



Legislative Assembly of Alberta

The 30th Legislature  
Third Session

Standing Committee  
on  
Resource Stewardship

Ministry of Agriculture, Forestry and Rural Economic Development  
Consideration of Main Estimates

Monday, March 14, 2022  
7 p.m.

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The 30th Legislature  
Third Session**

**Standing Committee on Resource Stewardship**

Hanson, David B., Bonnyville-Cold Lake-St. Paul (UC), Chair  
Ceci, Joe, Calgary-Buffalo (NDP), Deputy Chair  
Gray, Christina, Edmonton-Mill Woods (NDP),\* Acting Deputy Chair

Dach, Lorne, Edmonton-McClung (NDP)  
Feehan, Richard, Edmonton-Rutherford (NDP)  
Ganley, Kathleen T., Calgary-Mountain View (NDP)  
Getson, Shane C., Lac Ste. Anne-Parkland (UC)  
Guthrie, Peter F., Airdrie-Cochrane (UC)  
Jones, Matt, Calgary-South East (UC)\*\*  
Lovely, Jacqueline, Camrose (UC)  
Rehn, Pat, Lesser Slave Lake (UC)  
Rosin, Miranda D., Banff-Kananaskis (UC)\*\*\*  
Singh, Peter, Calgary-East (UC)  
Turton, Searle, Spruce Grove-Stony Plain (UC)  
Yao, Tany, Fort McMurray-Wood Buffalo (UC)

\* substitution for Joe Ceci

\*\* substitution for Pete Guthrie

\*\*\* substitution for Jackie Lovely

**Also in Attendance**

Barnes, Drew, Cypress-Medicine Hat (Ind)  
Loewen, Todd, Central Peace-Notley (Ind)  
Nielsen, Christian E., Edmonton-Decore (NDP)  
Sweet, Heather, Edmonton-Manning (NDP)

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Amanda LeBlanc	Deputy Editor of <i>Alberta Hansard</i>

## **Standing Committee on Resource Stewardship**

### **Participants**

Agriculture Financial Services Corporation  
Darryl Kay, Chief Executive Officer

Ministry of Agriculture, Forestry and Rural Economic Development  
Hon. Nate Horner, Minister



7 p.m.

Monday, March 14, 2022

[Mr. Hanson in the chair]

**Ministry of Agriculture, Forestry and  
Rural Economic Development  
Consideration of Main Estimates**

**The Chair:** I'd like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the estimates of the Ministry of Agriculture, Forestry and Rural Economic Development for the fiscal year ending March 31, 2023.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, when we get to you, please introduce the officials who are joining you at the table. My name is David Hanson. I'm the MLA for Bonnyville-Cold Lake-St. Paul and chair of this committee. I'll begin with my right.

**Mr. Getson:** I'm Shane Getson, MLA for Lac Ste. Anne-Parkland.

**Mr. Jones:** Matt Jones, MLA, Calgary-South East.

**Mr. Yao:** Tany Yao, Fort McMurray-Wood Buffalo.

**Mr. Turton:** Searle Turton, Spruce Grove-Stony Plain.

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

**Mr. Rehn:** Pat Rehn, MLA, Lesser Slave Lake.

**Ms Rosin:** And Miranda Rosin, MLA, Banff-Kananaskis.

**Mr. Horner:** Is this thing on?

**The Chair:** Lean over to that red one.

**Mr. Horner:** Yes. Nate Horner, Minister of Agriculture, Forestry and Rural Economic Development. Joining me at the table I have, to the right of me, Shannon Marchand, deputy minister; Darrell Dancause, assistant deputy minister in financial services and senior financial officer. To my left I have Darryl Kay, the CEO of AFSC, and to his left is John Conrad, the assistant deputy minister of primary agriculture.

**Ms Gray:** Evening. Christina Gray, MLA for Edmonton-Mill Woods.

**Ms Sweet:** Good evening. Heather Sweet, MLA for Edmonton-Manning.

**Mr. Nielsen:** Good evening, everyone. Chris Nielsen, MLA for Edmonton-Decore.

**Mr. Barnes:** Drew Barnes, Cypress-Medicine Hat.

**Mr. Huffman:** Warren Huffman, committee clerk.

**The Chair:** I'd like to note the following substitutions for the record: MLA Rosin for MLA Lovely, MLA Jones for MLA Guthrie, and MLA Gray for MLA Ceci as deputy chair.

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. Members participating remotely are

encouraged to have your camera on while speaking and your microphone muted when not speaking.

Remote participants who wish to be placed on the speakers list are asked to e-mail or send a message in the group chat to the committee clerk; 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.

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, Forestry and Rural Economic Development. Standing Order 59.01(6) establishes the speaking rotation and speaking times.

In brief, the minister or member of the Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of the minister's 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 minister and the member. The rotation of speaking time will then follow the same rotation of the Official Opposition, independent member, 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. If members have any questions regarding the 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 oppose taking a break? Seeing none, we will announce that at the time.

Ministry officials may be present and at the direction of the minister may address the committee. Ministry officials seated in the gallery, if called upon, have access to a microphone in the gallery area and are asked to please introduce themselves for the record prior to commenting.

Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery may not approach the table. Space permitting, opposition caucus staff may sit 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 21, 2022. 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 with 20 hard copies. An electronic version of the signed original should be provided to the committee clerk for distribution to committee members.

Finally, the committee should have the opportunity to hear both questions and answers without interruption during estimates debate. Debate flows through the chair at all times, including instances when speaking time is shared between a member and the minister.

I would now invite the Minister of Agriculture, Forestry and Rural Economic Development to begin with your opening remarks. You have 10 minutes, sir.

**Mr. Horner:** Can you hear me now?

**The Chair:** Yeah, I can hear you now.

**Mr. Horner:** Perfect. Thank you, Mr. Chair. I'm pleased to be here and to have this opportunity to introduce the ministry representatives who have joined me here today that I haven't already introduced, other than the people joining me at this table. I have Ken Gossen, the acting assistant deputy minister of trade investment and food safety; Dan Lux, the ADM of forestry; Katrina Bluetchen, executive director, policy services, planning, and innovation; Sherene Khaw, communications director; Janet Gomez, chief of staff to the deputy minister; and Steve Lapin, the chief financial and risk officer for AFSC. Also in attendance from the minister's office staff: Tim Schultz, my chief of staff; Dean Miller, policy adviser; Mackenzie Blyth, press secretary; and Mikayla Janssen, ministerial assistant. Thank you all for being here.

Budget 2022 does not have significant changes for the ministry as a whole. It provides consistent, sustained funding for growth, diversification, and innovation in our agriculture and forest sectors and the rural economy. The ministry's estimates reflect internal budget reallocations in our programs to align with the budget with existing staffing levels; 2020-2021 was a transitional year. We transferred agricultural research to the new Results Driven Agriculture Research organization and modernized the ministry to improve efficiency. Because of that transition, in many programs you'll see fluctuations between the 2020-2021 actuals and the 2022-2023 estimates. I'm going to go over some of the highlights for each of the sectors we serve and then delve a little deeper into some specifics for key areas.

Budget 2022 reflects our continued implementation of the agrifood sector investment and growth strategy. The strategy has an established target to attract \$1.4 billion in new investment and create 2,000 new jobs by 2023-2024. The strategy is focused on growing primary and value-added agricultural production and exports, investment attraction, and job creation. In addition to significant irrigation infrastructure investments, we're attracting new investment and expanding trade in collaboration with Invest Alberta and the province's international offices. Budget 2022 provides \$37 million annually to Results Driven Agriculture Research to support research that reflects what farmers are facing in the fields.

For the forest sector the forest jobs action plan plays a key role in Alberta's recovery by providing sustainable, long-term fibre access for forest companies. The plan supports reliable, good-paying jobs for hundreds of Albertans while ensuring our forests continue to provide positive benefits for the environment and can be enjoyed by future generations.

My ministry is also leading government's work on collaborating on rural economic development to ensure all regions benefit from Alberta's economic recovery and growth. We continue to engage with rural stakeholders and Indigenous peoples, and we're working on a new rural economic development plan. This budget provides long-term, predictable funding in rural Alberta for irrigation districts; \$12 million per year in the next three years as well as \$5.9 million in annual funding for the rural utilities program. AFSC continues to provide much-needed financial relief to producers affected by the 2021 drought while anticipating that insurance indemnity payouts for 2021 will be one of the highest in AFSC's 80-year history.

With record-high demand for wood and wood products, forestry continues to be a bright spot in the province, but it doesn't come without its challenges. From mountain pine beetle to wildfire to subregional planning, secure fibre access remains a top priority for industry. Increasing fibre access through the forest jobs action plan will play an important role in Alberta's recovery plan and help maintain the sector's position as a key driver of economic recovery.

7:10

We're also continuing our efforts to combat the spread of mountain pine beetle and build on the success we've seen in the past few years. We're committed to tackling these issues and supporting forestry jobs while maintaining a world-class, sustainable forest management framework.

Finally, while it's still too early to predict what the 2022 wildfire season will look like, our priorities remain keeping Albertans, our communities, the environment, and critical infrastructure safe. We're continuing to explore new technology and innovative approaches for wildfire detection and management to determine what tools need to be added to our tool kit.

On the agriculture side there's no shortage of issues being thrown at our primary agriculture sector. Drought conditions have challenged even the most veteran producers across the province. Alberta's government responded, and we'll continue to work with AFSC and other levels of government to make sure farmers and ranchers have the supports they need. We partnered with the federal government to help producers weather last year's drought through AgriRecovery. Applications closed at the end of January, and the latest numbers we have show that the Canada-Alberta livestock feed assistance initiative will pay nearly \$190 million to livestock producers in phase 2.

As part of Alberta's recovery plan and the government of Alberta's investment and growth strategy our ministry has set targets to attract more than \$1.4 billion in new investment and to create 2,000 new jobs by 2023, to grow primary and value-added agricultural exports to a projected \$16 billion by 2023, a 37 per cent growth relative to 2019. In the current year AFRED is actively – AFRED is Agriculture, Forestry and Rural Economic Development, for the record – facilitating 145 investment projects which have a total potential investment value of more than \$5 billion and could lead to the creation of more than 4,000 jobs by the end of 2024-2025.

The agrifood investment and growth strategy also sets targets to grow primary agriculture commodity export growth at 7 and a half per cent per year and to grow value-added agriculture products export growth at 8 and half per cent per year. To support market access for Alberta agrifood products, agriculture specialists are currently located in the Beijing, Seoul, Tokyo, and New Delhi offices. New staff were added to international offices in Mexico and Minneapolis and will be placed in Düsseldorf and Singapore in 2022.

This has been an exciting time for irrigation in Alberta. Irrigated land makes up 20 per cent of the agrifood sector's GDP on less than 5 per cent of the province's cultivated land. Irrigation districts are busy with the projects funded by the historic \$933 million investment we announced for irrigation modernization and expansion. It's a major investment, the biggest one-time investment in irrigation in our province's history, and a crucial part of our integrated strategy to grow the agrifood sectors and create good jobs in Alberta. As part of that \$933 million, just over \$116 million in provincial funding will be advanced over the next three fiscal years.

Our primary agriculture and food and beverage processing sectors employ nearly 60,000 Albertans. We have an aging owner-

operator workforce in primary agriculture, but Alberta enjoys one of the highest percentages of female owner-operators at more than 30 per cent, slightly higher than the national average of 28 per cent. Our government recognizes labour challenges in the sector, and we support agriculture education and workforce attraction and retention.

Continuing on rural Alberta, we have heard clearly from rural Albertans that unique rural challenges need unique considerations and approaches, different than what's needed in urban settings, so this spring we're holding another round of engagement sessions to present a draft rural economic development plan and, I'm sure, to learn even more. There are great opportunities for economic growth and diversification in our rural economy, and we are looking to rural industries and businesses to help lead Alberta's economic recovery.

I know that rural Albertans are also impacted by cost-of-living increases, inflation, and higher utility bills. Our government is acutely aware of this, and our rural economic development action plan will be released later this year, outlining concrete actions and initiatives to support sustainable economic growth in rural communities.

Alberta's rural utilities are essential for rural and agricultural consumers and businesses. We are continuing the temporary reallocation of \$2 million per year from the irrigation rehabilitation program to the rural gas program. We have expanded funding for the rural gas program to support new services and capital improvements, create efficiencies, ensure supply, and support the safe design, construction, and operation of the rural distribution system. Alberta's government will continue to support our province's economic growth and create jobs by ensuring rural Alberta businesses and employers have reliable access to affordable utilities.

In conclusion, Budget 2022 provides consistent, sustainable funding for growth, diversification, and innovation in our . . .

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

For the hour that follows, members of the Official Opposition and the minister may speak. Hon. members, you will be able to see the timer for the speaking block both in the committee room, up on the wall there, and on Microsoft Teams.

Members, would you like to combine your time with the minister if the minister is in agreement?

**Ms Sweet:** Minister, do you want to go back and forth?

**Mr. Horner:** That would be fine.

**The Chair:** Thank you. Go ahead.

**Ms Sweet:** Minister, do you want to finish your comments – you only had a few more left – before we move on?

**Mr. Horner:** You're so kind. Yeah. I was just saying, in conclusion, that I think this is a positive, sustainable budget for Agriculture, Forestry and Rural Economic Development. We're quite confident that with this level of funding, we can continue keeping our staffing levels where they're at and do the jobs we need to do so. We're excited about this budget.

**Ms Sweet:** Thank you, Minister. I appreciate going back and forth. I know our stakeholders, too, appreciate the fact that you and I are able to have a dialogue and just answer some of the questions. To be open and transparent, many of the questions I will be asking you this evening have come directly from our stakeholders, just for more clarity and understanding of where things are at.

I did ask you about this in question period, tried to kind of give you a heads-up that we were going to talk a little bit about AFSC tonight. I think that if we could start there – obviously, one of the biggest questions that has come up is the 11 per cent increase in premiums. Now, the concern coming out of that, obviously, is the fact that there was a 20 per cent decrease that was provided to producers in the last budget. Now, of course, we have an 11 per cent increase. To be clear, it's in schedule 5, so that we're sticking with the rules, and schedule 5 of the fiscal plan shows that the revenue from insurance premiums on crop, hail, and livestock is going to increase by \$37 million, so from \$322 million to \$359 million. This is an 11 per cent increase.

