonton, pretty much all the way across the province from east to west, they've seen about five years of way too much moisture, and that is something that – there has been an increase in unseeded acres. AFSC has actually worked directly with those producers that haven't been able to take off their crops or have had to destroy their crops, and AFSC actually offered premium refunds for their crop insurance of about \$2.4 million just in the last year alone.

Again, there's crop insurance that all farmers get but especially northern farmers, who, I think, would take out more crop insurance than other farmers. There are the premium refunds as well as the 20 per cent off crop insurance that we just recently announced, which is, again, a \$55 million saving for farmers. AgriStability, obviously, even though there are issues with it, is a program that's available for farmers that see a revenue decline. But it is something where we want to, again, with BRM programs, find efficiencies and tweak them when they're actually needed.

You mentioned drainage. Again, that's Environment and Parks, but there are places around the world – the Netherlands is a prime example – that do an amazing job of drainage regulations and rules, and their water management is impeccable. I think there's the Netherlands. There are other jurisdictions around the world that we could actually look at and copy the good ideas to be able to properly manage excess moisture that does happen naturally in lots of places around the province.

Ms Sweet: Thank you, Mr. Chair. You know, I agree with you, Minister, in the sense that the Netherlands' tiling process and things that they've been doing around research of drainage is a great model to be looking at. I think the concern is right now, and I'll quote someone that – well, I won't quote their name, but I will tell you that one of the comments that was made to me by a producer was: you know, you should build the ark before the flood. The idea here would be that we should probably start building the ark. My question again is, recognizing that Environment and Parks is responsible for some components of this – many farmers would like to farm, as I'm sure you are aware given that you are a farmer, would prefer to be in their fields than watching their crops fail. To be able to have the ark built where we look at supporting municipalities and counties in being able to get some of that water out of their areas and drained off properly would, obviously, be helping agriculture.

I would like to propose – and then I'll move on – that as the minister you work with your counterparts in Municipal Affairs as well as within Environment and Parks to support these counties in developing and providing them with funding to address the drainage issues. We recognize that MSI, although a different ministry, has been cut, but ultimately in the north farmers aren't going to be able to access their fields if they can't get the water off them. Let's build the ark so that they can, and then we don't have to have them accessing business risk management programs. Ideally, they would like to farm versus accessing insurance.

With that, I will move on to research. We were just talking about Norway. You have a comment, Minister?

10:00

Mr. Dreeshen: Mr. Chair, can I address her ark question?

The Chair: Yeah. Please go ahead, Minister.

Mr. Dreeshen: Perfect. Well, with the price of lumber right now I don't think you should be building too large of a wooden boat. No. When it comes to drainage, that proposal is great, and I appreciate

a common-sense idea coming from the NDP on that. Under CAP we actually have a water management program grant directly for farmers to help deal with water issues, but it is something that, when it comes to drainage, I'm happy to work with the agriculture critic on trying to find improvements for how as a provincial government we can find better ways to address drainage.

Ms Sweet: Well, thank you, Minister. Yes. Of course, CAP is a federal program, so it would be nice to see the province take a lead on addressing some of these issues.

If we can move on to research, please. Let's talk about RDAR. I have many questions. If we're going to look at – first of all, I guess, can you give me a quick synopsis, Minister, please, because we don't have a lot of time, about what the role and responsibility of RDAR actually is? Like, not five minutes; maybe a minute, please.

Mr. Dreeshen: Well, thank you for being so generous with time. RDAR is a fantastic arm's-length, nonprofit corporation that really is going to set the next decade at least of agriculture research in the province. We've actually signed a \$370 million deal with them over the next decade. That's \$37 million a year. That's more than Saskatchewan and Manitoba combined when it comes to provincial research dollars. So we here in Alberta obviously care about provincial research. We see research as a key economic driver of agriculture. It has been historically and will continue to be so going into the future.

RDAR actually just got – we set up an interim board with RDAR that was chaired by Dr. David Chalack, who did a Herculean task of creating RDAR in a short time period to be able to have a new business model going forward. They just recently, I think last week or earlier this week, actually, have selected a new board, a permanent board now that's replaced the interim board, and a new CEO, Dr. Mark Redmond, who is a great ag researcher. I think it's something that – why we did this, and you would know because you were in a government that politicized ag research, was that there used to be ACIDF and ALMA, and they were led by producers to be able to direct and prioritize research funding from the government. Your government, the NDP government, scrapped that and went and politicized it such that it had to fit the NDP dogma or ideology of what research in agriculture should actually be. We actually campaigned on eliminating that, having farmer-led research, and we delivered on it.

That's why we have RDAR, which has producers all across the province voting and prioritizing research dollars, which, again, are the highest in the prairies. I think it's something where we're actually, finally putting farmers and ranchers and ag producers back in the driver's seat when it comes to prioritizing ag research, and I'm darn proud of all the work that the RDAR board, which are primary producers for the most part, has done to be able to create RDAR and what I think is just an incredible organization.

Ms Sweet: Well, thank you, Minister. We were doing so well without having to go into the NDP-is-bad component.

Mr. Chair, I guess if we're looking at RDAR, I want to go back to – specifically, Minister, there are some concerns with regard to the creation of RDAR in the context that there were many researchers that were attached to working on different projects within your ministry, and you've already identified some of the FTEs that have been moved around. We're looking at the fact that many of those FTEs have now been terminated, and very, very few were moved into the U of L, Olds College, the U of A, and I think I'm missing one. I don't know. I'm missing one. But only one or two researchers were actually moved into the universities. Many of the researchers that were moved into those universities were not

able to move their tools, so their labs were not able to go with them. In fact, many are still waiting to find out what actually they're going to be able to do because of the fact that they've lost pretty much all their infrastructure. Can you please explain to me how that is in the best interest of research in Alberta, when the people who are already doing the work no longer have the infrastructure to do that work?

Mr. Dreeshen: Yeah. Great. You've obviously been following what we've been doing. At the University of Calgary we announced four months ago, maybe, now a \$3.4 million three-year agreement to have critical animal health diagnostics done at the University of Calgary. We have the University of Lethbridge; \$1.8 million agreement to, again, transfer. I believe that's on irrigation research. We have at Lethbridge College a \$1.9 million agreement, which will take on the Brooks Greenhouses to, again, Lethbridge College. The U of A up here in Edmonton, a \$3.7 million agreement. At Olds College the barley breeding program, which is near and dear to a lot of farmers, is a \$10.5 million three-year deal. As well as Lakeland College, which has Agriculture and Forestry's pulse program and beef production program transferred over to Lakeland, at \$1.95 million.

Really all of these transfers to postsecondaries: there's a piling on effect of having researchers now in these institutions to be able to have teaching opportunities for students. So we're actually generating more agriculture researchers within the province by these programs going into our postsecondaries and for the research to be done there and for teaching opportunities and curriculum development within the postsecondaries within agriculture research. It's something that at the very fundamental stage of researchers going into our schools to have that teaching ability now, that I think is, again, not just the funding commitment of \$370 million into agriculture research but to have the teaching component there as well. Transferring our researchers to postsecondaries, again, will just strengthen agriculture research within the province even more.

Ms Sweet: I appreciate that, Minister. Part of that research component that was happening is – well, first off, before I move over to that, I want to just talk really quickly about the irrigation crop research. There was land in Lethbridge to help with the irrigation system research, irrigation crop research. Can you let me know what's going to happen with that land? If the irrigation demonstration farm that was adjacent to the Lethbridge research centre has lost its funding, what's going to be done with this research land? Are you going to spend more money to now develop research land somewhere else?

Mr. Dreeshen: No. That land will be transferred to Lethbridge College. We are still working on finalizing some of these agreements with the postsecondaries to provide access to facilities and equipment. That work has been ongoing and has been ongoing for about a year now.

Ms Sweet: So we both can agree that since the creation of RDAR the researchers haven't actually had access to their resources that they were using prior because you're still in negotiation of transferring that equipment over?

Mr. Dreeshen: It depends on the announcement. Some of them were done about a year ago. Others were just recently done, months ago. So they're all at varying stages of completion. But they've always had access to their facilities.

Ms Sweet: Well, okay. That's not what I'm hearing, Minister, but that's fine. We can talk about that offline.

Part of the other responsibilities of agriculture when it came to research within the ministry was what was considered the extension services. The extension services, as I'm sure you are aware, was when farmers were able to call in to a line to get support for whether or not they were able to – for some reason: if their soil wasn't working, they didn't know why they had too much nitrogen in their soil, fertilizer questions, infestation questions, sometimes maybe, "How do I get the water off my land, off my crop?" Who is now in charge of extension? Currently it does not exist within the ministry, and I don't believe that it was a mandate of RDAR. Or are you now requesting that RDAR also take on the extension services?

10:10

Mr. Dreeshen: Any group that wants to have any research idea, whether it's extension or primary research, is free to apply to RDAR for the \$37 million. Again, that's something that farmers will prioritize, which research programs get that funding. I'll give a really good example of extension research, of how we've taken it out of government's hands and transferred it over to industry. The blue book, for example, is something that we've transferred over. The crop commodity organizations were happy to take it on, and they now provide a digital blue book that's available online. Lots of farmers are saying that they want an app when it comes to the blue book, which, again, is kind of like the Bible for crop development and what type of sprays you would put on, depending on what type of seed you're growing.

The blue book again is a prime example of: governments don't always do things the best. To be able to push out the extension work to other organizations that have more direct tie-in with producer groups and producers themselves is something that we did take a direction on to make sure that we as a government can focus on core primary functions that we have within the department. That's why we made the decision to push out that extension work.

Ms Sweet: Okay, Minister. I think we're talking about two different things. Extension research: all right. I'm asking, though, in relation to – I'll give you the history of how it worked in Alberta prior. Up until the '80s there used to be hubs across the province where farmers could actually go and get support in person from experts in the field, who were able to provide them advice about how to be successful on their farm. If they were being faced with issues – if there were infestations, if there were soil issues, all of those things – farmers had different hubs in different communities that they could access. In the '90s those programs were cancelled. It went to a regional phone service, with some other services, where farmers could still call in, and they would have access to specialists that knew what was going on within the area because they were connected through Ag and Forestry to the researchers who were doing the work, so they knew what the issues of the season were. Where are those people now, and who do farmers call about the issue of the season when they need help?