Last year there was a 20 per cent decrease in premiums. Now, of course, we see this 11 per cent. The rationale is that it's due to commodity prices. We clearly discussed this today. We recognize that commodity prices are increasing, but can you please give a little bit more detail around how the commodity price is being used as the rationale? We know that the price of yields will go up; however, so will the input costs. What is the formula used to determine the increase? Was there not a more sustainable way to look at insurance premiums year over year?

**Mr. Horner:** No. I also appreciate that this is complicated stuff, and it's great to get all the information on the table. There are a lot of people wondering, so I definitely appreciate your approach. The way the formula works on the premiums on crop insurance: there is a premium rate. The 10 per cent increase that you're referring to is one piece of the calculation. You need to look at the risk area. There are 22 different crop risk areas spread across the province, so that's one variable. You also have the individual farmer's historical track record. That's another piece of the formula. Then you have the commodity price itself. Those pieces combined give you the total premium. What we know right now is that we saw nearly – there's a fund that I know you're well aware of, Member. There were \$3.3 billion sitting in this fund. It grows in the years when it's not paid out to pay down the indemnity levels. This year \$2.7 billion of the \$3.3 billion was used. The fund wasn't completely depleted, but there's about \$600 million, roughly, left.

The targets that they attempt to reach with the total premium package are around one to one and a half times the premium total. When you have years where you're depleted and you need to grow the fund, that's where they use the premium rate adjustment. This year it's a 10 per cent increase because we know we need to grow the fund. In other years it may be a decrease. The reason it feels so heavy in this year is because the previous minister and the department last year did have a 20 per cent premium reduction due to the feeling that the fund was substantial. This year that is obviously coming back, and with the high commodity prices it is substantial.

7:20

**Ms Sweet:** Minister, I appreciate that, and I recognize that the premium was provided back. I think that if we could look at page 205 of the fiscal plan, schedule 5, revenue, I'll go to investment income, AFSC. For 2021-22 it was at \$139 million; it's now \$113 million, with a target of going to \$126 million. Can you provide the rationale as to what you've just indicated when it comes to looking at increasing premiums? There hasn't been that much of a difference between that and that. Is that going to recover the difference in your investment income? It hasn't actually decreased as much as we would anticipate it would have if it had been paid out through the drought fund last season.

**Mr. Horner:** Yeah. The numbers you're referring to simply reflect the depletion of the fund and the trajectory we expect once it grows. There simply aren't as many investment dollars being recouped. Does that answer your question? Are you asking if it's sustainable with keeping the fund growing?

**Ms Sweet:** No. What I think the concern is: when we look at the fact that you're saying a 10 per cent and I'll say an 11 per cent increase in premiums and that part of the rationale is that we need to be looking at the balance sheet for AFSC, we actually haven't seen, even with the \$3 billion payout through drought last season, that substantial a decrease on the balance sheet. My question is: with the rationale of having to increase by 11 per cent, where is the rationale in your investment income line item and your premiums, fees, and licensing line item? It doesn't add up to that rationale of trying to recoup.

**Mr. Horner:** Well, it does, and I'll find you the numbers here. So this is the investment decrease on the dollars in the fund. The premium rate increase: the way the premium pot is built, the composition, is that we obviously have a 60-40 cost sharing between the two levels of government and the farmer. We're going to see increases from the federal government, from the provincial government, and increases in the premiums of the farmer. That growth in the premium account will reach the target that is needed at the one and a half times. This is just producers.

**Ms Sweet:** Okay. If we look at the premiums line item, then. I was talking about the investment income. Now we go down two sections on the same page, page 205, to crop, hail, and livestock insurance premiums. In 2020 it was \$319 million. In '21-22 it was \$322 million, with an estimate of \$359 million. Again, my question around the increasing of premiums: can you rationalize why it needs to be at 10 per cent when, in fact, if we look at the numbers, the numbers haven't shifted that much? In fact, your estimates are higher for your crop, hail, and livestock premiums.

**Mr. Horner:** Yeah. The premium rate is just one piece of the calculation, and it's expressed from the province, the federal government, and the farmer. When we're talking about these numbers – and I will defer to Darryl here – I would say that the total expectation this year is that the premium pool will have around \$900 million added between those three players. In addition to that, there's the \$600 million that was left over from the fund; it wasn't completely depleted. So that gets us to our one and a half billion dollar target.

If that's not clear here, I'll let Darryl explain it in the ledger.

**Ms Sweet:** I'm happy to hear, yeah.

**Mr. Kay:** Thank you. Happy to discuss that. Thanks for the question. Like the minister mentioned, the premiums are really reflected in a number of places. The premium line itself is the producer premium we collect. There are the transfers from the federal government for their 36 per cent share, and then there's the Alberta vote, the 24 per cent that they can contribute as well to the premiums. As one of those line items moves, all three of those line items will move. So we make estimates in the budget based on the commodity prices we think we'll see.

A couple of different factors. For sure, the premium rates have increased by 10 per cent. We're proud to be able to cap them at 10. I mean, the truth is that we depleted a significant portion of our crop fund this year, and the reason we're able to cap it is because both the federal and provincial governments take a long-term view of the

crop fund, a 25-year view. Our main focus is on premium stability – we don't want to see the swings year to year – so that's why we're able to cap it at 10 per cent.

But the other significant piece that the minister mentioned is commodity prices. That's out of our control, clearly, and we're seeing pretty significant swings year over year, and that is driving premiums up.

**Mr. Horner:** Member Sweet, if I could add as well that I think that's another thing that's important to realize, that with the \$2.7 billion indemnity payout from last year, almost a third of that was due to the variable price benefit. The variable price benefit kicks in when the price increases, changes to the good, over the course of the year, from the beginning spring price, in favour of the producer. The way it worked last year provided a lot of exposure for the program in a way that this year, when we're starting with high commodity prices, one would think wouldn't be possible unless there's far more room to go. I just wanted to add that.

**Ms Sweet:** I appreciate all that. I mean, following up on the fact that this is a 25-year outlook, the feeling from the producers was that when the 20 per cent reduction occurred, there was hope that it would continue up to five years, or there was a commitment there. Part of it was that with the 10 per cent increase, although I appreciate that it sounds like the government saying that we're not going to increase it past 10 per cent, my understanding is that it's actually in policy and legislation that it can't go past 10 per cent. It's not that we don't want to; it's that you actually cannot do it. So the 10 per cent I understand.

My question again, though, is: could there not have been a buffer for the premium increases year over year or some way for producers to have some reliability in knowing what their insurance premiums were going to be? We know that this year is going to be a hard year when it comes to those upfront inputs, right? Like, fertilizer is going to be going through the roof. We know that supply chain issues, fuel costs are a struggle. All of those things are adding up for producers, and now they have a 10 per cent premium that they have to pay to even get the seed in the ground. The question is: could this not have been forecasted in a way where producers would have predictability in their insurance program and know what it was going to be year after year?

**Mr. Horner:** Good question. I know that the conversation that was had by the previous minister with the community was that they definitely hoped that they could continue to offer that discount. It is expensive. Like, I'll give you some examples. The 10 per cent won't nearly explain the situation farmers feel.

I'll give you some examples of an average 1,500-acre farm with a common blend of four different crops – let's say barley, canola, peas, and wheat – and fairly similar acreage amounts. They can expect to see a premium change from last year of 54 per cent when you bring in the 20 per cent reduction that was felt last year. Now, that would also come with a 37 per cent coverage change. So on a farm this size you would see, from 2021, that they would go from roughly \$33,000 in premium costs to \$52,000 in premium costs. Their coverage would jump from \$530,000 in coverage to \$730,000 in coverage. The 10 per cent piece of the formula is the only piece that doesn't correspond to the coverage change, and that is the builder of the fund, and it's paid by the federal government, the provincial government, and the farmer.

I would say that the 20 per cent that was rolled back, you know, led to \$70 million in savings to the farmers in the last year, which was also a difficult year, so it's not like it came at no benefit to the farmer in that given year.



7:30

**Ms Sweet:** Okay. If we look at page 11 in the business plan under insurance, the question that I have as well, again, and I know I'm spending a lot of – I will move on eventually. The '20-21 actual for insurance was \$849,000, let's say \$850,000. The budget for '21-22 was \$403,000. Obviously, the forecast because of the severe drought was close to \$3 billion. Now we've moved it back down for 2022-2023 to \$403,000.

Now we've had two consecutive seasons where we've exceeded the \$403,000. I recognize we keep discussing the formula, but I guess my question would be that we're starting to see a pattern, the fact that insurance is actually exceeding what is being forecasted. That's now two consecutive cycles that we've seen this. I didn't actually go back – and maybe I should have – to '19-20. You might know better than me, Minister. When we continue to forecast and set targets that are not even meeting the historical measures for the last two years, can we say that that is good practice, in the sense that maybe we should be looking at whether or not those numbers are good targets moving forward?

**Mr. Horner:** Point taken. I think I would be hesitant to call two years much of a trend per se. You know, these guys have been at this for decades. I would comment that, if we're talking about the business plan on page 11, where it shows the \$2.8 billion, there are only two places in the budget documents where this number is shown, and then we go back to the \$403,000. This is based on historical averages, rolling averages a decade or longer and based on, I guess, some history with the federal government as well for how we set this up. But point definitely taken.

I guess that for insurance, much like wildfire, as I'm sure we'll get to later in these estimates, you know, we set our amount, and then we do rely on the contingency funding for fire or the fund in insurance because you simply don't know.

**Ms Sweet:** Well, let's move on to contingency, then, and drought planning. Obviously, in the city of Edmonton it looks like we've had a lot of snow. It looks like we've had a lot of moisture. You go to Red Deer-South, probably not as much. There are concerns already around what that moisture level is going to look like for this upcoming year. Recognizing that there is still concern around the moisture levels, what is the department's plan in regard to the nervousness around that we might have another drought? We might not even have seed in the ground in regard to some of the very commodities that we're talking about insuring at this point. We've been very reactive in regard to the drought. I would like to know what the plan is, seeing that we're already seeing those indicators.

**Mr. Horner:** Yeah. Good question. I think everybody in the agriculture community is concerned about what this next year is going to bring. We are seeing snow in a lot of the south. We weren't about a month and a half ago, so I know the area I represent is feeling a little better about things. We are concerned about, you know, runoff water and surface water for cattle.

What our department is doing about it. I guess, to speak broadly, the business risk management programs work. This fund did its job. You know, we talk about it being nearly depleted or the number being huge, but it did exactly what it was there for. We're confident in the formula, that we can build it up and do it again.

Also in kind of the same vein, while we're talking about the insurance programs offered by AFSC, we also do have both the MDI insurance, which I know we've discussed before, Member, and the satellite coverage insurance. I'm happy to see that AFSC – I'll brag you up here, Darryl – went out and they did some engagements in the fall with some of the communities that were

most impacted. I think it's fair to say that, you know, the lack of moisture was one thing, but the extreme prolonged heat was another.

The moisture deficiency insurance program specifically, you know – it's casually referred to as grass insurance in my part of the world – only insures against one peril, the amount of moisture that collects on the AFSC's weather stations across the province, the government's weather stations. But it doesn't measure grass. It doesn't do grass clippings. It's strictly about moisture.

With this engagement they made a couple of changes that they were able to bring forward in time for this new insurance year, one being that they will no longer measure down to the tenth of a millimetre increments. I know producers were quite happy to see that. They thought that if there was a heavy dew and that kind of thing, that accumulation would add up and it wouldn't put them in a position to trigger a payment. The other is around the heat, and I think that's the most interesting and what the people are most excited about. If we have a day that exceeds 30 degrees, the program will subtract one millimetre of moisture from your accumulated account, and if you have a day that exceeds 35 degrees, they will subtract an additional two millimetres for a total of three on that hot day, in hopes that that will kind of accommodate and try to cover both things.

I would say that for that program the participation is coming up. As vocal as people were – maybe some didn't think it totally covered their bases last year – there is a desire for it, and I think they've made it better.

**Ms Sweet:** No. I think that's great. I mean, as we have had discussions around the moisture levels and how, you know, the neighbour can have access to the program and the other neighbour can't and how frustrating that is for some producers, I appreciate that.

Will that trigger the ability for producers to claim early, or is that just going to be overarching for the season and then at the end of the season it'll be marked?

**Mr. Horner:** Yeah. If you're referring to the way the season splits, I think there are four choices, (a) through (d), and they can pick the long season, the short season. There are a few choices they can make that would make the payment come quicker. That's still offered.

**Ms Sweet:** Okay. In regard, then, to the year-end and paying out those claims that have been processed, do we know what percentage of claims that have been put forward have been processed and what the average was to have a claim processed and payment made to the producer?

**Mr. Horner:** Are we speaking about crop insurance specifically?

**Ms Sweet:** Yes, please.

**Mr. Horner:** I may have to defer to Darryl. The last I saw was that we were keeping up with consistent prior yearly averages even though there were twice as many claims, but if you want a percentage, I would defer to Darryl.

**Mr. Kay:** Thank you for the question. I guess I would start by saying that there is an incredible amount of volume this year in claims. You know, a typical year for us is around 3,500; we will be over 8,000. We just kind of crossed over the 7,000 claim mark, in terms of adjusting. We are planning to be finished all of those claims by the end of March.

What I will say, though, is that we were very aggressive in terms of our cash flow this year. We have a number of cash advances that we offer producers. We were issuing those payments early this year because harvest was finished early. We really reached out to all producers to get cash in their hands quickly even though we knew it was going to take some time. We also added a number of adjusters. We added, I think, over 10 adjusters to bring us to 120 across the province. We move adjusters across the province as we need them to try to work through the backlog. Obviously, an extremely heavy year at AFSC between the drought and the AgriRecovery delivery, but I think we did a great job responding.

**Ms Sweet:** That's great. I'm glad to hear that there were staff that were added to the ministry after we had brought that forward at Stampede, requesting that there be more adjusters in the field to get that process done.