Mr. Dreeshen: The number that they would call for help is 310-FARM. We have the ag info call centre, which is still available for farmers if they do have questions or issues about their farming practices. That is something that continues on. Crop commissions and livestock commissions in the private sector are, again, taking a greater role in providing those one-on-one services for farmers and ranchers and producers, and I commend those groups for being able to do that. A lot of them actually collect royalties or payments from producers when they sell their commodity. I think it's good for these commodity groups because it does show relevance to them to be able to prove that their involvement in whatever services they provide are something that is actually needed by the industry. I

think overall it's good for us as a department to be able to focus on what we need to focus on and good for the commodity groups to justify their funding dollars that they receive from producers.

Ms Sweet: Okay. So, Minister, just to be clear, 310-FARM will still be living within the ministry as a support that the ministry will provide to farmers? In addition to that, though, when RDAR was set up, the government provided money to RDAR specifically for research. I'm now, I think, interpreting what you are saying to mean that now these extension services are also going to be a responsibility of RDAR, and people are going to have to apply, which was a service that the ministry was offering outside of research funding. So even though there is money that is being allocated to RDAR – and I think we have to go back to your numbers about the biggest investment in all the prairie provinces, but anyway – it's now going to actually not only be about research, but it's going to be about all those other services that the ministry of agriculture was offering in extension to that, which means the research dollars are actually going to be fewer because now you're expecting RDAR to take on other roles and responsibilities that the ministry used to provide to farmers. Is that correct?

Mr. Dreeshen: No. We have research dollars within RDAR to be able to go out to research projects. If a farmer has an issue with whatever type – "I have X disease in my herd," or "This is something that we've never seen before in our fields" – that service, that 310-FARM, is still there for them to be able to call. But, again, with commodity groups taking a larger role in . . .

The Chair: Sorry to interrupt, Minister. That ends the first block, concludes the first portion of the questions from the Official Opposition.

We'll now move to the government caucus for 20 minutes of questions from the members. Would you like to combine your time? I see Mr. Turton online. Would you like to combine your time with the minister?

Mr. Turton: Yes, please.

The Chair: Okay. Thank you.
Go ahead, Mr. Turton.

Mr. Turton: Yes. Thank you very much, Minister, for coming out here this morning. Obviously, as the minister for one of the largest economic drivers here in the province you have a broad portfolio, so I'm very thankful that you were able to come out today and chat with all members about your budget.

I guess, to kind of kick-start us off, I'd ask a couple of questions that I know are extremely relevant to residents here in Spruce Grove and Stony Plain and actually pertain to page 34 of the estimates, specifically line 4.4, and really I'd kind of go a little bit off the line of questioning that Member Sweet was talking about, and that has to deal with agricultural research. Now, obviously, I know this is extremely important.

I guess, of my next couple of questions, first of all is: what is being done to protect the long-term sustainability of agriculture research in Alberta? I mean, obviously, our farmers want to know that the government is supporting cutting-edge technology so that they can, you know, enhance their crops and even develop new product lines. I know that you were talking about that you can go to other jurisdictions around the world, so I guess I wanted to get your vision in terms of: based upon the estimates, what is being done to protect that long-term sustainability for research here in our province?

Mr. Dreeshen: Yeah. That's a great question. Again, that \$370 million, 10-year agreement that we have with RDAR I think is going to go a long way to ensuring that research continues. How we've set it up: it actually allows for extra dollars to be able to be leveraged. So if you're a private seed company, you're able to leverage those provincial dollars to develop a new variety or a new disease resistance in whatever type of research project comes across RDAR's desk.

Speaking of RDAR's desk, they've actually had 117 calls in already for research proposals, and they've already funded \$4 million on the first call, and at the end of January they actually announced that they'd do another \$3 million in ag research. I think that RDAR is carefully, meticulously looking at all these different research proposals that come in, and again it's now being prioritized by industry rather than by governments or political ideology. I think that that's really going to set up ag research.

As you mentioned, it's so important to the industry to be able to have cutting-edge research because our farmers compete with farmers all around the world. Obviously, in Canada we have a lot more challenges, whether it be just so far away from ports or just harsh winters. We have to be innovative here in Alberta to be able to have a strong ag sector, and I think it's amazing how we can compete internationally even though we're so close to the Arctic Circle.

Mr. Turton: Well, thank you very much for your comments on that.

I guess my supplemental actually ties in with a couple of comments that you talked about. I know that specifically pertaining to irrigation and some of the cash crops that are being grown in southern Alberta, there's always talk about if those same types of cash crops can be grown in northern Alberta. I know it's a very complicated discussion because you're having to deal with thermal units, you know, and different variances like that, but I guess my question is pertaining to the research. I do realize that it's arm's length from the actual government and that you're talking about farmers leading those discussions, but offhand do you know if there are any discussions about research into cash crops that could potentially be grown in more northern climates – like, when you talk about our proximity to the Arctic Circle, obviously Edmonton is a little bit further away from that – just making it so that farmers in northern Alberta can still experience the same economic opportunities that they experience perhaps in maybe the area around Lethbridge and Medicine Hat?

10:20

Mr. Dreeshen: Yeah. That's a great question. Heat units, obviously, in agriculture are very important, and I've heard of new, shorter growing season varieties of crops coming online. Whether it's, you know, the high-value sugar beets or potatoes, whether it's those varieties, I don't think any of those have come across RDAR's desk yet. But I agree with you. We have to be able to have, you know, shorter growing seasons, new seed varieties that would use fewer heat units so that we, like most of the rest of the world, could maybe even grow two crops in a year. I think that's something that, again, is a big priority of farmers, and I think that RDAR, going forward, would most likely prioritize that type of research.

Mr. Turton: Perfect. Thank you for that, Minister.

I guess my next question is going to be on a slightly different topic. It's going to be pertaining to page 11 of the ministry business plans. I see in those business plans that there is only going to be about \$280 million transferred to the province from the federal government in 2021 and 2022. It's a pretty significant drop from

\$371 million in the previous year. Obviously, I understand that everyone wants that long-term sustainability in terms of funds and transfers and working with other levels of government. It almost reminds me of the analogy, you know, from a province's perspective, of trying to anticipate what the federal government will do when it comes to supporting your ministry. It's like reaching into a hat and pulling out a rabbit and wondering: what are you actually going to get, right?

I guess, can the minister please explain why the federal government decided to decrease its transfer? Do you have any insight about why this would happen, especially when the province of Alberta, you know, took it on the chin this year? I mean, with oil prices and, obviously, COVID being right across the country, I think that this would be a key area that the federal government would want to support. So just to get your thoughts on this, Minister.

Mr. Dreeshen: Yes. It's a great question and even a bigger, broader question of Alberta being able to get its fair share of federal funding. It is something where, when you look at that line item specifically, that reduction in 2023-24 is primarily due to the fact that we fought as a provincial government to get more federal funding when it came to our fight against mountain pine beetle.

We had initially asked the federal government for \$100 million. They said no. We said that mountain pine beetle obviously is not just an Alberta issue, that it's pan-Canadian. It affects the entire boreal forest. It started in B.C., spread over to Alberta. We actually got a million dollars transferred from Saskatchewan to actually fight the mountain pine beetle here in Alberta as, like, a satellite territory so that mountain pine beetle doesn't actually make its way into Saskatchewan and farther east.

The federal government was actually funding an invasive forest pest in the Maritimes that had kind of gone around provincial boundaries. We asked the federal government: "Okay. That's a national Canadian issue. You provided funding for that. Provide the same level of funding to Alberta to be able to fight mountain pine beetle." Like I said, they said no originally. They then said yes to \$60 million over three years. So that reduction in 2023-24 is essentially that \$20 million a year tapering off. I think it is something where, once we got that three-year commitment, we were happy. But it's obviously something where, going forward, I doubt the mountain pine beetle issue will be resolved by then, so that is something that we would continue to advocate for additional funding for.

As well, with AFSC, through AgriInsurance or crop insurance, there was a reduction there. That's due primarily to our reduction in premiums in crop insurance. Again, it's a 60-40 split between the federal government, 60, and the provincial government, 40, our support when it comes to insurance premiums, and the fact that we've now lowered those insurance premiums by 20 per cent, with farmers getting a \$55 million benefit. But, also, for the provincial government and the federal government, it's also cheaper now for them to be able to have that program be sustainable.

Mr. Turton: Awesome. Thank you for the answer, Minister.

As you know, my riding of Spruce Grove-Stony Plain is, you know, almost 100 per cent urban, but I do have about eight farmers, which is interesting. They always brag that they have the best farmland in the entire province. I'm sure you probably take exception to central Alberta in that regard. But even though my riding is urban, I mean, agriculture is still an integral part of the fabric of my riding. I really want to talk about my next question: having to deal with access to international markets, value-added

industries, and how our province is really kind of marketing our product to the world.

Just a quick story that I want to say, that I experienced, actually, two weeks ago. Again, being in an urban riding, you wouldn't think that there would be those types of opportunities in an urban centre, but, I mean, in my riding of Spruce Grove-Stony Plain there's actually one of western Canada's largest worm farms. They're talking about, obviously, working a little bit with your department as well and about exporting worm castings to the world, and that's not something you would normally expect. So agriculture and those value-added industries and those opportunities are immense.

I guess my question that I have is that you have touched base about, you know, doubling the number of international offices. I know Member Sweet talked a lot about the pulse market and being able to tap into those markets in Asia, for example. I guess that I was wondering if you could please maybe explain the importance of these overseas offices. There are some people that are saying that it's redundant, that it's not needed, that we can just hope that the world sees our goods, products, and services.

I applaud the approach that your ministry has been taking in terms of taking an aggressive role and making sure that the market realizes the potential for agriculture from Alberta. I was just hoping that you can really hammer down a little bit about the important role that these overseas offices have to your ministry's goals and to providing those economic opportunities for our farmers in the province.