If we could maybe look at crop management. On page 34, line 4.2, of the government estimates document it states that \$3.9 million in funding will be allocated for crop health and assurance. What portion of this estimate is allocated to address the lack of specialists with cropping and environmental stewardship expertise left in the AFRED ministry?

**Mr. Horner:** Just bear with us one sec here.

**Ms Sweet:** Yeah. Sure.

**Mr. Horner:** The changes you see in budget are basically to support existing staffing levels after the collective agreement and then also represent some of the extension that since moved over to RDAR and became RDAR's responsibility.

7:40

**Ms Sweet:** Okay. Then I guess the question would be around the move to RDAR. One of the concerns that has been identified is the need still for extension services and making sure that at the gate the farmer has access to that expertise and those resources. So if it has become the responsibility of RDAR, can you maybe explain to the local producer how they would access that extension service? And then how is that being measured by the ministry given the fact that RDAR is actually external to the ministry's work?

**Mr. Horner:** No, it's a good question. I think I would point to the applied research associations. They're spread out across the province, and I think that they provide some kind of boots-on-the-ground connectivity with the farmers in different regions. They are being funded by RDAR. You know, it's been a transition. The applied research groups are trying to learn best how they can work with RDAR and make sure that they are getting their needs dealt with, and RDAR is learning more about them as well. I think that that's a relationship that's really going to flourish.

In my area CARA, in Oyen, represents a huge area, and I think they need to be a lot of the conscience of research. You know, we have our industry groups that are going to direct their priorities; whether it's from beef or barley or honeybees, they're going to work as a group to know where they want their research to head. But I think it's also important to have this regional look, through the applied research associations, that'll push for research. It's different everywhere – if you're arid, if you're wet, if you're irrigated in the south – so I think those lenses are going to be important. And the ag service boards still provide some of that extension as well and liaison between the municipalities.

**Ms Sweet:** Okay. Let's actually stick to affordability for a little bit more, I think. We've talked about insurance and premiums. Now I

want to discuss a little bit around the natural gas component. You talked about your rural utilities – say that three times fast. Under rural programming and agriculture societies we've actually seen a cut in the line item on page 11. Sorry. My apologies. Under expenses. So '20-21 it was \$30 million, and then we see a forecast which was \$56 million, and now it's down to \$22 million. Can you speak a little bit about that cut and what that means for rural programming? Part of that, my understanding was, was that the rural utilities program also came out of that line item. Am I correct in that?

**Mr. Horner:** Can you just give me the page and the line item again? Apologies.

**Ms Sweet:** Yeah. Sure. No. That's okay. Business plan, page 11, the page after your outcomes.

**Mr. Horner:** Yes. The decrease you're seeing on page 11 is a combination of operating and capital, so the main decrease is because of the completion of the two main capital projects. One was, you know, the Lethbridge exhibition hub project, which was quite substantial – it was \$18.1 million, and that was completed in '21-22 – and a \$16.2 million decrease due to the Northern Lights Gas Co-op in Mackenzie county being completed in '21-22.

There are some small increases: half a million dollars for Kainai Forage, a natural gas project, and half a million dollars for Medicine Hat event centre and grandstand. I would just comment on the half a million for Medicine Hat: it's still early days. They're still in the engineering and design. And the Kainai project is a much smaller project. That covers three-quarters of the costs, and there's federal cost share in that.

**Ms Sweet:** It's like you read my mind. I was going to ask you about Kainai.

Okay. So that explains the piece around – what about the ag societies? Ag societies are funded under that line item as well.

**Mr. Horner:** Yeah. The operational funding for ag societies is consistent, maintained at 11 and a half million a year, I believe. But the reason that ag society number – yeah, it's capital. The operating funding is the same at 11 and a half million dollars, and the rest is the capital of items I just mentioned.

**Ms Sweet:** But the grant funding for the ag society has shifted.

**Mr. Horner:** No.

**Ms Sweet:** Okay. You should probably clarify that.

**Mr. Horner:** Go to page 34, line 2.2, \$11,462,000, same as Budget '21-22, and the allotments are the same between the regionals and the smaller ag societies.

**Ms Sweet:** Okay. Thank you.

One of the things that came up around utilities and natural gas again came on the affordability, that under the climate leadership plan we had when we were in government, we had a greenhouse natural gas rebate program to support the greenhouse industry when natural gas prices went up. The policy under the climate leadership plan provided a rebate of up to 80 per cent of the levy. The calculation at 30 tonnes would have been \$3.3 million per year; at 50 tonnes the program would cost about \$5.5 million. So, essentially, \$1.1 million for every \$10 a tonne. My question is, because I cannot find it in any of the budget items: is the government supporting the greenhouse

industry and looking at the affordability components when it comes to natural gas?

**Mr. Horner:** There is some programming through the Federation of Alberta Gas Co-ops. There's a remote area heating allowance and some other grant programming through them. We increased their funding to \$5.9 million. We moved \$2 million over from the irrigation rehabilitation to the gas – what's the line? – rural utilities line. So there is some programming available there.

Also, you know, RDAR has been working with these groups – I'm thinking of the Sunterra Greenhouse group – doing joint projects with them and providing funding through that lane.

**Ms Sweet:** So at this point the government has no natural gas rebate for producers in relation to greenhouse production or any of the agriculture production.

**Mr. Horner:** Well, we got rid of your carbon tax, so there was no money to go with it.

**Ms Sweet:** Oh, you got rid of the carbon tax, so there's no money to invest in agriculture, Minister? Is that what I just heard?

**Mr. Horner:** No, no, no. I'm saying that your specific carbon levy that you're referring to . . .

**Ms Sweet:** Correct.

**Mr. Horner:** Yes.

**Ms Sweet:** It was rebated back to the producers. So because it's gone out of the province right now and going to the federal government, you don't have that money to rebate back to the producers? Is that what you're saying?

**Mr. Horner:** No. I'm saying that the entire carbon tax, whether it's federal or the one you implemented, is punitive and hurtful and targeted to rural communities, to rural agrivalue projects. Whether you're trying to heat a poultry barn or a hog barn or pump water for irrigation with natural gas or any number of these things for which there is no viable alternative, I'm saying that it is punitive.

**Ms Sweet:** It was rebated back to producers. It also put solar. It also helped with the grain dryer program. It also helped with many of the infrastructure development programs that many in the agriculture industry actually accessed.

**Mr. Horner:** We support the grain dryers through our CAP grant programs through our department. Water efficiency . . .

**Ms Sweet:** Through the federal department.

**Mr. Horner:** Well, joint; federal-provincial.

**Ms Sweet:** Yeah. Which is what – the carbon tax was getting transferred back into CAP?

**Mr. Horner:** Yeah.

**Ms Sweet:** Okay.

**Mr. Horner:** Well, I would point you to, you know, the private member's bill federally that worked to extend and broaden the farm fuel exemption.

**The Chair:** Ladies and gentlemen, if I could interject. Could we talk about the 2021 ag and forestry budget for the province of Alberta?

**Ms Sweet:** If we look at rural programming under line 2.1, including funding to rural utilities, can you break down how much of this funding addresses utilities and break down the 2021-2022 and the estimates for 2023, and how much of that is administration costs, and then what is the remaining amount used for what programs and services that are being provided under the rural utilities programming?

**Mr. Horner:** The 2022-23 estimate of the \$4.8 million includes \$1.7 million in staffing, 16 FTEs, \$300,000 in supply and services, and \$2.8 million in operational grant funding.

7:50

**Ms Sweet:** Okay. Can you elaborate a little bit more on how this program will help support bringing down the cost of living for rural Albertans that are accessing the program?

**Mr. Horner:** The two big pieces are within the rural gas program, to help defray the high cost of constructing natural gas services so that farmers and other rural Albertans may access this basic utility service at an affordable cost. The focus of the program is system expansion and upgrades for the rural, domestic, and ag consumers, ensuring the continuation and reliability of natural gas supply and infrastructure safety and integrity. It's not just about the price and affordability; it's: are they actually getting it? That was some of the issue with Northern Lights.

The other is the remote area heating allowance, to reduce the cost of heating fuels for those Albertans who do not have access to natural gas service. These individuals generally reside in very remote locations in the province.

**Ms Sweet:** Let's go to food and bioprocessing. Key objective 1(a) on page 9 of the business plan as well as page 19 of the strategic plan is to support economic growth and recovery in Alberta. The government has a film and television tax credit and the Alberta petrochemicals incentive program, the APIP, targeted at the petrochemical sector. Why is there not a fiscal program to support new investors in other areas such as agriculture and manufacturing?

We are losing investment to Saskatchewan due to their value-add agriculture incentive. It's a nonrefundable 15 per cent tax rebate on capital expenditures valued at about \$10 million or more. The government relies too much, obviously, on the low corporate tax rate when, in fact, they could be looking at being comparable to Saskatchewan with their 15 per cent tax rebate on a capital expenditure of \$10 million or more. Why is there no support in this budget to level the playing field with Saskatchewan to make Alberta more attractive to this kind of investment?

**Mr. Horner:** Thank you, Member. So, yes, we are competing with Saskatchewan for a great many of these projects and, you know, the northwestern states and globally as well. We do believe that Alberta has a broad value proposition. You did mention, you know, not having a sales tax, the lowest corporate taxes in all but six states in North America. Over Saskatchewan, specifically, you know, logistical advantages in distance to port, other advantages around city size, having four times the population and two large centres. Those conversations come up all the time.

I would say that we do have some tools. It's not that we aren't bringing things to the table. I would look at the investment and growth fund. Obviously, it's not under this department or in these estimates, but some of the work being done at JEI has – well, their first four projects were all ag related, and I think that speaks to probably a lot of the great work done by the ag department in years previous. We have an ag tracker and our ag team here. There are 145 different deals on the go, representing upwards of \$5 billion in

investment. Also in Budget 2022, although not in these estimates – pardon me, Chair – there is the addition of \$5 million to that investment and growth fund in JEI, targeted specifically at projects in rural Alberta.

I think those are all good-news things, but I will give you this. I think the department always needs to be looking at where we sit in the competitive landscape with our neighbouring provinces. We're happy with the investment we've brought in to date and want to do more, but we're always looking to do better.

**Ms Sweet:** Let's talk about those four investments that have been through jobs, innovation, and trade. Those were CAAIN partnerships, I believe, with the federal government, and that came out of the CAAIN funding. How much of that is provincially funded through ag and forestry, or is it all through JEI?

**Mr. Horner:** All through JEI.

**Ms Sweet:** So all through Alberta Innovates? Is there any . . .

**Mr. Horner:** Invest Alberta.

**Ms Sweet:** I thought it was Alberta Innovates. Okay. Is there any ability to try to leverage that to bring some of that more under agriculture and forestry, to look at some of that more value-added propositioning?

**Mr. Horner:** Well, I think the leverage we're providing is the collaboration. You know, we have the team. We have a lot of that institutional knowledge. These people have been doing this for a long time. We don't want to re-create kingdoms in each department, so it's going to require a lot of collaboration and interministry work, but I think so far we've been successful. We don't have too much time under our belt, but I don't think we want to re-create that here, and it will require us to work closely.

**Ms Sweet:** Since we're talking about some other ministries, one of the questions that has come up is around being able to recruit. Actually, it still comes in under your rural investment strategy model for your business plan. When we're looking at the strategic plan, page 18, implementing strategies to develop, grow, and attract investment in key industries such as the agrifood sector investment and growth strategy, one of the concerns that has come up from our smaller rural communities is that issue around capital and being able to do the investment into infrastructure.

You mentioned the Acme project. I won't say the name of the business; I'll just say the Acme project. They ended up putting in all of their utilities, whether that be the water pipeline, the natural gas line, and were able to do that. They're still paying taxes on it, so there are some questions around them putting it in and still paying for the transmission costs. But many investors that want to move in, that are local Alberta investors who are smaller – they're not the Cavendishes of the world. They're smaller Alberta local companies that want to be able to invest in the agriprocessing world and don't necessarily have the access to the capital to put that infrastructure in place.

The question that I have is that we've seen some cuts in other ministries in regard to, let's say, MSI funding, for example, where that basic infrastructure is needed to build those industrial parks. Are you working with your fellow partners at the cabinet table trying to figure out how to minimize some of those barriers so that we can ensure that we are hitting your priority 2 of growing and attracting investment into the smaller rural communities?

**Mr. Horner:** Well, certainly, and, you know, I would also – whenever you're talking about access to capital, I think Darryl probably wants to talk, too, because AFSC has done some great work on, you know, providing more community capital. We've increased their borrowing limit, and they have increased their lending limit and their small loans and so on and so forth.

But when it comes to building infrastructure in partnership with the government, I think you do have to look at rural Alberta very holistically – like you mentioned, the project in Acme – and I would point to, you know, in this budget once again, not my ministry, the school modernization in Acme that's happening across the street. I think that speaks to looking at things very broadly at a high level.

Another thing that I know Member Gray will probably ask about is labour and the need for labour in a lot of sectors, but especially we hear about it in agriculture as well and in rural Alberta as well. So to tie everything together and look at microcredentialing and building the skills that the kids need in high school, to walk across the street and already have a foot in the door at a good-paying job that will then open the door in college or university, that's the kind of infrastructure building that we need to look at in rural Alberta. You know, we have to decouple some of these needs of the different ministries. Yeah. I'm always having those conversations about what rural Alberta needs.

**Ms Sweet:** I appreciate that, Minister. I think the issue, though, is that – again on page 18, increase economic development capacity and opportunity of rural communities and improve conditions for ongoing economic success – if the municipalities don't have the ability to create those industrial parks because they don't have the revenue to do it, it does hinder the ongoing economic success of some of those smaller communities. Like, they want to grow so that they can have more people working and they can have a higher tax base and property taxes and all the things so that they can pay for more infrastructure, but if they don't have it now, what are you doing within your ministry to improve the conditions for ongoing economic success for those smaller communities?