Mr. Dreeshen: Yeah. I agreed with most of what you said. Except, central Alberta is God's country. Actually, I said that in RMA and almost caused a riot. Everybody at the mic said: no, my area is God's country. Anyway, you do have very good ag lands in your riding. I've been out there a lot.

When it comes to value-added investment, that is something where, obviously, with our corporate tax rate being the lowest in Canada, one of the lowest in North America, that's a key point of our investment team within Agriculture and Forestry. We have about 104 leads where the department is working with private companies right now to be able to attract and draw them into the province. I think that's great work. It's something where, with our \$1.4 billion investment target that we from year one created, we've now seen \$527 million in new value-added agriculture investment scattered across the province, and that's something.

We had a 2,000-new-jobs target as well. We've created 981 new jobs or helped facilitate the creation of those jobs, and I think it's so important. Again, the work that our department has done, our investment team, for a lot of these folks, is whether you have – for example, the Leduc food processing centre. You can have an idea, an incubator. You can rent a bay there. You have access to all this equipment. You can then take a concept, you can scale it up, and then again our department can help you find international markets or domestic markets to sell whatever product gets created.

So that scalability all the way through on value-added: it's not just big, \$50 million, new grain terminals with a 140-car loop track. There are other, smaller value-added companies that are coming to Alberta that want to invest in Alberta. Obviously, nothing against \$50 million grain terminals. They're great, and we need more of them. But it is something, whether it's large, canola-crush facilities or flour mills – or there's a company down in Calgary that has insect protein. It is something that they're trying to develop as well. So there's a tremendous amount of value-added in agriculture, and agriculture is just such a vast industry, and it's exciting to see those new investments come here to the province.

Mr. Turton: Thank you, Minister.

You know, a perfect example of that value-added aspect that you're talking about – and while I'm not exactly sure if it's part of your ministry, I know that there was a recent announcement down in your neck of the woods about straw and hay being used for MDF materials over by Trochu, down in that neck of the country. I mean, it's exciting to know that farmers here in our province are taking advantage of those economic opportunities.

10:30

I guess a follow-up question about the trade offices and the international offices. I know in your dialogue back and forth with Member Sweet, you talked about a number of the different locations around the world that we're looking at. I guess my question is: are these markets, these new offices mostly geared towards doubling down on already existing market potential and just trying to take perhaps, maybe a larger market share – I know you talked a little bit about the United States and, I believe, Mexico – or are we really trying to market to new markets with these offices and tap into unrealized potential that perhaps, maybe we were not taking advantage of previously?

Mr. Dreeshen: Yeah. Great question. I think it's a combination of both. You mentioned that fibreboard company that is actually in the Speaker's riding or is proposed to be set up in our Speaker's riding. That's an \$800 million potential investment coming to central Alberta to be able to create fibreboard out of straw. Again, that's a great value-add to be able to have – essentially, you'll be able to get your seed but also value out of your straw as well, which is an exciting prospect and something where, again, we are doing everything we can to try to help facilitate that investment.

When it comes to our trade offices, they do have key objectives that they do target, and one is, obviously, targeted trade missions, advocacy work, promotion of Alberta as well as business development services to help educate companies on exporting to new markets and identifying international opportunities. There's a combination of the advocacy work, of walking through companies wanting to export and wanting to expand, and going to different markets.

The Singapore office, for example, is such a key, major economic hub in that corner of the world, so although a new person will be within the Singapore office, it's regional, and they're going to be able to look at other countries in that region that do trade every day. It is something that I think is pretty exciting, to be able to see these new offices and the results that will come from them once they're up and running.

Mr. Turton: In terms of the operation of these offices – I guess this is a little bit of clarification for myself – are they exclusively marketing for Alberta, or are they more on a contract basis where, you know, we have a small segment of these offices' attention and they're also looking at other potential clients to be marketing in those respective areas?

Mr. Dreeshen: Yeah. They're a hundred per cent dedicated staff to Alberta and to help Alberta companies. I know I mentioned it before, but, yeah, Beijing, Seoul, Tokyo, and New Delhi are where we had offices already, and now going to Singapore, Mexico, the EU, and the U.S. Those, again, are such key markets. The importance of trade with the U.S.: they're our one and only neighbour and our largest trading partner. But to be able to diversify into other markets is just such a smart business decision and something that our commodity groups and producers especially want to be able to see, that we have great trading relationships not just with a handful of countries but with as many countries as possible.

Again, from a primary producer point of view, if grain companies or if businesses are going out and getting high-priced, good contracts and good deals, that's just a huge benefit. It trickles down a huge benefit for higher prices being offered to our farmers and ranchers and producers here in the province. It's a complete, full supply chain that the more export markets we have, the better off our primary producers will be.

Mr. Turton: Excellent. Thank you again. Those are all the questions I have. I obviously appreciated your answers with the one exception about God's country, so at this point I'll pass it over to my good colleague and friend MLA Shane Getson, who may also take some issue with your term of "God's country" in central Alberta. Thank you very much, Minister.

The Chair: Go ahead, Mr. Getson.

Mr. Getson: No. I appreciate that. If the minister would just look at the screen behind my head, he would know that he wouldn't have to make those assertions as this picture was taken out in Glenevis. I think I'll let the picture speak for itself.

Mr. Dreeshen: I see you think quite highly of yourself.

Mr. Getson: Well, it's not me who puts the sunshine down, sir. That's somebody else. If they choose to, I'll definitely sit beneath it. With the, you know, banter back and forth: I appreciate that, Minister.

On page 7 of the business plan you provide details on the ag sector strategy. One of the key pillars identified is investment attraction. Specifically, "the goal is to attract \$1.4 billion in investments by 2024 and create [over] 2,000 jobs in the [ag] sector." What tools and performance metrics will you be using to achieve these goals?

Mr. Dreeshen: Yeah. Great question. We lovingly called our dashboard Dave's dashboard because he was the ADM that built it, but now it's Jamie's dashboard. This is it right here. It is, again, the 104 leads and targets that we're working on with companies from our investment team within the department, and we have it listed as the project investment as well as the projected jobs associated with that new investment and, you know, subsectors of canola processing, pork industry, plant protein, emerging sectors, greenhouses, grain processing, ag technology.

The Chair: I hesitate to interrupt, Minister. I'm sorry.

We're now going to take a five-minute health break, so please be back in your seats in five minutes.

[The committee adjourned from 10:36 a.m. to 10:42 a.m.]

The Chair: Thank you. We'll now move on to five minutes of questions from the Official Opposition, followed by five minutes of response from the minister. As mentioned, members are asked to advise the chair at the beginning of their rotation if they wish to combine their time with the minister's time, and please remember that discussion should flow through the chair at all times regardless of whether or not speaking times are combined.

Hon. members, I'd like to offer a clarification with regard to speaking times for members during main estimates. Once the maximum speaking time is reduced to five minutes at one time, Standing Order 59.02(c), the time allotment is no longer considered a block. The member called upon at the appropriate point in the rotation may use up to five minutes at one time. The minister may then use up to five minutes in response. However, if either the member or the minister chooses not to use the maximum five

minutes allotted to them to speak, they cannot return to complete the balance of their five minutes. Once the member and the minister have had their time to speak, the chair will then call upon a member in the next group in the rotation for their five-minute speaking time. That's why it's much more appropriate to indicate at the beginning of your speaking time that you want to go back and forth, and that way you get to use your entire 10-minute block.

Go ahead, Mr. Bilous.

Mr. Bilous: Thank you very much, Mr. Chair. Minister, I'd love to share our time if we can, if you're open to that, to continue what we've been doing.

Mr. Dreeshen: Sure. Whatever works for you.

Mr. Bilous: Great. Thank you, Minister. I do want to say thank you to your department staff in Ag and Forestry. Many familiar faces that were in ag under our government. You know, I want to thank them for their hard work and their continued service to the province.

I have three areas that I want to talk about with you, Minister. Again, I'll say this at the outset. I said this in previous estimates. My approach – you know, I appreciate the tone that's been happening so far in the back and forth. We're here for information. This is not question period. I'm not looking for aha moments. I'm just looking to gather further information.

Starting with trade, I appreciate and I'm happy to hear, Minister, that you're increasing the number of trade commissioners that you have. I just want to drill down a little further. The new positions: are they contracts, or are they employees of the department directly?

Mr. Dreeshen: They're contracts.

Mr. Bilous: Okay. Wonderful. The four existing offices that you're continuing with in Beijing, Seoul – sorry; I've got it written down. The four existing ones: are those remaining in the Alberta international offices?

Mr. Dreeshen: Yes.

Mr. Bilous: Okay. Wonderful. Now, you know, I'd love to get some comments out of you, Minister, because I had a very robust conversation with your colleague Minister Schweitzer and the lead of Invest Alberta, David Knight Legg, regarding the fact that the international offices have taken a significant reduction in this year's budget. In fact, they're really whittling down our international offices and moving to an in-market contracting model. I'll highlight some of the challenges of that model shortly, which is why Alberta has gone down the road of having Alberta boots on the ground. Again, I appreciate that the four existing ones will continue to be trade commissioners working in international offices.

I'd like to get your take on the impact of the fact that – because they don't work in isolation. I know for a fact, you know, that our staff in Asia work in our international offices, and 10 out of 12 of our offices are co-located with the federal government, which means we have access to information. Honestly, that gives us a leg up over other jurisdictions like Quebec, where the majority of their international offices are not attached to the federal government, which means we get leads a lot quicker. How are you going to mitigate the fact that we've got a massive reduction in our boots on the ground? They work as a team in those offices. I know Ag and Forestry pays for an FTE, but they work in an office as a team, sharing intel. How is that going to impact your goal of increasing trade and supporting Alberta businesses?

Mr. Dreeshen: A good question. It's work. It's something that we always have to be cognizant of, you know: why are we there? What are our goals and metrics? I think that's something that you have to be able to – whether it's Invest Alberta or whether it's our specific ag specialists in our international offices, we actually have to have metrics that you can actually measure against to say that we're having more deals, that we're bringing in certain types of investments, that we're setting up meetings, that we're connecting people, that we're having these deals go through.

I think that's something where, obviously, working with Invest Alberta is going to be so important. David Knight Legg, the head of Invest Alberta, I think is a great guy who's got an amazing investment background. Obviously, we have our specialists that have their own unique skill sets. The complementary nature of having them both there, again, with the same goal of trying to bring investment and to increase economic activity for the province: as long as there are easily identifiable metrics that everybody can judge their own performance on, I think that is the best way to move forward.

Mr. Bilous: Minister, thank you for that answer. I meant to mention at the outset that if I do interject, I'm not trying to be rude, sir. It's only limited time with a lot of questions. But I appreciate your answer.

I would love to get a little more detail from you on those metrics. I know you have the actual dollar amount of investments, but I'd like to know how we're tracking them. A metric that used to exist in the department was the number of meetings that our staff would help to facilitate. I think that metric is terrible, quite frankly. That doesn't tell you anything. I mean, a meeting can result in nothing. They book a ton of meetings: good for them. I hope that we have more metrics than that.

I also wanted to just highlight the fact that because the international offices are being gutted, that is going to have a direct impact on the deal flow, the success that we have, because there are fewer people in-market and fewer people on the ground. I wanted to know, Minister. There used to be programs that would help Alberta businesses export or direct supports for helping our producers get into new markets. Are there any support programs in your budget this year for our staff outside of the folks on the ground as support in-market? Are there any direct grants, programs for our producers, both ag and forestry, quite frankly, to export, to break into new markets or increase their market share?

Mr. Dreeshen: Just as a high-level summary of our targets and our goal that we've set up for our own international office folks within the department, on the exports it's new products and sales, and on the investment side it's leads and jobs. Those are essentially the main targets, goals. We've set targets and goals on past performance. Now, in these new offices we've done some, you know, crude estimates of what we should be able to do because we're for the first time now in these new markets. Those are the key metrics that we ourselves will measure our success on in the out-years.

On the grant question that you had asked, we do under CAP have a product market growth and diversification grant to help facilitate any new exports or products that would go internationally or even domestically. You know, that's supporting product development and also pursuing new market opportunities leading to business growth and job creation. That grant specifically is designed to do just that.

10:50

Mr. Bilous: Minister, is that grant, the CAP, federal and provincial? Is that both orders of government, or is that only provincial?

Mr. Dreeshen: It is a cost-shared agreement.

Mr. Bilous: Do you have the percentage on what Alberta puts in?

Mr. Dreeshen: Sorry. The grant itself is designed by us, but the funding itself is cost shared.

Mr. Bilous: The split on that, Minister: is it 50-50, 60-40?

Mr. Dreeshen: Sixty-forty.

Mr. Bilous: Okay. Wonderful. Thank you, Minister.

Okay. There used to be supports provided to the Alberta Forest Products Association to help them further in-market. There was a grant a number of years ago. I'm just wondering – I mean, again, I'm not trying to look in the past – do you have any direct grants or supports for in-market support for our forestry producers to increase their market share, specifically in countries like Japan?

Mr. Dreeshen: Yeah. There is an Alberta wood works grant – it's about \$200,000 – and also a Canada wood grant. That's another \$200,000 grant that is available for our foresters to be able to get out into markets and to diversify.

Again, I think it was most, about 80 per cent, of our lumber products that actually go directly to the U.S., so market diversification and going into other markets is important. But, obviously, the U.S. housing industry and whether it's a hot market or not is something that, just due to the proximity, the closeness, has always been a key and important market for our foresters.

Mr. Bilous: I agree with that, Minister, but – and you'll recognize this as well – we are in the midst of round 5 of a softwood lumber dispute. Although right now our forestry sector is enjoying a buoyed cost in the price of lumber at the moment, you know, it's critical to increase our market share in Japan and in other countries, because being overreliant on a single buyer puts us in a very, very bad position for the long term. I do appreciate that. Now, those two grants of \$200,000 each: is that an increase, a decrease, or is that the same as last year?

Mr. Dreeshen: That's the same as last year.

Just, you know, quickly on softwood lumber, obviously we help support the federal government in that ongoing dispute. It's something that has lasted for a long, long time, and I don't think that under this administration we'll actually see a conclusion of it. But, yes, as you mentioned, record lumber prices – and our foresters had a great year in 2020. This year . . .

The Chair: Thank you very much, Minister. I hesitate to interrupt.

We'll now move on to a 10-minute block, or I assume it's a 10-minute block. Mr. Getson, you want to go back and forth with the minister?

Mr. Getson: Yes, Chair. If I could, that would be great.

The Chair: Okay. Thank you. Go ahead, sir.

Mr. Getson: Yeah. Minister, where we had left off, if you could just pivot back to that, was back on the investment attraction, bringing back those much-needed jobs in the area. I believe you

were just talking about a performance metric or a dashboard that you had to be able to control those metrics.

Mr. Dreeshen: Jamie's dashboard. Those are the investment leads, and I think I went through the subsector list. Again, those leads, the 104 that they're working on, are credible businesses and ideas. But there's a huge variety of needs and wants that they have. For some, access to capital is an issue. For some, it's procuring land. For some, it's permits, whether it's municipal or provincial, that we help facilitate and try to help them walk through to actually get shovels in the ground and actually set up their operations. So, for those, I think it's pretty exciting – I mean, agriculture, obviously, is so important, which you know in your riding – just to see this type of potential investment come into the province. If you total it up, if we were batting a thousand and we got all of these leads, that's about \$3.4 billion in new investments in agriculture alone that our department is actively working on, and it represents about 3,300 new jobs in agriculture value-added processing in a variety of different types. So I think that that's a huge piece.

Another aspect to this – and it was announced right before the budget – was that AFSC, the Agriculture Financial Services Corporation, increased their borrowing capacity by over \$800 million, and that's something where, again, whether it's a large player or not, they can start to go into that space and provide access to capital for any type of business. Even if it's not a hundred per cent of a loan for a new business to have that access to capital, they can even be a facilitator of a deal. They might even have a smaller percentage in the overall lending capacity. They'd have multiple banks or multiple financial institutions that would team up to work on a large deal. But, again, AFSC have investment folks there as well, lenders that help facilitate that, you know, future value-added process within the province, and I think they'll be a key metric going forward to try to hit that investment target.

Mr. Getson: That's really good.

Again, out in our area, you know, in God's country and all that good stuff, we do have the Acheson industrial business park out there, so I'd be remiss if I didn't mention the ag guys on the upstream supply, you know, not to take away from guys like Lewis Farms or Lazy S or Parkland or all the other ones, the cow-calf operations, the feed operations but also when you look at companies like Champion Petfoods, that started out in Barrhead, sitting out there reaching those global markets. Anything that we can do to help add in that value-added chain, to sort out the logistics is good.

The next one, if I could just talk about it, Minister, is on page 7 of the business plan. Agriculture and Forestry plans "innovative technology to improve the province's ability to [fight] wildfires." Now, again, in my area we've got all the remanufacturing as well, so Spruce Land, as an example. We have Millar Western out there as well and Dacron, a bunch of those guys. They're remanufacturing after we've had the first and the front ends. Then we've got companies like HeliQwest and Synergy and Pegasus Imagery, that are developing forest fire fighting tools out there. Plus, we've had a lot of interest in those polymer gels. I'm hoping you can talk a little bit about that so we can tap into some of those technologies you're considering to help prevent forest fires and offset, like you'd said earlier, those 130 megatonnes of greenhouse gas emissions.

Mr. Dreeshen: A great question. Acheson: yeah, we've been out in that neck of the woods ourselves, and that's just a great success story of how they can have a hub of investment and a lot of different, diverse types of industrial growth. It's really exciting to see. Hopefully, Minister McIver builds them their intersection or

their overpass that they were looking for, but again that's not in our estimates.

A good example that you mentioned is Champion, and I mentioned earlier about the Leduc food processing centre, the incubator there. That's where they got their start, and they tested their brand new line of pet food products. To be able to see them scale up from an idea at the Leduc bay in an incubator and to see where they are now as a large, big exporting, international company: you know, that's a perfect, really nice success story. They do fantastic work of, again, creating jobs and bringing in investment and economic activity to your neck of the woods. Yeah, that's a great success story.

On wildfire, I agree with you. It is something that Alberta Wildfire has a constant, never-ending improvement mentality on. They're always looking for new ways, new techniques to fight wildfires, and adoption of new technology is something that they're always looking at. I think, you know, this fire season – as I mentioned before, we've had pretty much the worst fire season and the best fire season. We're probably going to be somewhere in the middle this year, and we want to be able to make sure, whether it's drones, gels, apps, that we have cutting-edge Alberta Wildfire response, which, again, just (a) keeps Albertans safe and our infrastructure safe as well as, you know, reduction of CO₂ emissions and also the connection between Alberta Wildfire and people that are affected by it.

Again, two years ago, when you had communities being evacuated, smoke advisories, I think, for 95 per cent of the province on certain days, that communication is so important, so key. Actually, after the first wildfire season that we had when we formed government, we actually commissioned an MMP report that looked at and made recommendations on how Alberta Wildfire could improve their communications with the folks on the ground. But the adoption of new tech, as you said, is so important, and I think there'll be some exciting examples and products where we'll be able to show how Alberta Wildfire is really cutting edge and a leader in the adoption of new technology to fight wildfires.

Mr. Getson: I appreciate it, Minister.

I'll cede my time over to MLA Singh now. I believe he's up next. Thank you, sir.

The Chair: Go ahead, Mr. Singh.

Mr. Singh: Thank you, Mr. Chair, and thank you, Minister. I want to acknowledge all the efforts that have been done by the minister and all the staff in the ministry to ensure progress, diversification, and sustainability in Alberta Agriculture and Forestry towards our economic recovery. On page 7 of your business plan I see some aggressive investment targets for agriculture. I also see that the AFSC borrowing limit is increasing. How will this increase help us meet these targets?