**Mr. Horner:** Well, you know, I'd point to the engagement we did in the fall. You know, we did a special round just for those municipal leaders to have conversations like this. They're well aware that, you know, they have a part to play in this as well. We have made it easier for them to offer their own tax incentives. Many are working towards building their own pre-designated industrial areas. We're using our department to facilitate discussions between municipalities that might fit with potential projects and players. It's all collaborative. We're working together, and I can tell you that some of the municipal leaders I've met in my short time in this job are out closing deals and doing what they can and on an international level.

**8:00**

**Ms Sweet:** Okay. To continue on with that, we look at the business plan on page 10, outcome 2, key objective 2.4, "support socio-economic development in rural Alberta by maintaining and enhancing rural infrastructure and realizing new economic opportunities." Again, enhancing rural infrastructure: when we're hearing from smaller municipalities that they don't have the ability to maintain that infrastructure because the municipality has cut the funding, I think there is a significant issue here. But I want to focus on REDAs, rural economic development – okay. Sorry. Acronyms. I just want to make sure we all know.

**Mr. Horner:** They're under JEI, while we're doing acronyms.

**Ms Sweet:** They are under JEI, and I appreciate that. The concern is, though, that when ...

**Mr. Getson:** Point of order.

**The Chair:** A point of order has been noted.

**Mr. Getson:** Yeah. Standing Order 23(b)? I apologize. I don't have it right in front of me. We seem to be talking a lot about other ministries, trying to get it together, pull it together. The member speaks to matters other than that at hand. I'm very interested in seeing how this weaves together. Member, honestly, I'm wanting to see how the rural economic development comes together, too, but we seem to get pretty pointed in other ministries and how they correlate. I'm just asking if we can kind of keep it over towards that side. That's all.

**The Chair:** Go ahead, Member.

**Ms Gray:** Thank you. My colleague has very clearly listed page 10, key objective 2.4, relating this directly to the estimates and throughout her questioning has linked back to the budget documents for this ministry. I would suggest that it's not a point of order, and I look forward to your ruling, Mr. Chair.

**The Chair:** Thank you very much. I am prepared to rule. I agree; it is not a point of order, more of a matter of debate and overlapping ministries, because I do recognize that as well as agriculture and forestry it's rural economic development, so those questions kind of fall into that. I will allow the questions to continue as long as you're referring to budget items.

Thank you.

**Ms Sweet:** Thank you, Mr. Chair. Again, outcome 2.4. The reason that I want to discuss the REDAs is that this is about rural economic development, which is what REDAs are. There's been some concern brought forward by some of our rural communities that some of that money has been transferred to urban centres. Because of that transfer to urban centres, the smaller communities are having a hard time being able to do that attraction. What they're looking for is support in training and understanding and how they can work as hubs, just as you said. Like, how do we work in those regions to attract that investment into those areas? I guess my question, again under 2.4, which is about, you know, enhancing rural infrastructure and realizing new economic opportunities: how are you working with those smaller municipalities and developing rural economic strategies that can help them work in collaboration with each other to attract that investment?

**Mr. Horner:** Thank you for the question. Yes, the REDAs are under JEI, but I think they are an important piece to rural Alberta. In my brief time under the JEI ministry I did get to meet quite a few of the organizations across the province, so I don't mind answering. I don't know the specifics around the dollars moving to the urban setting, but I'll be happy to take that up with the Minister of JEI.

I think, once again, it comes to collaboration on our end. Our forte is ag investment, value-added, specifically processing. That's a big piece of the conversations that are being had, but sometimes the REDAs will liaise between the municipalities and our department. It's all helpful. It's a group that's – you know, they might have the spot or the opportunity, or they might think that they have two advantages. They don't know how they work, but they know they're good, so they want to come to us and say: "How can we monetize this? Do you know any companies that want to go down this path?" Take greenhouse potential and excess heat. If you have some kind of a cogeneration facility that a municipality is

aware of, they might not know who the right players in the room are, but they know there's going to be a lot of latent free heat that would serve a greenhouse well. It's those conversations.

**Ms Sweet:** Thank you, Minister. I appreciate that. I mean, if you're open to hearing from some of those municipalities that are just looking for that extra support around that training or component, I can pass them along to you as well. I know they are working with your colleague, but I think sometimes, just based on your understanding of the rural economic component, that it might be something where it's nice to have a conversation.

**Mr. Horner:** Can I add one more thing?

**Ms Sweet:** Of course.

**Mr. Horner:** I would just say that I think that, you know, with this change in Invest Alberta coming in and playing a big part, too, the REDAs are still trying to find how they fit in everything. I think those conversations will continue to be had between us and JEI, but I think there's definitely consensus that they're an asset and in the right places in the province.

**Ms Sweet:** I'm sure they'd appreciate that.

If we continue on 2.4, can we chat a little bit about co-ops? The majority of co-operatives that invest in Alberta take place in our rural towns and countryside. Given that small investment is blocked by the excessive amount of red tape surrounding the creation of new co-operatives – this also goes into your red tape line item – what is your ministry doing to open the ability for co-operatives to invest in rural Alberta? There are many examples of co-operatives successfully investing in rural Alberta in the past. The Battle River Railway is the most profitable mile-to-mile track in Alberta thanks to a co-operative model, yet today starting a new co-operative can cost an average of about \$80,000 for a million-dollar investment. What is your ministry doing to alleviate the excess red tape surrounding the creation of co-operatives so that they can invest in rural Alberta?

**Mr. Horner:** We are responsible for the rural utilities – the gas co-ops and the like, the REAs as well, nonprofit co-ops – but I think you're more referring to an investment co-op model ...

**Ms Sweet:** A grain elevator or something along that line, yeah.

**Mr. Horner:** Yeah. We're not responsible for that, I guess, in these estimates, but I do take your point. I know that in our rural engagement it was brought up as a potential investment tool. I know it's something that we heard in that feedback and we'll continue to work on.

**Ms Sweet:** Yeah. I think, you know, it goes along the lines of small investors as well, where it's that \$80,000 for a million-dollar investment for the legal costs piece, and it's trying to get through all those processes to even get the application to where it needs to be. For small investors who want to be able to start up, not even just co-operatives – like, we're talking about our smaller investors – the \$80,000 for a million-dollar investment is a substantial component and a deterrent for those who are really looking at trying to start a small local rural business in agriculture, agriprocessing, whatever that is. It's just something that I wanted to flag as an opportunity to look at how we can get some more local Albertans investing in some local community projects.

If we go to performance measure 3 – I'm going to be kind. We're going to go through each performance measure in order. Now we're moving down the page. On page 10, outcome measure 3.3,

implementing programs to mitigate risks for food safety, animal and human health. This is going to give you an opportunity to talk about the great investment that you did at the U of C. Veterinary services: we see an increase in vet training through the investment at the U of C veterinary medicine program. The program is going to take three years. What is the government doing now to ensure animal welfare when it comes to big-animal veterinary services. Currently we obviously know that there's a big vacancy rate, and we've heard from people within the industry that they feel that we are getting to a point where it is becoming an animal welfare issue. I'm sure you are aware of this. Can you speak to strategies that you may be putting in place in the interim, prior to these seats being available at the U of C?

**Mr. Horner:** Yes. Thank you for the question, and you're definitely not wrong. There is an acute shortage of large-animal vets, and that's why you saw the substantial investment in the U of C. That investment is one piece, so the hope with that investment is to go from 50 seats to 100 seats, and a lot of that money is targeted at capital growth to make room for the spaces. It's not under my department specifically, but that is only kind of one prong of a multipronged approach that JEI in conjunction with labour will undertake. There's the opportunity for recruitment from Europe. There's going to be a targeted recruitment campaign. There are some opportunities that have arisen due to Brexit, where they find that there's potentially a lot of large-animal vets in Europe looking for a place to come. So there is more than just that big U of C investment.

**8:10**

Also, I would just comment. You know, on our side we do what we can under the Animal Health Act through the Canadian ag partnership. We're looking at things from BSE to African swine fever. We're trying to protect the food chain from all of these perils, and we work with the vet association as we can and right down to our ag service boards and ag societies.

It's not an acute answer, but we don't really have an acute lever.

**Ms Sweet:** Okay. Continuing on, then, looking at trying to keep young working people in rural Alberta – I mean, this is part of that: “How do we keep large-animal vets working in rural Alberta? How do we encourage them to be in rural Alberta?” – part of the concern that came out is that although there's been investment for postsecondary education, there have been concerns that some of that's not going to focus on Olds College, Lakeland College in the areas of agriculture and research and extension. I guess the concern I would have, when we're looking at rural economic development, encouraging postsecondary students to be educated in their local colleges and universities and then working in those local communities, is: have there been any conversations that you've had to look at how we can encourage young people to continue to live, learn, and play in those rural communities so that we're not having an exodus to the urban communities?

**Mr. Horner:** Lots of conversation. You know, I don't have a specific line item on this in these budgets. Specifically about Lakeland or Olds, I think you'd have to ask the Minister of Advanced Ed. We do partner through RDAR on different funding announcements to Olds and Lakeland. But, yeah, if you're just talking broadly about keeping kids in their communities, I think that that needs to be a lens that's used, whether it's education, postsecondary or otherwise, right up to health care. We need opportunities for people to live and apprentice and intern in their rural communities with the hope that they can stay in them and serve their communities later. I'm in violent agreement.

**Ms Sweet:** Well, thank you, Minister.

Let's move on to supply chain strategies. Performance metric 1(b), value of Alberta's primary agricultural commodities and value-added agricultural production exports. Obviously, the export of our commodities is really the lifeline of our markets. We obviously have seen what can happen if our border crossings are closed and the significant rural impact that that can have on many of our agricultural producers. We also know that there's a potential issue that's going to be happening with railcars. We've also heard the Premier as of late starting to talk about moving oil and trying to expand that given the issues that are happening with Russia and Ukraine. So my concern would be: how are you going to ensure or how is the department going to ensure that there's no delay in being able to, one, export our commodity but also ensure that feed and all the things that need to be getting into the province to support our farmers and ranchers are happening through the supply chain and that that's not being disrupted or impacted?

**Mr. Horner:** Great question. I think I'll start with the rail because we do know we have a potential labour issue with CP Rail. You know, this is largely an advocacy position, that it puts us and our department in. We've spoken to the federal ministers of Labour and transportation and agriculture, and my deputy has been on the phone with their deputy all week. We get updates daily now from their department, but the situation is critical. If CP does have a work stoppage, we think there are only about six days' grace right now on bringing corn into Alberta, and after the drought it's a situation we've never been in, where we're almost entirely reliant on U.S. corn. There's no grain to be found no matter what the price is. So it definitely does highlight that.

Yes, the Coutts blockade that you mentioned also definitely highlighted having one main port with veterinary services. The floods in B.C., all of these things: you know, we have other rail constraints for the other side of this industry, the pulp and paper in the north. I think it's going to be a lens that we're going to have to look through broadly as elected representatives when we're trying to deal with some of these situations and maybe focus some of our infrastructure resources on trying to make more areas of egress, whether it's for forestry or ag products. I know, like, the highway 3 twinning project is very supportive of that kind of thinking, creating more opportunities to move more projects. Maybe we need to be discussing with our provincial counterparts more regularly and thinking a little bigger, whether it's about the corridor task force that was being undertaken, working with our American and Canadian partners . . .

**The Chair:** Sorry to interrupt, Minister. That concludes the first portion of questions for the Official Opposition.

We will now move on to the independent member for 20 minutes of questions. Would you like to go back and forth with the minister?

**Mr. Barnes:** Please, if it's okay, Minister.

**Mr. Horner:** Of course.

**The Chair:** Go ahead, Mr. Barnes.

**Mr. Barnes:** Okay. Thank you, Mr. Chair. Thank you, Minister Horner, to you and all your staff for the work you do for Albertans in agriculture. It's more than appreciated.

My first question is on the budget on page 11. To be frank, I'm having trouble getting confidence in your numbers. Last year your department, in the 2021-22 budget, asked the taxpayer, asked the contributor of Alberta, for \$35 million. That was your estimate. You ended up needing \$2.7 billion. I'm right at your net operating

results. So, I mean, that's a huge turnaround. When you look at the numbers, okay, the lion's share by miles is explained in the insurance payout. Your budget estimate was \$403 million, and you ended up paying almost \$2.9 billion out.

We know about the drought, we know about the feed shortage and all those things, but when I look at two years ago, 2021, insurance payouts were \$850 million. I'm right in the middle of your expenses on page 11. You've budgeted every year for \$403 million, \$404 million, and \$405 million in insurance payouts, but as a simple average of what you've actually had to pay out each of the last two years, you know, we're somewhere around \$2 billion. So, Minister Horner, how confident are you that a year from now we won't be sitting here asking for another \$2 billion of extra taxpayer money?

**Mr. Horner:** Thank you, MLA Barnes. I think what's important to understand here – I'm sitting beside the CEO of AFSC – is that, you know, this was a 1-in-20-year event. You mentioned the taxpayer funds. The premium pot is subsidized by the federal government and the provincial government, but that \$2.7 billion came from the fund. So the fund did its job. The money was there, and it paid it down. There's still \$600 million in that fund. It was \$3.3 billion in total. So the other piece of that – there's another \$150 million in that \$2.849 billion – is the rest of the programs: AgriStability and livestock price insurance and AgriInvest and the rest of that BRM suite. But, yeah, \$2.7 billion paid down from \$3.3 billion.

The question about our budget and the estimate moving forward: this is the way that it's been done. I wish you could see far enough back into the years where there's no payment or it's going the other direction. It would tell a different story. It represents kind of 10-year, decade-long rolling averages, and maybe it will come up substantially in the years that come, but this is the format that we follow for now.

8:20

**Mr. Barnes:** Well, thank you for that. Yeah, there were a lot of great years down south when yields were great and grass was good, and I know for sure it wasn't necessary.

What happens if you go past the \$600 million? What if you need to spend all the fund next year?

**Mr. Horner:** Well, it's important that when you picture the fund, you picture the \$600 million that we have. That's a carryover. Now we're going to build the premium pie, so to speak, for this upcoming year. It's split 36-24-40: 36 per cent from the federal government, 24 per cent from the provincial government, and 40 per cent from the producer.

We're seeing right now a 10 per cent premium rate adjustment built in the formula, and that's going to be paid by the federal government, the provincial government, and the farmer. That is meant to grow the fund. So we're in a period now of fund growth. You know, it goes back to actuarial principles of insurance and fund management.

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

Key objective 2.3, "expand irrigation infrastructure to increase crop production to support Alberta's economic recovery plan." I don't have to tell you or anyone about the value of irrigation just in southern Alberta, where, you know, it has added to more people being able to stay in our communities, quarters of land selling for upwards of \$2 million, and the production. Of course, those three potato plants are wonderful for our southern communities.

I'm wondering, Minister. Like, I even understand that the St. Mary River irrigation district has sold out all their water rights. I know we've talked briefly in the past about some good projects

going on in the Acadia Valley area and that kind of thing. I just would like to hear, you know, for a minute or two if you don't mind, please, the money that you have that's targeted for developing new irrigation opportunities and what's most important in your mind.

**Mr. Horner:** Thank you. I'm a very big proponent of and believer in irrigation. I think it's important to understand that the irrigation investment that we're speaking about here, the \$933 million, is a three-way partnership between the provincial government, our current irrigation districts, and the Canada Infrastructure Bank. The provincial government came in for 30 per cent, the individual irrigation district came in for 20 per cent, and then they borrowed the other 50 per cent from the Canada Infrastructure Bank for 35 years at 1 per cent interest. They're very excited to do that, especially with the prospects of interest rising. So that's the \$933 million that we're speaking about now.

I would also like to add that, you know, there are 13 irrigation districts currently in Alberta. Ten of the 13 are participating in that \$933 million, so not all. They all had the opportunity. Maybe some didn't have the potential projects in their area or weren't able to, but they're all very excited about the opportunity. It's the biggest investment in irrigation infrastructure since the '50s or ever.

The other thing that's important: you mentioned that there's no allocation left in some of those districts. All of these additional acres are made possible through efficiencies. You know, taking a canal and converting it to pipe, siphons, different pumping techniques, low-pressure pivots, drip technology: there are so many things happening that require less water per acre and less water loss.

It's quite a story, really. We're getting more bang for our buck with the same water, putting them on these value-added crops and driving this value-added industry. That's the biggest part of our, you know, value proposition. Right now there's no jurisdiction in North America that has 230,000 acres of new irrigation coming online like this, and people know about it, from the potato industry to sugar beet.

There is potential for more irrigation in different rivers, and those studies are being done and looked at, but there they're not part of this specific tranche of projects.

**Mr. Barnes:** So the idea of looking at more irrigation opportunities is something that's on your . . .

**Mr. Horner:** Definitely. The department: you know, they have the staff with that expertise. It's something that the Canada Infrastructure Bank checks their boxes for investment opportunities, so we want to make sure that we're leaving no stone unturned in seeing what other irrigation opportunities there are in the province.

**Mr. Barnes:** Thank you. I appreciate it.

Key objective 3.1, support primary producers' competitiveness through reasonable resource management: I want to start there. In the state of the union address even President Biden mentioned concerns about too much concentration in the packing industry. I hear that all the time up here about packers and the competition, and, you know, God bless them for what they do and the opportunity to make our primary beef industry move along.

Also, of course, in the feed situation this year, you would know better than me, but I understand that American ranchers were subsidized quite heavily by the American government to come up to Alberta and buy feed at a time that feed was very scarce. I know you're a province – you're not a sovereign jurisdiction – but what can we do to make sure that our farmers and ranchers can compete on a level playing field?

**Mr. Horner:** Great questions. Yeah. In the United States – I’m going to pull some figures out of the air here. I think the last number I read is that agriculture in the U.S. is subsidized to the tune of \$90 per capita. In Canada it’s about \$6, six tax dollars per capita as opposed to \$90, an order of magnitude difference.

I don’t hear from people wanting that. What they want is business risk management programs that work. That’s where we and the Canadian government come in and believe we need to continue and make better these robust programs that can, you know, take these 1 in 20 crazy years out of the equation, so people aren’t going broke and can live to fight another day and plant next year’s crop.

You mentioned the consolidation of the packing industry. That’s been much discussed here and south of the border. President Biden has even committed a billion dollars in some form to try to inspire more small meat processing through the United States. We’re watching that closely. The department is here to see how that plays out.

**Mr. Barnes:** Good.

**Mr. Horner:** We’ve entered into a joint agreement with Alberta Beef Producers. We helped fund a study that’s trying to dig into our meat processing sector specifically and see if there are any policies or levers to provide a little more transparent price discovery. In my opinion and experience in the cattle sector, I think that there is a market. As painful as some of these moments are, the market will flip, and great profit in one sector will drive investment to that sector.

You’re definitely not wrong. Three-quarters of the meat processing capacity in Canada resides in Alberta. If you’re going to have that kind of concentration and then have a shutdown, you know, due to COVID or any other number of issues, the supply gets backed up pretty quick, and then we need to bring in programs like the set-aside program with the help of the feds and the like. Long answer to a point of: the U.S. government does subsidize feed heavily, and that was another reason why we were able to pull the trigger on the Agri-Recovery program.

For those that aren’t familiar, the AgriRecovery piece of the suite of programs is only usable in something that is not insurable, a disaster situation that’s uninsurable. I think the fact that the U.S. was getting subsidized and the feed was moving south of the border was something that a lot of our industry advocates made very clear to the federal minister.

**Mr. Barnes:** Thank you, Minister.

You mentioned that producers want effective risk management and your key objective 2.1, “streamline agriculture and forest sector’s regulatory requirements to reduce red tape.” Well, ag stability: if you don’t mind, when I talk to producers, you know, I understand it’s less than 20 per cent that are still even in it. Everybody I talk to says that the paperwork is onerous, the accountant bills are high, and it’s kind of your flagship program, isn’t it? If it’s only 20 per cent of producers that are in it, are you meeting your objective?

8:30

**Mr. Horner:** I would say that the insurance is definitely our flagship program, but, yeah, you’re not wrong. There’s a lot of criticism over ag stability, and it is being discussed at the FPT table. We’re currently working, all departments across the prairie provinces, to come up with solutions. We want something that’s a little more nimble and transparent and equitable. You’re not wrong. There are around 20 per cent of producers that are using the program, which certainly sounds like a low number and is troubling, but something that I’ve learned to appreciate is that those

20 per cent of producers represent nearly 60 per cent of the cash receipts in the province. So although there are fewer using it, they are the larger, more complicated operations, namely the feeding sector.

What we have determined is that we think that we can make some changes to it to make it respond quicker. That’s part of the program. You get your taxes done, the accountant might do the work for you and send it in on your ag stability forms, but it’s a backwards-looking program to start with. It requires your tax information to be applied to the situation, so it’s never going to be that quick. Anyways, we are looking at making changes. We’re meeting in June and longer term continue to work towards the 2028 policy framework of whole farm insurance or margin insurance, but that is quite a task as well.

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

Switching gears a bit, in the time I have left, to rural economic development, large parts of Cypress county, large parts of rural Alberta still do not have good cellular connectivity. Is that a goal of that half of your department? Is that somewhere? Is there money somewhere in this budget for that?

**Mr. Horner:** There isn’t money in this budget for it, but I would tell you that we heard that loud and clear in our engagement. It’s a conversation that I’ve had with the Minister of Service Alberta. You know, we’re quite excited about the broadband strategy, and I think we should be. It was the number one ask of the Rural Municipalities association. It was the number one thing we heard during our engagement sessions. About then we kept hearing: “Well, jeez, Internet; I would love it if my cellphone worked. Like, let’s start there first.” So I think he’s hearing that loud and clear that it’s something we’ll have to address going forward.

**Mr. Barnes:** Okay. Thank you.

You mentioned border crossings a short time ago, and of course it’s well known that Alberta only has the one customs port with the U.S. The Wild Horse border crossing south of Medicine Hat is in my constituency, and I’m grateful to be elected for 10 years, but it’s been talked about and talked about for 20 or 25 years. Minister, I think what the issue is: it’s very, very important for our agricultural producers to have that border a customs border and more access, very, very important to have some roadwork done on the Canadian side so things would be safe, things could be streamlined.

But it’s been frustrating that it’s two layers of government. It’s the province that needs to do the roads and the province that needs to push it because, you know, it’s your departments, but it’s the federal government that’s responsible for turning that into a customs port. My understanding, my belief, is it needs to be a customs port because if you export something into America through a noncustoms port, it can only go 150 miles. There’s not much 150 miles south of Wild Horse. So I guess what I’m asking: would your department advocate with the federal government to someday have the federal government turn that into a customs port, a commercial customs port, and then put in there necessary infrastructure so we could enhance that?

**Mr. Horner:** Well, yeah. I don’t think we have too much to comment specifically other than I’d be happy to have that conversation going forward. Obviously, it needs some relationships with our U.S. counterparts as well. That was something that was made very clear when discussing anything at the borders, that there are a lot of different players, so a lot of our job during the border issues was trying to get all those people in one room, whether it was CFIA, USDA, border services on both sides of the border, to try to



make sure everyone knew what was expected of everyone. But I'm happy to take the advocacy forward and see where it goes.

**Mr. Barnes:** Yeah. Thank you. I appreciate that. I absolutely believe that the necessary first step is for the feds to make that happen, or for the rest of it we're just wasting our time.

Debt-servicing costs on page 11: you have an estimate, \$64 million. I remember in the past from AFSC some of the lending going on and some concern about lending practices outside agriculture, outside farmland, and into some of more hospitality industry and those kinds of things. One of the real strengths about low interest rates right now and the positive banking environment is it seems like almost every credit union or bank I've talked to wants to lend a lot of money to agricultural land. I'm wondering: have you guys looked at how much that debt servicing costs? What kind of losses are you having in the hospitality industry with any of those loans? Is that still an issue?

**Mr. Horner:** Well, I would comment on the numbers you referenced first. On page 11, on the debt-servicing costs, from \$70 million in Budget '21-22 to \$64 million in '22-23: that was mostly due to some changes in short- to long-term borrowing, that is providing more savings to AFSC. I'm not too familiar with the hospitality portfolio of AFSC. If you want that detail, I will ask Darryl to supplement. I would say that AFSC's, you know, primary goals are around primary agriculture, agrivalue.

**The Chair:** Thank you Minister. That concludes the first portion of the questions from independent members.

We'll now move to the government caucus for 20 minutes of questions from the members. Would you like to combine your time with the minister going back and forth? Then as soon as the government caucus has finished their 20-minute block, we will take a quick five-minute break. Go ahead, Member Singh.

**Mr. Singh:** Thank you, Mr. Chair, and I would like to thank the minister and all the officials of the ministry for being with us today. I appreciate all the work being done by the ministry that supports Alberta's economic recovery.

Page 7 of the ministry's business plan explains that the Agriculture, Forestry and Rural Economic Development ministry works towards growth, diversification, sustainability, and innovation in the agriculture sector. In fact, page 7 of the business plan explains that the ministry is providing \$37 million annually to support agricultural research. How does agricultural research support the growth and the diversification of the agricultural sector?

**Mr. Horner:** Great question. Yes. RDAR, Results Driven Agriculture Research: we're funding them to the tune of \$37 million annually. It's a 10-year agreement. How it serves agriculture and the ag community: I think it's extremely important. As the member opposite mentioned in earlier questions, there's an amount of, you know, boots-on-the-ground help in agriculture communities through applied research associations and the like, but the way RDAR is set up, you have industry groups, whether it's wheat and barley or beef producers or the beekeepers. They get together. They have their meetings, have discussions, and put forward resolutions about what they'd like to pursue. Then they go to RDAR and make their pitch.

The team at RDAR, although I haven't met them all, come from industry as well. They've led and been a big part in discussions on these industry groups for years. It facilitates a broader discussion about where the research dollars of the province should go, how they should be divvied up, what will provide the best results for both Alberta's ag community, farmers and ranchers, and also the

communities that they serve. They look for things like enhanced productivity, profitability, competitiveness, sustainability, responsible agricultural production, market demands, food safety, quality, value-added products, and diversification and then that extension and knowledge piece largely through that relationship with the applied research associations.

**8:40**

I'd also say that RDAR itself is something that I should probably brag about a little here now that they're an up-and-running organization. They were able to receive \$33 million in funding through the federal government, which should provide them a lot of flexibility in what they pursue. I know they're quite tickled. It is one-sixth of the total pot that they were able to bring to Alberta, and it's unclear if Alberta would have been able to get that much had RDAR not been in place. You know, it was a perfect vehicle for those funds to go towards, with the federal ag minister knowing that would be divvied up accordingly. Those funds are targeted at an environmentally specific lens. We talk a lot about emissions in fertilizer right now, so pursuits of applying fertilizer in different ways, best management practices, the four Rs. So it's a good-news story but definitely serves producers and the communities.

**Mr. Singh:** Thanks for the answer.

How does agricultural research benefit farmers and ranchers in Alberta?

**Mr. Horner:** How does it serve farmers and ranchers in Alberta?

**Mr. Singh:** Yeah. How does agricultural research benefit farmers?

**Mr. Horner:** Oh, it's a good question. You know, take the wheat and barley guys. They take forward their proposal or resolution from their team, their industry group, about the kind of research they want to see done. You have the producers that make up these groups. If I'm a farmer that's heavily invested and passionate about growing barley, this is the industry group that represents me, and they're going to have those discussions about the kind of research they want to see done. Maybe it's around plant genetics. Maybe it's around application techniques for fertilizer or different best management practices. They put those proposals forward to RDAR, and then RDAR funds them.

I could give you a few examples if you'd like. You know, they invested \$160,000 in a Lethbridge College project to ensure increased profitability by improving grain storage. That's one example of finding efficiencies for the farming community around grain storage, which will help the entire community. It goes across the board, whether it's water management or improving soil conditions. It's the whole gamut.

**Mr. Singh:** Thank you, Minister.

On page 40 of the estimates other revenue has decreased \$243,000 since the last budget. Can you explain the reason for this decrease?