11:00

Mr. Dreeshen: Yeah. Great question. You know, a lot of companies have said that the high cost of capital has been a deterrent for them or just has slowed them down. A lot of companies have said, "We were thinking about doing an investment or tacking onto our existing investment or facility," that they have in the province. But if they were to speed up that kind of 10-year horizon or longer term view of investing, they said that access to capital and affordable capital is something that would really speed up that timeline. Obviously, at a time when Albertans are looking for work and there's a need to have more investment and more jobs going through a global recession, I really do believe that increasing

the lending capacity from AFSC is going to go a long way in helping our Alberta recovery efforts.

Mr. Singh: Thank you, Minister.

Alberta's agricultural societies are a critical part of our province. They support rural communities by providing services such as community centres, ball diamonds, rodeo grounds, curling rinks, skating rinks, and so much more. Each year they receive a provincial base grant and an additional operating grant for agricultural events that they host. However, because of the pandemic, most events were cancelled last year. I noticed that the government estimates for ag societies on page 34 has been maintained in line 2.2 of the estimates. How does the ministry plan to grant these funds if most events were cancelled last year?

Mr. Dreeshen: Yeah. Great question. I agree with you. Ag societies, whether it's the Calgary Stampede or the Benalto Ag Society, are fantastic. They do such a great job of building community facilities and building up communities in rural Alberta. You know, hats off to all the volunteers across the province that make the almost 300 ag societies tick.

Yeah, in this budget there's \$11.5 million going to ag societies. That's flat from last year. The seven large regional ag societies get about \$2.8 million, and also the 283 smaller ag societies get \$8.7 million. So that makes up that \$11.5 million. But you are right. There's a base grant that ag societies get of \$17,500 to just help them...

The Chair: Thank you, Minister and Member.

We will now move on to five and five with the opposition, going back and forth for a block of 10 minutes. Go ahead, Mr. Bilous.

Mr. Bilous: Thank you very much. Minister, I'm going to focus this next block on both value-add and sector strategies because they go hand in glove. I will say that, you know, I think one thing I can agree on with the Member for Lac Ste. Anne-Parkland is the need for performance metrics and clear targets and outcomes. Now, I appreciate, Minister, the dashboard that was designed. Just a simple question to start: is that dashboard public?

Mr. Dreeshen: No.

Mr. Bilous: Are you able to share that, to table it with the Assembly so that not only the opposition can see but honestly, quite frankly, our producers? I think it would be valuable information for our companies province-wide to be able to see the metrics of how we are doing compared to other jurisdictions.

Mr. Dreeshen: No. There's sensitive business information that we have within this dashboard. I think that if we were to go and make it public, no one would talk to us anymore.

Mr. Bilous: Well, that's an interesting comment, Minister. Why would nobody talk to us if we had – is it that bad?

Mr. Dreeshen: No. It's proprietary information that these businesses have. We're trying to help them through sensitive business information and negotiations. If that was public and on the front page, then these business deals wouldn't happen.

Mr. Bilous: I mean, just an idea – and again, I'll leave it at this – but it might be useful to look at some kind of redacted dashboard that would be outward facing for Alberta businesses to see, you know, where we're at. But, again, I'll leave that with you.

The sector strategy specifically, Minister: do you have any line items or dollar amounts in this year's '21-22 budget specifically allocated to your ministry's ag sector strategy?

Mr. Dreeshen: It's embedded throughout our estimates. We don't have a specific line item on: this is our sector strategy. We've actually been announcing our sector strategy, essentially, throughout the last year or so of Alberta's recovery plan. I'm sure you've heard of it. That is something that – whether it's irrigation, whether it's our international trade offices, AFSC's access to capital, there's a laundry list of moves that we've made as a department to build into that sector strategy. I think it is a constant evolution of good, new ideas of how we can just grow the economic activity in the province.

Mr. Bilous: Thanks.

On the value-add, let's talk about the Leduc food processing incubator. Can you tell me under what line item are supports from your department going to it, and can you tell me the amount that you're funding them?

Mr. Dreeshen: Sure. It's embedded in our estimates as well as Infrastructure's. Again, not to talk about other departments, but it is in the capital plan for \$12 million this year and \$12 million for next year for the Leduc food processing facility. Within our estimates, though, that is line 3.3 on food and bioprocessing.

Mr. Bilous: Okay. I would imagine that's for programs, staff support, you know, operating the actual facility, et cetera.

Mr. Dreeshen: Correct.

Mr. Bilous: Wonderful. I mean, I do agree, Minister, that that is absolutely critical. I mean, you know, previously under our government we also increased funding for it. It was the largest in North America. I believe it's still the largest in the world. I appreciate the MLA for Lac Ste. Anne-Parkland talking about Champion Petfoods, because Champion Petfoods did start in the Leduc food processing incubator and is a success story.

Minister, one of the reasons why they opened in Acheson and expanded significantly was because they accessed the capital investment tax credit. There were a couple of programs that they did in fact use to be able to grow and expand, so I was, you know, quite thrilled to take part in their grand opening. I do agree that value-add has huge potential. My question, Minister, is – and I appreciate you've already signalled part of the strategy or the funding to support value-add is in the corporate tax reduction. Okay; I appreciate that. I'm wondering if there are other direct supports or what tools or financial instruments your department is using in order to help facilitate value-add.

Mr. Dreeshen: Through you, Chair, I'd just like to correct the record on something that the member just said about the NDP government's support for the Leduc food processing, that they announced it but we actually did it. That \$24 million is in our capital plan, something that was talked about by the NDP but that they didn't follow through on.

But on the latter question, on what else we do to help investment growth and what's part of our strategy, access to capital, as I mentioned, is part of it. The lowest tax rate for businesses in Canada is also there. We do have – and I mentioned it earlier – our capital grant for growth and value-added food processing. That, I think, is a cap of a million dollars or a ceiling of a million dollars on that grant program. Then, again, obviously our trade offices are able to help facilitate more exports and product development.

Mr. Bilous: Minister, if I heard you correctly – and, again, I'll correct-correct the record. We announced a \$10 million tranche for the Leduc food processing incubator that was funded, and then we did put another \$10 million into the out-years.

However, on this, the access to capital is just borrowing. Okay. That's providing more money for companies to borrow. So I think that when we're trying to attract companies to do more value-add, to say, "Hey, you can borrow more money": I don't know if that's necessarily going to be a big incentive for them to do it here. I do appreciate that the corporate tax cut will have an impact on these companies. The cap you had indicated that they can access, up to a million dollars for supports: how many companies would be able to access that? How is it decided who receives that funding?

11:10

Mr. Dreeshen: The department grants folks obviously will prioritize – there are obviously more applications than there are dollars available, so once the applications come in, they prioritize at an officials' level to make sure that the best projects are ultimately being funded.

Mr. Bilous: And some projects are, obviously, declined?

Mr. Dreeshen: Yes, and there are clear criteria on the website that it's based – it's very open and transparent on what the priorities are, depending on the type of grant application, and it's used to weigh and measure against the proposal.

Mr. Bilous: Wouldn't some members of your caucus, then, describe that as picking winners and losers?

Mr. Dreeshen: Prioritizing the best is something that – again, because there are clear criteria on where we actually value, you have to make a priority decision of how best to allocate provincial dollars, tax dollars, Albertans' dollars, and that's something we want to make sure we get the best value for, whether it's jobs. Again, there's a laundry list of criteria that's open and transparent on which actual applications will get approved, and I think that's pretty standard across government.

Mr. Bilous: I agree with you, Minister, and I'll be sure to use that answer any time your caucus talks about picking winners and losers. I agree that there's not an unending source of, you know, supports available and that it should go to the best. I appreciate that very much.

Other than CAP, Minister, are there any other tools or financial instruments to encourage – and I appreciate the trade offices working with companies to set up shop in Alberta. We've had a ton of success in the past, and I appreciate that. I'm just looking for, you know, if there are any other tools in your department that can help act as a differentiator outside of the corporate tax rate – we've covered that – to help attract here. Now, I appreciate that we have quite a strong supply chain, which is a bonus for Alberta. We know that we have the highest quality of base products here in the province, but what more out of your ministry is being done to really increase the number of value-added and to get to that target of \$1.4 billion in investment?

Mr. Dreeshen: Yeah. I think that obviously our CAP grants are something that we point to, but that's not the be-all and end-all. The Leduc food processing facility: again, their scalability from incubator, from concept or idea, scaling that up to actually being an international exporting company or even just domestic. We have our staff, our personnel within our investment team within the department. That is a great resource. We have AFSC, obviously,

our arm's-length financial entity, and then RDAR, I would say, with all the different . . .

The Chair: Thank you, Minister. I'm sorry to interrupt.

I find it necessary as chair to clarify the record for everyone that no matter who came up with the program, it's Alberta taxpayers' money that funded it.

We're now going to move on to a 10-minute block for the government caucus. Mr. Singh, go ahead.

Mr. Singh: Thank you, Mr. Chair, and thank you, Minister. You may complete answering my last question. Do you want me to repeat the question, or is it okay?

Mr. Dreeshen: That'd be great.

Mr. Singh: Alberta's agricultural societies are a critical part of our province. They support rural communities by providing services such as community centres, ball diamonds, rodeo grounds, curling rinks, skating rinks, and so much more. Each year they receive a provincial base grant and additional operating grants for agricultural events that they host. However, because of this pandemic, most events were cancelled last year. I noticed that the government estimate for agricultural societies on page 34 has been maintained in line 2.2 of the estimates. How does the ministry plan to grant these funds if most events were cancelled last year?

Mr. Dreeshen: Yeah. That's a great question. We announced, I think a few weeks ago, that the base grant, obviously, the \$17,500, is going out to all the primary ag societies. Seven regional ones are getting their base grant of almost \$300,000. Those are the big seven. We did announce on the variable operating grant that we would go back to a five-year average. That's something that – the variable grant is based on how many events an ag society actually has. As we pointed out, in 2020, due to COVID restrictions, so many of their events and activities had to be cancelled. So rather than that variable grant being zero because zero events happened, we decided to go back to a five-year average of events per individual ag society and allowed the grant funding to flow that way. That's how we maintained that \$11.5 million grant to ag societies.

Mr. Singh: Thank you, Minister.

On page 35 of your estimates I see that line item 4.7 shows a significant increase in irrigation infrastructure assistance funding. What accounts for such a significant increase?

Mr. Dreeshen: Yeah. Well, irrigation – again, to have that capital funding that's always there, being provided, it fluctuates around \$10 million to \$12 million a year for irrigation just to help the districts for their capital projects. As well, we have the \$815 million, the new investment announcement. Again, that's a consortium of eight of the 13 irrigation districts that are going to be able to have, I think, 56 rehabilitation projects. They're essentially converting open-air water canals into hundreds of kilometres of new pipelines. That, again, saves on water efficiency because you're not having leakage or evaporation. You're conserving more water if it flows through a pipeline versus being open-air exposed.

Then, also, that \$815 million announcement will actually expand two existing reservoirs in southern Alberta as well as build two brand new reservoirs. And, again, it's amazing how all of this expansion can be undertaken, all within existing water allocation to irrigation districts. It's amazing, over the decades, how irrigators in southern Alberta have been able to do more with less water. I think that innovation, these capital grants, will help them continue to improve and define those efficiencies for years to come. It's, you

know, tremendous capital for these irrigators, for these farmers and ranchers in that area, to be able to put up their own capital to be able to grow and expand irrigation. But we as a provincial government historically, from the beginning, have always supported these irrigation districts.

Mr. Singh: Thank you, Minister.

Albertans cherish our forests. Many, like me, enjoy activities like camping and hiking and truly understanding just how important our forests are. While they're great for recreation, they also support tens of thousands of jobs for Albertans. It is crucial that we take care of our forests so that Albertans can continue to enjoy them for generations to come. I'm happy to see that on page 34 of your estimates section 6 foresees an increase of \$15 million over the 2020-2021 budget. Where is this increase in funding going?

Mr. Dreeshen: Yeah. Great question. Sustainable forest harvest management is so important to the province, not only just because of the economics of having mills, having foresters in our province to be able to have jobs and economic activity and the investment that goes with that, but also the fact that proper forest management goes a long way in protecting from invasive species like mountain pine beetle. And it even helps with wildfire prevention. There are certain areas of the province, just our natural boreal forest that we have at high altitude. It's something that we have, a young forest. It always needs to be replenished by wildfire or through harvesting, so that is something that our foresters working through our forestry department do an amazing job of every day to be able to sustainably protect and manage Alberta's forests. Hats off to them for doing what they do, which is an amazing job, to not only keep our forests safe from invasive species but also from wildfires.

In this year's budget the increase, essentially – I mentioned it earlier – of the \$60 million from the federal government in the fight against mountain pine beetle, shows in the budget from there.

Mr. Singh: Minister, how will this improve the health and sustainability of our forests?

11:20

Mr. Dreeshen: Like I mentioned, again, whether it's for invasive species or mountain pine beetle or pests, it's also on the forest fire fighting side to be able to have – we actually have modelling and maps from the department that show that certain areas of the province are highly susceptible or would be highly susceptible to wildfires this year. That data goes into these annual forest harvest plans to be able to say: this would be a key area for you to be able to harvest within your FMA. It's something that our department continuously works on with foresters, on an ongoing basis, because our forests here in Alberta are Albertans', and we want to make sure that they are maintained and healthy and survive for generations to come.

Mr. Singh: Thank you, Minister. I appreciate the hard work being done to increase primary protection capacity in our agricultural industry and the support being provided to our agricultural societies in Alberta.

I will turn it over to MLA Angela Pitt.

The Chair: Go ahead, Mrs. Pitt.

Mrs. Pitt: Thank you, Mr. Chair, and thank you, Minister. I think I would like to just sort of start and preface my statement here, you know, with kudos to you on the investment in Alberta's hog industry. I've heard some use the phrase that Minister Dreeshen is

perhaps helping to save Alberta's bacon. We appreciate that very much.

Specifically, more to the budget, in the estimates which we are here to talk about today, Minister, on page 86 of your fiscal plan there's a reference to a 20 per cent reduction in insurance premiums. How will this affect the stability of this program?

Mr. Dreeshen: Great naming idea. I think that for our next ag recovery program, if we have to use one, we'll definitely consult with you on the name first.

On your actual question, though, the \$55 million in crop insurance savings will go directly to farmers. As I mentioned before, that's just the producer savings of that 20 per cent reduction. Really, it was from AFSC crunching the numbers to find the reserve fund. Crop insurance is ultimately built on producer premiums and government's share of an insurance premium. AFSC had identified that that reserve fund had grown to an extremely high level. That is something that – typically, for these types of insurance pools, you want to be at about one or one and a half times an annual insurance premium rate, but it was close to four. That is something where we realized: hey, we could actually be lowering these premiums but still have a healthy reserve fund in case of, obviously, a very bad agriculture disaster. That's where that comes from. Again, AFSC is committed to looking at, for next year, the possibility of even more than a 20 per cent saving for crop insurance. That doesn't just help farmers. That also even helps ranchers because there is pasture and forage insurance that they can purchase through AFSC as well.

Mrs. Pitt: Well, that's good. That's great news. Thanks, Minister.

The Chair: Sorry to interrupt, Member.

We will now move on to the Official Opposition for a back-and-forth, 10-minute block. Go ahead, Ms Sweet.

Ms Sweet: Thank you, Mr. Chair, and thank you, Minister. We're still willing to go back and forth?

Mr. Dreeshen: Yeah.

Is it jumping back and forth for you guys, too, or is that just on our side?

The Chair: Yeah. It's jumping back and forth.

Ms Sweet: Okay, Minister. I would like to go back to research again in your budget items. I was speaking to you about RDAR, again, its roles and responsibilities. If you could just clarify, because we got cut off, that the requirements to be also providing extension supports, not just research, will also now be considered under RDAR.

Mr. Dreeshen: Yeah. Anyone that has a research proposal can submit it to RDAR. I think that's something that, again, will be at the call of the new board that makes those decisions. Obviously, because the board is made up of producers, it would have to be something that producers value and would want to see continue.

Ms Sweet: Thank you, Minister.

I guess my question, though, is: who is going to be sharing the information based on the research to farmers? Typically Ag and Forestry would be sharing the most up-to-date research and information when it comes to crop diversification, soil, water, all the things. So I'm wondering: who's taking on that role now? Is RDAR responsible for communicating that out, or will the ministry still be responsible? And where will it live?

Mr. Dreeshen: Well, again, when it comes to new research, now that they're at our postsecondaries, I think that's something where they'll be able to publish papers, be able to talk about the research that they're doing. As I mentioned earlier, curriculum development: anyone interested in agriculture research would be able to get an exciting start in a possible new curriculum being developed for new researchers across the province.

But, again, as I mentioned to you earlier, 310-FARM, our ag call centre, is still there. If farmers or ranchers do have questions, they can call in directly. But when it comes to RDAR doing extension work, I think it is something that they want to focus more on, practical research projects that actually benefit the industry. Again, it's not government. It's not you or I telling them what they need to focus on; it's the producers themselves being able to prioritize.

Ms Sweet: Okay. I appreciate that, Minister. Through the chair, again, that is fine that industry will be leading the research. The question is making sure that that information is being publicly shared and doesn't start getting into proprietary issues, because now you're saying that it will be independent.

The other question that I have when it comes back to ministry responsibility and accountability is: where are you and how will you be reporting the grant money expenditures that will be given out through RDAR – the board expenditures, hosting costs, all of the things that are associated with the board – and how will taxpayers know that the majority of the grant funding that is being delivered is actually going to front-line research and is not being used on administrative costs?

Mr. Dreeshen: There is a grant agreement that we've signed with RDAR. That's, obviously, the \$37 million that they get every year. It's something that sets out the expectations for them that we have as a government. They are the ones that are actually allowing the grant funding to go out. Again, it's not politicians deciding on which projects actually go forward.

Ms Sweet: Minister, then I guess my question is: are you saying that there will be no financial accountability reporting required for RDAR back to the ministry to ensure that the majority of the money is being spent on grant funding for research and not just on hosting expenses, board expenses, and per diems?

Mr. Dreeshen: Well, I guess, maybe if I walk us through the main funding agreement. These are just the key provisions within it. It's, obviously, a 10-year term, with review in five years. There are representations and warranties. There are RDAR operations, which include an 8 per cent cap on operating costs. There's the use of grant proceeds, assignment of provincial grants. Again, as I said, there are 117 grants and the postsecondary institution grants, reporting and insurance requirements, the release of information, communication, audit, and verification of performance, default and termination, action of termination or expiry of the agreement, indemnity end notices, and . . .

Ms Sweet: Thank you, Mr. Chair. I appreciate that, Minister.

I'm asking you about where the accountability mechanism is to ensure that the public dollar that is being sent out to RDAR is being used efficiently and that there is an accountability measure in place by the ministry. I have no issue with RDAR being responsible for, like, handing out grants for research priorities, but as the minister in charge of that money, you have a responsibility for fiscal accountability. So where's the fiscal accountability?

Mr. Dreeshen: I agree with you. There will be annual reporting to the department, and we actually also have one rep that sits on the board.

Ms Sweet: Thank you. That's what I needed to know.

When we're also looking at research components, as we see with CAP programming, it's a 60-40 split from the feds and the province. We see with many of the BRM models that there is a producer-led component, a provincial-federal component. When we look at research, will there be private funds to match the public funds? What will be the ratio? Will it be 2 to 1, 1 to 1? Do you know?

Mr. Dreeshen: That all depends on the application that comes across: if a project has private funds attached to it and they're looking for provincial funds, if it's just a hundred per cent provincially funded grant. There's the WGRF, Western Grains Research Foundation; there are other research entities that do exist. There might be a combination deal, where others might come together. It doesn't preclude that it's not allowed, so if it does happen, there is that possibility.