**Mr. Horner:** Page 40. Just bear with me one second here.

**Mr. Singh:** No problem.

**Mr. Horner:** Okay. Yeah, a decrease of \$200,000: I see it now. This is decreased revenue from, I guess it would be, industry participating in research before we moved it to RDAR. Industry would have been participating, providing their level of funding to participate, sometimes in conjunction with postsecondary institutions, to promote the type of research they wanted to see. Now that won't be necessary. RDAR will handle that. We've kind

of gotten government out of the middle of that scenario, I guess. I would say another comment: you know, I don't think that the intent of agricultural research is as a revenue line for this department.

**Mr. Singh:** Thank you, Minister.

Does resource-driven agriculture research now receive the revenue lost under the line item? If so, how do you justify this research model when government is losing revenue as a result?

**Mr. Horner:** Yeah. I would kind of say, kind of like the last answer I gave, you know, that we're not looking to ag research to really run a revenue line for us. This was industry participating with postsecondary to push forward their initiative. That won't be necessary now with RDAR. We fund RDAR; RDAR is leveraging that with the federal government, working on their relationships with extension through our applied research associations. Yeah, we've taken government out of the equation.

**Mr. Singh:** Thank you, Minister, for answering my questions. It's great to know the initiatives, expected achievement, and long-term sustainability in agriculture research and, at the same time, information.

Mr. Chair, I now pass this time to my colleague Member Getson.

**The Chair:** Go ahead, Mr. Getson.

**Mr. Getson:** Yes. Thank you, Minister. Again, it's always a pleasure, and it's great to see you in that chair over there. You're doing extremely well, sir. I really appreciate your efforts and your staff, and considering that you also have rural economic development underneath the portfolio, it's pretty exciting to see.

I'm going to jump in on page 34. I think we started to talk about insurance on the agriculture insurance and lending assistance. The item there, budget line item 5.2, says that it's increased by \$30 million. It's a two-part question, Minister. Can the minister explain what accounts for such increases, and how are the farmers going to benefit from those funds?

**Mr. Horner:** Yes. Thanks, MLA Getson. We're looking at page 34, line item 5.2, insurance?

**Mr. Getson:** Yes, sir.

**Mr. Horner:** All right. We're seeing an increase of roughly \$30 million. This speaks to the increase in the premium across the board. Farmers are paying more; so are both levels of government. This speaks to growing the premium pie, as we discussed, because we're in that fund building time now that we've depleted it the way we have.

But the lending assistance line – and I do believe you mentioned lending assistance – is in line 5.1. You'll see that it's discontinued. I know this isn't the question you asked, but I'm going to take the opportunity because I think it's a good-news story. AFSC's lending no longer requires assistance. They're fully self-sustaining. That line item will probably be discontinued in the future. I think that speaks to the good work that they're doing.

**Mr. Getson:** I appreciate that. Any efficiencies we can find: I'm all about that.

On page 33 in the estimates, the forest stewardship and trade budget item: "provides policy and regulates compliance to support a competitive forest industry and enhance environmental and social forest values." It's also responsible for the operations planning, reforestation, and of course that dang pine beetle that's wiping out our pine trees. Budget line item 6.2 has an increase of about \$6.9 million there, back of the napkin, for forest stewardship and trade.

A two-part question again, Minister. Can you elaborate on the programs? Can you also explain why such an increase was necessary?

**Mr. Horner:** Yes. Thank you. The increase is just shy of \$7 million. That does reflect adjustments to the mountain pine beetle program to align with project timelines and priorities to manage the beetle infestations. The increase reflects adjusted spending in '22-23 of the overall. It was a three-year, \$60 million federal mountain pine beetle funding arrangement. And we have Saskatchewan as an albeit much smaller partner, but they've gotten in as well. They would not like to see the beetle come across their border in as big a way.

By all accounts the program is very successful and is actually creating opportunities for the forest sector. So it's good all round.

**Mr. Getson:** Okay. And just back on the pine beetle. You know, I get to go up in a plane every once in a while and fly over that area. In those valleys there it's getting pretty tight, I mean both from a forest fire fighting issue and then also utilizing that material.

I believe a while back, just a bit of an aside, somebody had marketed that lumber that came off over to the Japanese as denim lumber because it had blue streaks in it. I know. It's pretty funny. So as long as you harvest it within the first three years, you can kind of make use of that.

Just leading into that, I know it's become a real problem. We're talking about Saskatchewan even weighing in. Anything in specifics that we're targeting on that, Minister, to try to make use of that content, that fibre, before it literally goes up in smoke?

**Mr. Horner:** Yeah. Well, I'd say that it's a big part of the strategy. You know, whether it's trees damaged by mountain pine beetle or trees that have had a fire roll through and are burned or partially burned, the secure access to fibre plan, the forestry management agreements: there are places in there for accelerated cut. That can apply to either mountain pine beetle or forest damaged fibre. That just makes sense, you know. Move it up; get it now.

**8:50**

I know that I haven't been in too many mills in the province yet, but I did have the opportunity to be in one at La Crête, and they were on year 2 of going through burned lumber. They said that they desperately were ready to cut some green wood, but they were appreciative and saw the value of the province being able to move up and do that.

**Mr. Getson:** Okay.

Then the other one that's always an interesting thing and difficult to forecast similarly to rain is the forest fire management. Page 34, line item 6.1, I believe, is maintaining the same amount of \$2.1 million towards wildfire management. Can you explain what initiatives are funded, and then also can you speak to why the same amount of funding has been kept?

**Mr. Horner:** Thank you. I'm looking at wildfire management, 6.1. We're budgeted for \$101 million, and we're still at \$101 million. There's about a \$600,000 increase. The budget increased by \$2.1 million regarding capital investment and then decreased by almost the same amount due to a transfer from capital investment for wildfire information management technology, so just some slight changes in the budget. I think there was some of this information management technology that was being added to the lookout tower system and just trying to incorporate technology in different ways. Then, although there is a capital cost, it does provide some operational relief going forward.

**Mr. Getson:** Okay.

I'm going to lead you into this one. That funding: how does it ensure successful wildfire management? I know that in our area – I'm going to give a plug out to the folks that are running those drones and looking at new, innovative ways. I really appreciate that. Maybe you can expand on that a little bit, Minister, because it's a really good-news story for folks out there that may not have heard of the integration between rural economic development, aerospace, and then wildfire management.

**Mr. Horner:** Thank you for the question. I think that before I get into that specific area, I'd just say that, you know, there's wide acknowledgement that technology is going to need to play a bigger role in forest fire management. I know my colleagues that have travelled south and spoken to the American representatives on PNWER have made clear that those jurisdictions are going all in on technology, whether it's California using drones to actively fight the fire in different ways. But they just see that these costs are so large and hard to budget, obviously. That's why it comes out of contingencies. I think there's just a real desire to take our forest fire management initiatives to the next level.

You mentioned the drone project in your community: very exciting. We're not at the level where we're trying to fight the fire with them, but we're trying to manage the fire. We're trying to monitor the fire, get that surveillance. You know, it's one thing if you have to get in a helicopter, wait for daylight, get up, and go map and manage the fire. If you can have drones flying all night, mapping, sending it back to headquarters in real time, seeing where the fire is moving, you're so much more prepared in the morning, not to mention the obvious efficiencies and costs that will be saved over time from fewer helicopter flights and more time being saved. It's an initiative that we really want to undertake.

Not to mention a specific company, but some of the technology that's being used to fly at night and to get that through Transport Canada: you definitely need to be working with those federal partners, with some cutting-edge technology that, you know, allows them to autonomously fly themselves at night, change flight path if there's something in its path. Amazing. We're really looking forward to seeing how that can lead to cost savings and help keep our communities safe.

**Mr. Getson:** I appreciate that, Minister.

I'm going to throw you one off the hand here, too. I think the other member had started to talk about logistics as well. With rural economic development, through that Economic Corridors Task Force – I really appreciate that, and I'll probably swing back if I have any time left to talk about irrigation, how that ties together – but just simply on those short-line rails and some of the logistic challenges, if you wouldn't mind just embellishing a bit on what you're looking at, specifically how Oyen and Foremost have kind of been working that solution, and then trying to break up some of the value-added ag. What are you seeing from the rural economic development side? Is there potential for expanding that a bit more and helping out our overall supply chain?

**Mr. Horner:** I think that definitely those groups are really punching above their weight. You know, we need to collaborate with them and help facilitate conversations and introduce them to the right people, but they're doing it. You mentioned Oyen. That's a part 9 company between two municipalities. I think they've just been able to sell it, but they're doing that for us. They're working on these supply chains. Otherwise, these little rail legs and spurs would have already been gone.

Yeah. We need to see that as an opportunity for rural economic development. You mentioned the work on the corridors task force. We need to continue to get all those people in the room. You know, one thing that comes to mind is just getting Transportation, Infrastructure, Energy in line with these municipal groups to have these conversations. But it comes back to this whole collaboration thing. It's the only way to have rural economic development, or nothing will get done.

**Mr. Getson:** Yeah.

In one prior life, too, Minister, just as a comment, we started looking at different areas and regions, and you were very wise to say that: stop looking at the micro level; look at the macro level. We're kind of flush with water up in this end of the country. You're kind of dry down there. So when we start looking at pulp and paper potentially using some of that effluent water, using that for irrigation – maybe you can mention this one, the one-time investment for the irrigation upgrade. Do you see that just stopping at a one-time investment, or is it that we're growing out our infrastructure to make sure that we move resources from one region to the next to grow the other side?

**Mr. Horner:** Well, I don't want to comment about interbasin transfers, because that's beyond my scope here, but I would say that, you know . . .

**Mr. Getson:** The good thing with that water: it doesn't count as interbasin transfers.

**Mr. Horner:** Well, fair enough. We'll take that conversation offline, but I would say that, no, we're not done. This was just the first round using the irrigation districts as they exist.

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

We'll take a quick five-minute break and then come right back into the Official Opposition for 10 minutes.

[The committee adjourned from 8:57 p.m. to 9:02 p.m.]

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

We will now move on to the Official Opposition for a five-minute block of questions and five minutes to respond from the minister unless you would like to combine your time with the minister, if he's in agreement.

**Ms Sweet:** Still want to go back and forth?

**Mr. Horner:** Whatever you would like.

**Ms Sweet:** We're good to go back and forth.

**The Chair:** All right; 10 minutes. Go ahead, Member.

**Ms Sweet:** Thank you.

Minister, I'd like to focus again on key objective 1(a), page 9 of the business plan, as well as page 19 of the strategic plan, again about supporting economic growth and recovery in Alberta. From the RAMP study, which is the study that has been done by the EMRB, the Edmonton Metropolitan Region Board: the characteristics of agriculture in the region "illustrate the importance of agriculture and the agri-food sector to the regional economy." The Edmonton municipal regional board has determined that the potential exists "to grow the agri-food sector and increase its contribution to the regional economy." The economic imperative report, so the RAMP report, identified the opportunity for the Region to achieve significant growth in value-added production of agricultural products growing the size of the agri-food sector and the regional

economy... The ratio of farm gate sales to value-added agricultural product sales in the Region has historically been...

1:1... With a focus on investing in value-added production the potential exists to increase the ratio of value-added production to 2:1 and even 3:1 for agricultural products.

From the EMR economic imperative for agriculture in a 2019 report: the total direct economic output for the agriculture sector in the region had the potential to be more than double in terms of the GDP, for a combined farm gate sale and food and beverage of \$11.42 billion in 2021, with an estimated \$27 billion by 2046. The members of RAMP: Parkland county; the city of Edmonton, my area; Sturgeon county; the town of Morinville; the city of Beaumont; Strathcona county; and global Edmonton.

I guess my question is: have you been looking at the RAMP study, and have you been working in collaboration with these regional partners to look at the potential for agrifood? We know that with the city of Edmonton airport, as well, the ability to do that export is obviously there. Then, of course, the fact that in the city of Leduc they also have the value-added production component and research. I'm just curious if you can maybe update us on what that looks like for those surrounding communities.

**Mr. Horner:** Thank you, and great question. I know I've met with groups like Edmonton Global and met with the group at the airport. Amazing work that they're doing there. I love their regional focus. It's a very collaborative approach to attracting investment and showing their strengths. You know, we have some members on our side that are always keeping me well aware of what's going on, too, and making sure that we know that they hunt as a pack and do that work together. But yeah, it speaks volumes for the area, for the region. It does speak to the collaborative approach that we're trying to take through our department. That's a specific region that has a lot to offer, and I know that when we talk about the groups that are in our ag tracker and the potential investment that's out there, there's no secret that a lot of it is focused at this area for a lot of different reasons.

You mentioned the facility at Leduc, that's doing great things with start-ups and research. The accessibility to labour, the availability of natural gas feedstock with proximity to the heartland: this area is doing amazing things. But, overall, the study speaks to what we're doing with our ag value-added sector strategy. You know, we think we have some different advantages in the south. We've mentioned the irrigation quite a bit tonight to bring on more of those value-added crops. You need to find some kind of mass concentration to bring those groups in with close enough accessibility to labour. We also mentioned the extra money in the rural stream at JEI for the investment and growth fund. That has rural in it, but one thing that we're finding: it is tough to have a processing facility without that access to labour. It won't be in the middle of nowhere. It will be with some proximity to labour, and it's another strength for the group that you're speaking of.

**Ms Sweet:** Well, thank you, Minister. You know, I do want to acknowledge and highlight the fact that I think that there is a ton of potential within the area around Edmonton when it comes specifically to agriculture. I think that as much as I appreciate the heartland industry and the oil and gas and the value-add that comes out of that industry, ignoring the agricultural potential and not being able to look at this study and really leverage the information and the potential that they've offered would probably be a detriment to the value-added production that's going to be happening around this area.

I would like to go to mental health. Although I appreciate that the member is probably going to say that it's under Health, rural

programming and agricultural societies are part of the component that is part of your mandate. Now, agricultural societies have spoken about the fact that they are the hubs of our communities, and many of them believe that they actually could be areas that could help support and advocate for mental health supports within the agriculture industry. As you know, obviously it was a tough year last year with the drought, and there are concerns again about what's going to happen this year. The mental health of the farmers and ranchers needs to be considered as part of their mental health supports specific to industry.