11:30

Ms Sweet: Thank you, Minister. I just want to flip from research into forestry. You've created RDAR. RDAR is specifically agricultural led. Can you speak to me about where forestry research will continue to live? As of right now it looks like it's under Alberta Innovates and not Alberta Forestry. I'm just curious if that is going to continue, or if you will be taking on also the research component for forestry.

Mr. Dreeshen: The research combination of fRI Research and FRIAA remains, and they still lead all of the forestry research in the province.

Ms Sweet: So it won't live under Ag and Forestry; it'll still continue under Alberta Innovates?

Mr. Dreeshen: It remains the same. The creation of RDAR was to undo the previous government's ALMA and ACIDF elimination.

Ms Sweet: Well, thank you, Minister. I just want to comment on the fact that that actually saved taxpayers \$3 million, when the research was brought back into ministry, but that's fine.

Going now to Wildfire, can you speak to me about how the hiring process is going for our wildfire fighters? I understand that the application closure has happened, interviews have happened, but where are we at in regard to how many have been hired and how many are actually needed?

Mr. Dreeshen: Great question. Just to close the loop on the forestry research, fRI Research is obviously a partner with the provincial government and with our Forestry department, and FRIAA actually reports to us and provides business plans for us to see, so, again, there's that kind of connection and accountability.

When it comes to hires in Alberta Wildfire, obviously I'm sure you're well aware of the \$5 million to hire 200 additional wildfire fighters last year. Again, that was in response to COVID fears early on in the year, that we weren't going to be able to have international travel or international firefighters coming into the province in case it was a bad forest fire year. In 2019, obviously, the 2-million acre fire season that burnt 2 million acres of forests had 3,000 out-of-province wildfire fighters come to the province, so we thought: let's go up another 200. We started last year's fire season with 800 wildfire fighters.

This year, as you pointed out, we've delayed the training of our Alberta Wildfire obviously due to COVID. Typically in January they have the health training. They have to go through an obstacle course in 14 and a half minutes to be able to be fit enough to be a front-line firefighter. That is being delayed, pushed back into the

spring. We're hoping to have it done as soon as we can. But on how many we actually have hired as of right now, we have it broken down by group. The helitack crew: we have hired 272. The unit crew: we've hired 160. On the fire attack crew we have 232. That would be the breakdown of Alberta wildfire fighters.

Ms Sweet: Thank you, Minister. Do you happen to know how many of those are new hires, in the sense of first-time firefighters, that may have training in other areas related to forestry but may not have already done their first year of firefighting?

Mr. Dreeshen: I can't give you a ballpark because I don't have that in front of me right now, but we did have a high amount of turnover from last year to this year.

The Chair: Sorry to interrupt.

We'll move on to another 10-minute block with the government caucus. I believe Mr. Guthrie is on the floor, so go ahead, Mr. Guthrie.

Mr. Guthrie: Yes. Thank you, Minister. Just to finish up the conversation you guys were having there about forest fires, you had brought up preparation for and some possible delays because of COVID-19, the pandemic. I think this refers to performance metric 3(a). What have we done here to prepare, then, I mean, if there's trouble putting people into place and then we have some international travel restrictions? Are we prepared for the 2021 wildfire season right now?

Mr. Dreeshen: Yeah. Great question. We are going to do rapid testing, something that – we had a good trial run last year of being able to operate camps with COVID, everything from individualized lunches to barriers as much as possible for these camps that get remotely set up in the northern and western parts of the province.

But as for gearing up and being ready for Alberta wildfire season, the official launch was actually March 1, and now everything from a new Alberta wildfire app that we've created, updated Alberta wildfire status map – we've actually been successfully using an aerial flight simulator to, again, get more hours early on without having to actually go through the extra added expense of flight training. The Alberta Wildfire co-ordination centre has been up and running mostly because they were in the Annex and now they're over in the Petroleum building. Everything from scanners to drone technologies to remote automated weather stations to gel, something that was mentioned earlier: we are looking at bringing in and adopting these new technologies into how we fight fires.

Mr. Guthrie: Okay. Great. One of the concerns, reasons for some of these wildfires is the mountain pine beetle. If you look at page 115 of the fiscal plan, it provides some context on the 2021 operating expense forecast. It's increasing and specifically increased spending to enhance control of the mountain pine beetle infestation. Actually, it not only hurts the beauty of the forest, but it increases that wildfire component, and it's a major threat to the assets of the forestry sector here in the province. I know that earlier you were talking about funding with MLA Turton, but I was hoping you could maybe expand upon what is actually being done, you know, to mitigate the threat of mountain pine beetles as well as the success that you're having so far.

Mr. Dreeshen: Yeah. Great question. I know that you have Spray Lakes Sawmills in your riding, and you obviously know the importance of foresters not just to economic activity but also for great jobs in your riding. The \$30 million a year that we've committed in this budget is an increase of \$5 million. The previous

government actually cut mountain pine beetle funding. We actually campaigned on it to say that we're going to increase it, and we've done that. As I mentioned, too, we advocated to the federal government to provide us with additional funding.

On all the work that we've done, we are actually showing measurable success. Once mountain pine beetles got transferred from B.C. into Alberta, experts were kind of torn on whether we could even see a day where there is no mountain pine beetle in Alberta, but our folks have been doing an amazing job and can actually see the reduction of mountain pine beetle spread and trees that it has actually killed. It's so important to get ahead of this because a really bad infestation can actually sterilize a forest landscape, so it is something where we want to make sure that we can do everything we can to eliminate the spread, to work with foresters so that they can go out ahead of possible mountain pine beetle spread areas. There's \$11 billion worth of pine trees at risk, so we want to make sure that we can do everything we can to secure that.

Mr. Guthrie: Yeah. It's been devastating in British Columbia. I know that southern Alberta is fearful of that spread as well as Saskatchewan, of it moving all the way, potentially, across the country, so it's important that we do stop that spread, and I'm glad that you've been having success there.

I'm going to jump around a little bit here now and move over to page 35 of the estimates, under capital grants, line item 2.1 under rural programming. We saw a significant increase there. The budget and what looks like the forecast was \$3.4 million, and that has been bumped up to over \$22 million. Can you kind of go into a little bit of detail of why that increase, and then where are these projects being implemented, and the supports that are going to come from that?

11:40

Mr. Dreeshen: Yeah. Great question. Just to follow up on the success of mountain pine beetle, we did a survey last year, and we actually saw about 244,000 trees in 2019 be infected with mountain pine beetle, and last year we saw that down to about 147,000 trees, so, you know, an actual, measurable improvement of the amount of pine beetle kill. Obviously, that's our work that we put in as the department and our forester partners, but also we got pretty lucky with some good weather, extremely cold weather. If it's minus 35 for over a week, it really knocks out mountain pine beetle. That was just kind of a success story that we've been able to demonstrate on all our funding efforts.

To your question on the estimates for capital grants section, that increase is essentially the \$16.2 million funding commitment for the Northern Lights Gas Co-op. That's a new gas line that's about 100 kilometres of new pipeline that will essentially build a continuous loop around for natural gas in that area because they actually were having gas shortages. Once it gets too cold up there and the line pressure drops below I think it's five psi, lines can actually freeze. So that is something that this continuous loop is going to be able to supply, that region, and support the Northern Lights Gas Co-op. Also, our rural utility program got a \$2.5 million boost as well, and that directly supports the rural gas program.

Mr. Guthrie: Fantastic. Yeah. Thanks. I'm glad to hear that.

Once again I'm going to jump around on you a little bit here. On page 9 of the business plan, performance metric 1(b), it talks about the value of Alberta's primary agriculture commodities and value-added agriculture product exports. I see that the ministry set a target of 7.5 per cent for primary exports and 8.5 per cent for value-added. How do you plan to attain these goals? What steps have you taken,

I guess, thus far, and, you know, coming out of the pandemic here, what do you see for demand for Alberta products?

Mr. Dreeshen: Yeah. Great question. Those metrics: we had a philosophy that if you don't set a metric and you don't measure against your past performance, you're not going to move forward. The agriculture exports in the province are about \$5.3 billion annually, value-added ag product exports are about \$6.4 billion annually, so we set these targets to be able to show that, you know, we want to be able to achieve these targets.

And then the how is, again, AFSC's borrowing limit to be able to try to attract new investors to the province or to speed up existing investments or infrastructure here in the province. I know the Leduc food processing development centre has had an interesting history lesson at this committee meeting, but we invested \$27.8 million in expanding that facility and for new equipment. Also, our CAP programs, that are available for companies thinking about investing in the province. Our investment folks, our personnel within the department provide a single-window approach so that it's easy for a potential new investor to be able to set up shop here in Alberta, to navigate through the bureaucratic hurdles that sometimes exist not just provincially but also through municipalities. And then, obviously, our international trade offices. They are going to be measured against these metrics as well as our other metrics to show, you know: are we actually doing a good job, and do we need to change what we're doing to be able to achieve those goals?

Mr. Guthrie: Okay. Through the chair, of course, you mentioned those international trade offices. Where, then, do you see the biggest opportunity for Alberta in, I guess . . .

The Chair: Sorry to interrupt.

We'll now move on to I assume a 10-minute block back and forth, Member Sweet?

Ms Sweet: Yes, please.

The Chair: Go ahead.

Ms Sweet: Well, thank you, Mr. Chair. I'm going to be, hopefully, short and sweet because I think this is our last block, and I'll be sharing my time with my colleague. Minister, I just wanted to do a quick conversation on the tilling program with CCP and the cancellation of that program. If we're looking at the carbon offsets, there was a great program that was being utilized by a good percentage of farmers who were benefiting by the tillage offset redistribution fund. It was cancelled under the minister of environment. I've been hearing from many farmers that they liked that program. It was highly prescribed to. It was very successful in addressing some of the carbon offsets. So my question to you is that given that it's been cancelled, what is the plan to encourage farmers to continue the practice, and are you going to be coming up with a ministry-specific program that will help to address this?