As you know, as I'm sure you're aware, the Do More Ag foundation has been advocating for quite a long time to be able to ensure that there are agricultural specific supports for farmers and ranchers. So I guess my question that I did and I have asked on a few occasions is that we implement a 24/7 mental health line that is established specifically for the agriculture industry. I think agricultural societies have also recommended and said that they'd be willing to be a conduit for in-person supports. I believe that that could happen under your rural programming line item, so my question, again, is: is there any willingness from your ministry or your government to look at working with the Do More Ag foundation or any other organization to ensure that we have those mental health supports for farmers and ranchers?

**Mr. Horner:** I would start by saying there's lots of distress and concern in rural Alberta. You know, we had a tough year. COVID has been tough on everyone's mental health, and then the droughts and everything else for our rural communities have led to a lot of hardship and distress.

**9:10**

I would say that, you know, we are doing things. We do have an Associate Minister of Mental Health and Addictions. I have ongoing conversations with him and his staff, looking at potential gaps in rural Alberta. We do not want to create a new kingdom in this department for mental health specifically, but we do, through our grant programs, provide opportunities to different groups, whether it's AgSafe or on our education side with ag in schools, that can, you know, handle some of this work.

In spring 2021 government granted the applied research and extension council of Alberta funding. That funding came from Labour and Immigration for a mental health awareness and education initiative ongoing to March 2023, and they're partnering with AgSafe Alberta to deliver In the Know. There are things that are happening. I know the rural municipalities that I talked to were proponents of a one-call number with the federal counterparts, so it's a discussion that we're having. We continue to monitor what Ontario is doing with their pilot program, a little bit different logistically than Alberta. You know, you just have to look at our province and our population and our kilometres of roads.

A lot of the work is being done. It's not being done from our department, but we'll continue to have those conversations. It's very important stuff, so however we can help, we will.

**Ms Sweet:** Yeah. I think, you know, given the motion that was put forward by the Rural Municipalities association, obviously it is something that has been identified by many, well, municipalities specifically in regard to the importance of it. The fact is that I appreciate that distance is an issue and being able to access a counsellor or a mental health support person in a smaller community may not be something that is accessible. Of course, that's why trying to develop a phone line or some way that farmers can have that conversation and have that confidentiality, because I think that was something that came up in conversations that I had, that you

don't always want your neighbour to know what's going on. I would like to encourage the government to continue to look at a way to deliver that program and that support to our farmers and ranchers so that they are . . .

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

We will now move on to the independent member. Mr. Loewen, you have five minutes of questions and a five-minute response from the minister unless you'd like to go back and forth with the minister.

**Mr. Loewen:** Back and forth.

**The Chair:** Go ahead, sir.

**Mr. Loewen:** Okay. Thank you very much, and thank you very much, Minister, for being here. Thank you to the staff, too, for being here. It's good to see everyone here and be able to have asked some questions and have some questions answered, too.

I'll jump right into it, and I'll start with, I guess, one of my favourite topics, bees. Obviously, I represent the honey capital of Canada, Falher, and it's, I guess, a little personal for me, too. I have a few bees myself, so I enjoy those activities, but of course there are always issues in all of our agriculture industries, and the bee industry is no different. Obviously, it's important for honey production. It's important for pollination in our canola crops and things like that, too.

I just wanted to start on page 9 of the business plan, outcome 1, key objective 1.1. It says: to "provide trade services and prevent market disruptions." It's been exacerbated with COVID, but it's always been a problem getting bee packages to replace bees that don't survive the winter. Presently most of the bee packages come from New Zealand, but a lot of the queens come from California, and it's been lobbied fairly hard within the Alberta bee industry to be able to bring bee packages in from California. Presently, of course, we can bring the queens in. The queen will have, you know, three or four or five bees with it, and we bring them in by the tens of thousand, but there is an issue with bringing them across the border, especially on the federal end with CFIA.

That's been an issue for quite a while. I don't think we've brought bee packages into Alberta or into Canada from California for maybe 20 or 30 years. I think during the Klein era is when it changed so we could bring queens in. I think that if we're bringing tens of thousands of queens with the attendant bees with them, I don't know if we're that far off with bringing packages. As far as the numbers of bees I'm not sure the difference. The area of California we bring them in from is certified to be able to produce bees for import to Canada, and I'm not sure why we can't import the packages.

Now might be the time to maybe work with the federal government and see if we can get that to happen. Every winter we have these issues, and we have large numbers of die-offs of bees, and of course that creates an issue. I guess I'd just like to have your comments on that – you can keep them as short as you want – if you want to do a little work with that. Again, keeping in with the key objective to provide trade services and prevent market disruptions, obviously this would be an opportunity to work on that key objective. I just wanted to hear your comments on that if I could, please.

**Mr. Horner:** Thank you, MLA Loewen, and I know you're passionate about this. I think you have some more questions. I won't take too much time. I would just say that I know the previous minister raised this to the CFIA through a letter. I was just whispering to my deputy here while you were asking the question, and something we could probably pursue would be at the FPT table with the federal ag minister. I have discussions upcoming with her.

Happy to do that, and maybe we'll take it offline and can re-create some advocacy letters together.

But I would say that I am proud that the beekeepers got in the Canada-Alberta feed assistance program, because the few beekeepers I met made it quite clear that there is a severe shortage in their industry as well, something that I was unaware of prior to being in this chair. So I am learning.

**Mr. Loewen:** Okay. Perfect. Thanks a lot, Minister. I appreciate that.

Again, on page 10 of the business plan, outcome 2, key objective 2.2, it talks about insurance for the industry. That's another issue with the bee industry, that the guidelines don't seem to be producer friendly as far as the timelines to be able to apply for insurance. Again, maybe it's more of a comment than a question there. I'd maybe encourage you to look at that and see if there's a way we could, you know, be more reactive to the bee industry and their desire to be insured like other agriculture industries.

Go ahead, Minister.

**Mr. Horner:** I'll just say quickly, you know, that I do have the CEO of AFSC sitting beside me. They do offer the two programs, whether it's honey insurance or the bee overwintering, but if the guidelines are not effective or correct, definitely we hear you loud and clear.

**Mr. Loewen:** Okay. That's good. Thank you very much.

I'm going to move on to basically the same area there, key objective 2.2, and just a quick comment on the AFSC inspectors. I understand right now that the AFSC inspectors are done in southern Alberta, but of course in the Peace Country there is still a lot left to be done. I think there's still a lot even in the far north of the Peace Country, in the La Crête area. I think that presently we have probably more inspectors in the south, so it's easier to get through the southern areas first and then work to the north. I guess what I'd like to encourage is that maybe in the future we have more inspectors in the north so that the industry could be done all at the same time and the northern ones aren't waiting longer for the service than the people in the south. I'd just encourage that kind of fairness across Alberta.

**Mr. Horner:** I guess I would just comment that I have heard this comment before. I think it was in meeting with – the oat growers had that concern, and I know I relayed that to the leadership at AFSC. They do flex their inspectors across the province. They have moved some more inspectors into the north more permanently, I would say, if that's fair to say, Darryl. But part of the desire to flex and move is just because, you know, crops are harvested at different times as you move from the south to the north, and there are a lot of efficiencies that can be gained by moving in that way. But I did make the comment clear that the north felt underserved in that regard, and they said that they're working to make that better.

Is that fair?

**Mr. Kay:** That's fair.

**Mr. Loewen:** Okay. Thank you very much.

I'll move on to – actually, we'll go on to forestry now, to outcome 2, key objective 2.4 and, I think, 3.1 also. It deals with: support socioeconomic development in rural Alberta by maintaining and enhancing rural infrastructure and realizing new economic opportunities. Then 3.1: support primary producers' competitiveness through responsible resource management.

9:20

One thing that we've seen, I think, is that when new lumber quotas come available for the industry, a lot of times what we're seeing now are existing mills in an area that would like to expand not getting the quota next to them and then having the lumber, the trees, hauled right past their place and across our highways and to mills that are quite a ways away. It would be nice to see if there was some sort of process or opportunity for mills, local family mills that are operating, where, if they want to expand, maybe they would have access to the timber that is right next to them instead of seeing that timber travelling down the highways and across the bridges and, you know, beating up our highways going 100, 150 kilometres away. Again, maybe more of a comment rather than a question, but if you wanted to respond to that.

**Mr. Horner:** Just briefly, you know, I think that is a discussion that we've had. My ADM of forestry is not at a mic, but I think he would say that something that comes into all of these conversations is about how you can support the little guy and show that equity of opportunity when it comes to a quota or a permit or any of these tools to get access to fibre. It's not the first time we've heard it, and we're trying to make sure we move in that direction and in a transparent way, too. Obviously, a lot of the other mills or the larger mills have dedicated staff that can fill out forms and the like. I'm just trying to understand that because we know how important these small, family-run mills are to their communities.

**Mr. Loewen:** Okay. Thank you.

I'll go on quickly to another topic. Obviously, with rural economic development in your portfolio, too, in working with Service Alberta and in discussions with them, of course, they've allocated a bunch of money to be spent for rural Internet and rural connectivity. One thing I just wanted to bring to your attention and something I'm sure you know anyways living in rural Alberta as far as rural economic development is that, again, we talk about rural Internet and connectivity and how important it is. But also there's a large part of Alberta where you don't even have cell service, never mind Internet service. I think that's something that we should be considering as a factor. You know, it seems like everybody expects to have high-speed Internet now, but there are some parts of our communities here in Alberta that don't even have cellphone service, never mind high-speed Internet. Again, just a comment.

**Mr. Horner:** I would just briefly comment. I hear you loud and clear, and that is something that came up a lot in our engagement sessions. The rural broadband initiative is great, but there is a desire to improve the cell network across the province, and I have had that conversation with the minister and will continue to. But, much like rural Internet, some of the solutions may be different whether you're above the tree line or not . . .

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

We'll now move on to a 10-minute block for the government caucus. Back and forth with the minister?

**Mr. Getson:** Will that work for you, Minister, still back and forth over here?

**Mr. Horner:** Yeah. Sure. Go ahead.

**Mr. Getson:** Perfect. Thank you, Minister and to my colleagues from up in Central Peace for speaking for the bees. There are lots of folks in our area, too, and I know that down in Spruce Grove we've got bee-made honey right around the corner. We all like our home-made product.

I am going to give a shout-out to the Member for Edmonton-Manning for being such a great advocate not only for her area but for right in my area with all the counties in the backyard and everything else. I really appreciate that.

**Mr. Horner:** She's the best.

**Mr. Getson:** She's the best, and actually, you know, on the record, she's had some great questions. There are not too many interjections going from my side because they've been spot-on. I really appreciate that professionalism tonight.

Minister, jumping back to irrigation – we kind of got cut off there a little bit towards the end – I'm looking at item 6.1 on page 34, again back into the irrigation. It's maintaining the same amount of funding, that – sorry; I apologize. I looked at the wrong section here. On page 7 – that might make it a little bit better for everyone around there – it explains that \$279.8 million are being invested between 2021 and '28 to expand the irrigation infrastructure. Can the minister elaborate on which communities will be benefiting from this initiative, and I'm hope you're saying lots, not just a couple.

**Mr. Horner:** Thank you for that question. I would say that the \$279.8 million represents – I think that if you had a calculator out and you typed, you know, 30 per cent of \$933 million, that's how you would get that number. That's the government's portion, and that'll be allocated out over those years, 2021 to 2028. Yeah, it's an exciting investment. The irrigation districts are doing a lot of the heavy lifting. It's their 20 per cent down; it's their long-term loan through CIB, who I think we're all grateful for. It sees that this checks their boxes as a sustainable investment opportunity, so quite a bit of leverage from the province's perspective, a great investment that we're in at 30 per cent.

The communities: you know, there are 13 existing irrigation districts. They're all in the south, relatively. There are 10 that are taking advantage of this. If you want the specific districts, I can ask for them here and read them off a piece of paper.

**Mr. Getson:** Sure. It's evident to see that you didn't just bust out a box of crayons and come up with this on the back of a napkin, so I really appreciate this.

**Mr. Horner:** Bow River ID, Eastern irrigation district, Leavitt irrigation district, Lethbridge Northern irrigation district, Raymond ID, Ross Creek ID, St. Mary River ID, Taber ID, United ID, and Western ID. That's all except Aetna, Magrath, and Mountain View.

**Mr. Getson:** I appreciate it, sir.

With that, I'll cede my time over to the outstanding MLA Tany Yao from Fort McMurray.

**Mr. Yao:** Thank you so much. Thank you, Minister and your team, for answering some questions from us. In the business plan, under key objective 1.3, you talk about long-term access to a sustainable, secure fibre supply, and you're also the minister of rural economic development. I'm just wondering if you have highway 686 on your radar, which is the highway that goes between Fort McMurray and the Peace Country. It's a large swath of area that is untouched but would allow for access to a lot of fibre, if you will. Have you discussed this with your officials? Is this on your radar?

**Mr. Horner:** Well, I would say, back to our corridor conversation with MLA Getson, that if those opportunities are there and make sense – you know, it's somewhat out of the scope of my department or this conversation, but I think that, yeah, if it provides access to

those communities, definitely we'll have that conversation. I would say that secure fibre access, if we can circle back to that, is kind of the lens through which we're looking at the forestry sector. It's not without challenges. We've mentioned mountain pine beetle a few times, fire, obviously, potentially the Species at Risk Act, the subregional caribou plans, that are ongoing.

You know, I'm glad that we've got the first two of the plans completed, at Cold Lake and Bistcho, but that's taken a lot of hard conversations and with the goal of having an active, working landscape not just for forestry but for oil and gas or any other number of industries out on the landscape to keep these communities alive. When the forestry sector looks at an investment, the best thing we can provide them is security of tenure and the confidence of knowing that this government, or Alberta's government, wants to ensure that they have access to those trees. It's a very expensive investment, very expensive to capitalize these mills, so they need to know that. I think that if you look at what's happening in B.C. right now, at some of the policy changes that they've taken, it's not surprising to see huge companies and mills like Canfor divesting in B.C. and buying mills in Alberta because they appreciate that perspective.