Mr. Dreeshen: A great, great question. As you pointed out, the conservation cropping protocol was set to expire in 2021 and now has. I do agree with you that carbon offset programs do have a place, especially with this recent announcement of a \$30 billion ask of the federal government to look at ways that Alberta can be a carbon sink. I think that carbon capture and utilization and storage is something that other countries have used as an investment magnet to their jurisdictions, so I think that is something that we're looking at here. It's not off the table. It's something that even private companies like Nutrien have launched their own version of carbon capture and market for farmers to be able to get the benefit

of certain practices that actually conserve soil. Obviously, in our land base here in Alberta, farmers are the true environmentalists. They grow billions of plants every year. They raise millions of animals. They want to make sure that our environment and our soil especially are clean. To be able to just naturally be a carbon sink is what agriculture and forestry is, technically. They do an amazing job of it, and keeping both of those industries healthy I think will go a long way to being able to get credit for it.

Ms Sweet: Thank you, Minister. I will pass my time, but just really quickly I wanted to speak about the fact that we have the TIER program under Environment and Parks. Is there an opportunity for the ministry of agriculture to look at their own carbon capture program? I know you hear this as much as I do, that there are fuel costs. There's obviously a piece of legislation in front of the House of Commons right now in regard to carbon and offsets for farmers in relation to fuel. Is there an ability under the ministry to actually start looking at creating a credit program that is specific to ag instead of relying on the ministry of environment?

Mr. Dreeshen: Yes. We are looking at ways, again, that we can try to develop a program with industry and farmers and ranchers themselves. You did mention, I think, that it's a private member's bill about exempting natural gas and propane from the carbon tax. Obviously, I'm not sure about your individual, personal view on a carbon tax, but I think carbon taxes are not good. It is something that we fully support. We actually asked for that a long time ago, before the private member's bill, of the federal government, that farmers and ranchers be exempted from the carbon tax. We as a provincial government are fighting the federal government in the Supreme Court against the carbon tax and the federal government's carbon tax. We as a government cancelled your carbon tax. So it is something that we support, or I support, that motion or that private member's bill federally, but when it comes to carbon capture and getting credit for our ag industry here, it's something that we are looking at and developing.

Mr. Dach: Mr. Chair, I'd like to take over.

The Chair: Absolutely. Go ahead.

Mr. Dach: Thank you very much, sir. Minister, thank you very much. Good to talk to you again. In the interest of time, I have a number of issues I'd like to cover, and, sir, if you wouldn't mind, I'm going to kind of cover that ground, and then if you run out of time in answering, please follow up in writing because they're very important issues. They concern the pocketbooks of farmers and our export markets, among other things.

Let's start off with, first, the grading of grains, sir. I've heard from producers and farmers complaints about the inconsistency in grading of grains from one elevator to another and sometimes elevators in close proximity to each other. It's a problem that results in farmers quite often receiving less than what they believe their crop will deserve by thousands and thousands of dollars, and it's a concern that I think should be addressed through your ministry in terms of making sure that grain grading is consistent.

11:50

I'm wondering about perhaps establishing, if you don't already have that in the budget, a training program for grain graders so that we do have an adequate supply of individuals with proper training in Alberta, so that the inconsistency doesn't result in losses for our farmers who feel their grain should be graded higher and, of course, receive a better price. Our colleges could be involved in that if they're not already. This variation of grade practice is something I

want you to comment on, and to address the lack of uniformity in grading from one elevator to another.

Also, weights and measures, I know, is a federal issue, but in the weighing of grain there are inconsistencies there, and there are complaints from producers. I've been hearing that the weights of their grain are problematic. They're not getting the correct weights, and they're getting shortchanged as a result.

I'll continue on just a moment here so that I can get a couple of issues in so that you can follow up in writing in case you run out of time. I'm also very interested, of course, in the global problem that we have, Mr. Minister, with respect to the pollination of crops and the packaged bees. Of course, there is a supply chain problem with respect to obtaining packaged bees globally. We had a problem with that this year, and I'm wondering, sir, if indeed we're looking at trying for the long term to grow our own bees here in Alberta so that we don't end up relying upon distant supply chains. I know there's a difference in climate in New Zealand and Australia, where we get our packaged bees from, generally speaking, even many of our queen bees for the pollination of our crops and the production of honey. But the long term, I think, should see us develop our own homegrown industry so that we can provide those pollinators to the market ourselves. So I want to know what plans you've got to protect our honey producers as well as our pollinators and crop growers who rely on these pollinators by making sure we have an adequate supply of packaged bees and queens on a long-term basis.

I'll stop there, and I'll let you answer as quickly as you can.

You mentioned we've had \$850 million of investment into irrigation this year. Over the course of many decades we've had billions of dollars' worth of government money go into irrigation in southern Alberta. Now, if that water supply is polluted from selenium from coal mining, will you offer through AFSC protection as an insurance risk against selenium pollution in the water supply for irrigation farmers in southern Alberta?

There you go.

Mr. Dreeshen: Thank you very much, and I'll be as quick and accurate as I can be. On bees, we actually did create a CAP program to help bee producers in the province, to help off-set their costs associated with hive replacements. It's a million-dollar program, and as of January 4 of this year 69 beekeepers have actually signed up for that program. That is something that we're trying to help with, just with the replacement costs of bees. Obviously, last winter there were a lot of overwintering kills that happened, so, again, anticipating there might be some issues here. There have always been issues internationally in exporting bees. That is something that we continue to work with the federal government and CFIA on to make sure that the safe bees can come into Alberta to be able to increase our bee sector.

On grading grain, I could go all day about that, being a grain farmer. But it is something where I think technology will go a long way to being able to have consistency. When it comes to grain grading, there are so many complexities to it, but one of the biggest things is that certain contracts and deals are actually made on a type of whether it's falling number or protein, but grain grades currently are based on other subjective grading criteria that don't actually reflect the true value of an actual grain. That is something technology, I think, and instant rapid testing would go a long way in making sure that . . .

The Chair: Thank you, Minister.

We will now move on to the government caucus for about five minutes and 15 seconds. I see Mr. Yaseen online. Go ahead, Mr. Yaseen.

Mr. Yaseen: Thank you, Chair, and thank you, Minister, for the hard work you and your staff have put in to draw up this budget. I know that asking questions is the easy part. Thank you for how hard-working you are in this very important work.

My question to you is around ag societies and exhibitions. I know you talked about it in terms of operating costs of \$11.5 million earlier in a question. I want to ask you about capital grants. I see that going up as well, to the tune of \$9 million, I think, from the forecast of the previous budget to now, and I think that in the budget before that there was nothing in there. We're looking at about \$18.1 million in capital grants. What capital projects are being funded by this increase, Minister?

Mr. Dreeshen: Great question. It's actually the Lethbridge exhibition park, one of the larger ag societies in the province. They got \$27.8 million in a capital grant to support the construction of their new agrifood hub and trade centre. That's going to be really a marvel in southern Alberta, well, once we can have large trade conferences, to be able to attract investors from around the world to be able to come to Lethbridge, to come to southern Alberta and see all of the agricultural advantages and everything that they have in that region to offer for more value-added food processors. That's the \$27.8 million for that. Of that grant, \$9.6 million was actually paid out in 2020-2021, so the increase that you're seeing in these estimates reflects the remaining \$18.1 million of that grant to the Lethbridge exhibition park.

Mr. Yaseen: Well, thank you for that information.

I will now pass on to my friend MLA Getson from God's country.

The Chair: Go ahead, Mr. Getson. You have about three minutes.

Mr. Getson: Thank you, Chair, and thank you, MLA Yaseen, for that lovely introduction. It's probably going to take me longer than three minutes just to find the darn buttons on the Zoom call. Minister, actually, on page 9 of the business plan, objective 1.2 mentions that the ministry is going to "provide grants, programs and services to support research, growth and diversification in the agrifood sector." I'd like to talk about that.

I also acknowledge that, you know, the MLA for Edmonton-Beverly-Clareview is probably one of the most capitalist socialists I've ever met, so it's always good to get his feedback because he did work really hard on a lot of these files before. As he said, it's not to take jabs at each other but to really ask questions and give credit where credit is due.

With that, sir, what are some of the examples of the current and ongoing research in the agrifood sector that we're working on?

Mr. Dreeshen: Yeah. Great question. As I mentioned earlier, the 10-year, \$370 million to RDAR is something that – you know, it's great that it's not government officials or politicians choosing what funds or what research projects will actually happen; it'll actually be farmers, ranchers, and producers in the province. I think that fundamental vision is something that, actually, you and I campaigned on in the last election, to, again, put farmers and ranchers and producers in the driver's seat. The funds, the \$370 million a year, will flow through RDAR with, again, priorities set by the industry.

I mentioned earlier that U of C, University of Lethbridge, Lethbridge College, Olds College, U of A, and Lakeland College are all getting research funding to be able to continue on with important high-prioritized research. Again, the teaching opportunities that go with that, I think, will really just add to the success of our research that's being done here in the province. You know, I'm just excited to see how that's all going to play out in the

new curriculum and the new types of researchers that are going to be trained through it.

Obviously, you know, marketing boards and commissions are an important factor of this, our educational institutions, as I mentioned, our tech schools, colleges, universities. I just think it's great that we're just primarily a funder. We provide the funds provincially, but there are still leverage opportunities for other research organizations or the private sector to be able to tack onto that type of research.

Mr. Getson: Well, it's interesting to see the outputs from that because, again, I know that you worked really diligently with all the round-table discussions, when we were still allowed to gather and had those. I attended several of them, and it was interesting to see, you know, that the industry players there and specifically the boots

on the ground, the farmers, were very supportive of research and very supportive of the universities to do that.

The Chair: I apologize for the interruption, but I must advise the committee that the time allotted for consideration of the ministry's estimates has concluded.

I would like to remind committee members that we are scheduled to meet Monday, March 15, 2021, at 7 p.m. to consider the estimates of the Ministry of Environment and Parks.

For health reasons, please remember to take your drinks and other items with you as you leave.

Thank you, everyone. The meeting is adjourned.

[The committee adjourned at 12 p.m.]