From what I'm told – you know, I don't want to brag – it's one of the few places in the world where investment is being attracted like that, coupled with the fact that we have such a sustainable forest certification. It's quite a combination for Alberta.

**Mr. Yao:** Thank you so much, Minister.

Line 4.3 in your budget estimates, a \$400,000 increase in the funding for agricultural service boards. Agencies, boards, and commissions: I thought we were under a mandate to sort of lean those up and cut the red tape. Can you just provide a quick overview of the program and what the funds were used for? Can you explain why this program is relevant for agriculture in Alberta, and why did you decide to give them an increase, please?

**Mr. Horner:** Yeah. There are 69 ag service boards. The increase you're speaking of: I believe it's, like you said, \$400,000; \$200,000 is around the collective agreement and staffing costs, and the other \$200,000 is to take over the rat control program. So that's coming into their department. You know, I think Alberta is fortunate to have the ag service boards. There are 69 of them, and like I've said already, they do a good job liaising municipal concerns to the province on noxious weeds. We mentioned wild boar and other pests. I think they're an important tool for the province, so I'm glad to see the stable funding.

9:30

**Mr. Yao:** Thank you so much.

My last question is this a two-parter. On page 40 of the estimates, under transfers from the government of Canada, the budget increased by \$46.6 million compared to the previous budget of '21-22. Boy, I thought the opposition was the Prime Minister's best friend, but I could be wrong here in Alberta. I'm just wondering. Can you explain the reason for this increase? Tell us more about your relationship with Justin. I'm wondering if, yeah, you could just explain the reason for this increase and as well . . .

**The Chair:** Member, let's not get personal.

**Mr. Yao:** My second question is that Budget '22-23 allotted \$252.5 million less than the '21-22 forecast. Can you explain that differential, please?

**Mr. Horner:** Okay. So for the first question, the \$46 million increase from budget, \$35 million of that is an increase in AFSC's

funding, and that's due to the AgriInsurance. We talked about this premium increase on all levels of government. That's the increase on the federal side, the federal portion, and then there's an \$11 million increase in the department's funding from the feds. This is due to that \$6.9 million increase in the mountain pine beetle program, that we discussed previously, and a \$4.3 million increase in funding for the Canadian ag partnership program.

The reason that funding was increased is simply because the Canadian agricultural partnership is a five-year arrangement, and we're in the last year, so that number we know. I think it's \$35 million in a different line item, but that number we know. There's a pot of money. It's around \$200 million over five years. As the cap grants come in and out, we're able to pull them ahead in advance if need be, if there are a lot of applications, but when you get down to the last year, obviously, that's the money that's left, and we'll do everything we can not to leave any federal dollars on the table, so I'm hoping the applications are coming.

And I don't have a relationship with Justin Trudeau.

**Mr. Yao:** No trips to the Aga Khan's island, hey? All right, then. Thank you very much.

I'll allocate the rest of the time to Mr. Rehn. Twenty-five seconds for you, sir.

**Mr. Rehn:** Yeah. Thank you. Thank you, Minister, for being here this evening, and thank you to all your staff for joining us, too. I guess I'll get right into it. On page 40 of the estimates the forests expense increased by \$7.7 million from Budget '21 to 2022. Can you explain the reason for this increase?

**The Chair:** Sorry for that. We'll have to wait till the next round.

We'll now move over to the Official Opposition for five and five, combined with the minister, for a total of 10 minutes.

**Ms Sweet:** Yeah. I think we're good. Okay. Well, everybody has been talking about forestry and I haven't, which is shocking given my family history, so I just wanted to have a quick question in regard to – and it actually goes across the whole ministry, so agriculture and forestry. Looking at supporting the reputation internationally when we look at our sustainability and environmental stewardship, obviously, we know that we are leaders when it comes to both of those things, sustainability and environmental stewardship. When we talk about fibre access, looking at harvesting practices, I'm just wondering if you can maybe highlight some of the things that you're doing to support the industry in regard to ensuring that people understand that our forestry industry is doing all the right things to counter some of the other arguments that may be coming from other provinces.

**Mr. Horner:** Great question. I'd say that every conversation around forestry, whether it's our plans or our 10-year agreements: you know, it's a very holistic approach. It all involves Indigenous partnerships, acknowledgement of the utmost best practices around harvest, and I think Alberta's reputation is amazing, from what I can gather from the other provinces and our forest sector. I have had this conversation at the FPT table with forest ministers, and I think it's always top of mind.

One thing that's interesting when you have these different pressures, whether it's the potential for a species-at-risk protection order – you know, there are less tools for the forest sector because, at the end of the day, they cut down trees. It's not like the oil and gas sector, that can consolidate roads or do different things, because their footprint is their footprint. So we have to manage how that footprint is, where it's going, its shape. There are different things that we can do to help facilitate that within those agreements, but I

would say that we're doing a marvellous job and not only on the environment side but also on the value-add side.

You know, we're major exporters, obviously, of raw products, but we also have a value-added initiative. There's no better way to take carbon out of the forests than to put it in trusses and lumber and put it in houses. That's a conversation that's also ongoing. If the trees burn – and they will if they're not harvested – that's a different carbon conversation. I think when our department looks at emissions and looks at the forests – I always thought, "Oh, the forest is a big carbon sink," and it is, but in the potential for a large fire a lot of that's negated. I think having responsible harvest techniques really are the ultimate answer for these very slow-growing crops.

**Ms Sweet:** And for every one tree cut down, there are three to four planted.

**Mr. Horner:** Yeah. Three last year.

**Ms Sweet:** Okay. I appreciate that. I think, again, coming from – I mean, the pine beetle initiative. I'm a very big supporter of it, and when we were in government, I advocated for it. I believe that that initiative needs to continue. I'm curious if you've had looks at the spruce bug and whether or not we're concerned about the fact that it's moving its way from the east to the west and if there are mitigating practices that are being considered to, hopefully, not have to do what we're doing with the pine beetle, which is react versus maybe be a little bit more preventative in that category. It's not here yet, but, like, let's not have it come here. That would be ideal.

**Mr. Horner:** Yeah. I would say that that conversation has come up. We had some foresters in town just last week, and it was something they definitely wanted to make sure we were aware of, and we are. I look forward to those conversations at the first ministers' table with the B.C. minister and the federal minister. I should also say, back to your first question – oh, I just got handed this note. We do monitor annually for spruce budworm. So there you go.

But I just wanted to say, about supporting our initiative and telling that story in a healthy way, about the group at AFPA and their Love Alberta Forests program: the ministry does, you know, amplify and leverage that voice as best we can. That's a healthy partnership and one we're proud to support.

**Ms Sweet:** I'm glad to hear that we're monitoring the bug because, I mean, for our nurseries specifically, like, it is a real concern and an issue as we look at, you know, having trees coming in and out and all the things. So I'm happy to hear that.

Just in regard to – because I'm running out of time. I want to go back to some value-added borrowing, when we're looking at trying to bring investment or leverage investment that's happening in the province when it comes to value-added production. One of the barriers that comes into place is that if you're not a bigger company, if you go to one of the big banks, your borrowing interest rate is going to be significantly higher than if you have that investment to leverage behind you. One of the questions that has come up from people who are interested in investing their capital in some of these projects is if there's a willingness from the government to look at some strategies to maybe backstop or support. It wouldn't impact your balance sheet. It was done under us with our energy efficiency programs in regard to basically guaranteeing the loan, which would help bring down the interest rate for investors.

9:40

We do have local people who would like to invest in local economies that just aren't able to get the interest rates that makes

sense to make the capital investment make sense. It's an idea, and I'd like to be propositional and not just adversarial. Or maybe you have some other thoughts or ideas that the ministry has been looking at that may be able to bring down some of that cost associated with just trying to do the start-up.

**Mr. Horner:** No. I guess, to comment broadly, I'd be happy to, you know, have a conversation with the Finance minister in any regard about the potential for those kinds of things, but I think for us as a ministry we, obviously, have the Crown corporation, AFSC, sitting right here. We're quite proud of the work that they are doing, and that's from the small, quick turnaround loans – and participation is through the roof – obviously, to the larger, high-limit loans. They're moving where modern agriculture and ag business has taken them. It's a lot bigger number now, being able to loan up to \$30 million – that's all pretty recent – up from \$15 million, and part of the reason that we've had to up the borrowing ability of AFSC to \$3.6 billion from \$2.8 billion. But happy to take that up with you offline about other potential tools. Much like your co-operative idea from earlier, we can flesh that out as well.

**Ms Sweet:** Okay. I am flipping a little bit. I'm kind of cleaning off some of the other questions that have come forward from different groups. When we're looking at innovation for forestry specifically, have you been having conversations or have there been – we talk a lot about innovation in the agriculture sector, right? Ag tech, the investment at the postsecondary institutions. We haven't talked a lot about postsecondary and forestry and the potential there for doing some innovation educating, trying to get people engaged in the forestry industry, and working in forestry.

I guess my question to you would be: as the minister of forestry how are you working in trying to leverage and engage in some of that technology and advancement that, obviously, we're seeing? If you go to a sawmill now, like, the way that they can measure and cut and do all of those things is very – it's changing all the time, right? If you can talk maybe about some of that innovative piece. We always talk about agriculture and innovation; we don't talk a lot about forestry.

**Mr. Horner:** Well, I think probably the reason for that is because the forest sector is such an early adopter of technology because they have to be. You know, seeing the optimization changes that have happened in the forest sector – like I said, I'm new to this chair, but it's absolutely amazing. When they come to meet with us, they're not asking for help in that regard, but they're eager to tell us about all that they're doing and some real cutting-edge, world-leading stuff. Some of it they've brought from Europe.

**The Chair:** Thank you, Minister. Sorry to interrupt.

We'll now move on to the government caucus for a 10-minute block going back and forth with the minister. To you, Mr. Rehn.

**Mr. Rehn:** Yeah. Minister, just before the break there I was asking you about how on page 40 of the estimates the forests expense increased \$7.7 million from Budget 2021 to Budget 2022. I was asking: can you explain the reason for this increase, please?

**Mr. Horner:** Yes. Just bear with me. I believe it's almost entirely the mountain pine beetle money that we spoke about. Yes, it is. It is the mountain pine beetle money. Much like we said, it matches our, you know, principles of ensuring we have sustainable forests and working with our jurisdictional neighbours.

**Mr. Rehn:** Oh, okay. That kind of ties into my next question, asking what it does for our forests, but like you say, it ties into



sustainability and making sure that the forest is resilient and good for generations to come.

**Mr. Horner:** Yeah. A lot of, you know, preventative maintenance, hopefully, but it also provides economic opportunity, like we said, for that flexible cut within the forest management plans, hopefully getting the best value for all of Alberta and Albertans out of the forest.

**Mr. Rehn:** All right. Thank you.

On page 40, under revenue, the line premiums, fees, and licences increased by \$76.5 million in this budget. Can you explain the role of Alberta's forest industry in this increase?

**Mr. Horner:** Yes. I'm on that page, and, yeah, it's \$75 million, roughly, from budget to this estimate. Yeah. I think that if you'd look at the forecast, it was forecast at \$640 million in '21-22, and this is largely due to an increase in timber royalties. So we're still projecting an above-average amount but down somewhat from the highs that we saw last year. You know, the going joke in my community was: well, canola is over 20 bucks a bushel, but I still can't build a deck. Everyone saw what lumber was worth. That line, that \$76 million increase: you know, part of it's the increase in timber revenue, but the rest is an increase in AFSC's premiums. So that's the other side of that coin.

**Mr. Rehn:** Okay. All right. My last question for you is kind of a two-part question. I wanted to know: are the timber quota rates accounted for in this line of the estimates expected to follow through into the 2022-23 budget year, or does a decrease in timber royalties account for a portion of the \$87.8 million decrease from this forecast?

**Mr. Horner:** Yes. It is accounted for, but it acknowledges the fact that they were once higher and now are not as high. So the \$87.8 million decrease: that number is made up of a \$125 million decrease in the department's timber royalties from forecast, but then added a \$38 million increase in the premiums. So minus 125 plus almost 40 gives you the delta of an \$87 million decrease.

**Mr. Rehn:** Okay. Sounds good. Thank you very much, Minister.

I'd like to cede the rest of my time to MLA Turton. Thank you.

**The Chair:** Go ahead, Mr. Turton.

**Mr. Turton:** Yes. Awesome. Thank you very much, and thank you very much, Minister, for coming out here tonight to answer the questions. I just have a couple of questions, one specifically about the budget, then one that kind of ties in a little bit directly with my riding of Spruce Grove-Stony Plain. But to kind of kick-start us off, on page 40 of the estimates on the Canadian agricultural partnership line it shows an increase of \$4.3 million from Budget '21 and 2022. I was just wondering if you can first of all just explain the reason for this increase.

**Mr. Horner:** Yeah. I'll stand to be corrected from the department, but this is what I was speaking about in regard to the five-year average of monies through the Canadian agricultural partnership. Like I mentioned, our amount was roughly \$200 million over the five years, but we did have some flexibility to pull it back or take it forward as we saw the applications roll in. So in this instance, yeah, we budgeted for \$30 million; last year we forecasted \$35 million and saw \$40 million in 2020-2021, all around there. The estimate of \$35,239,000: that's an exact number because it's all the money that's left in the pot.

**Mr. Turton:** Okay. I guess I was just hoping you could also explain a little bit about how this CAP funding supports a vibrant agricultural sector and its role amongst agricultural communities around the province.

**Mr. Horner:** For sure, yeah. No, I think it's a great program, you know, and it has a lot of different pieces to it, from on a big side, you know, the emerging opportunities grants that are available under CAP. The department sees a lot of applications from across the province to a smaller set of grants around – we mentioned efficient grain handling earlier or water quality inefficiencies, even down to youth agricultural education. So kind of the full gamut right from an investment attraction tool to keeping ag in our schools, but very important.

I would just list a few: three programs under the growth and value-added theme, so value-added, on-farm value-added, and, like I mentioned, those emerging opportunities; four programs under the farm efficiency theme, like I mentioned – farm technology, efficient grain handling, market assurance, and water – and the youth agricultural education and food sustainability assurance. They support a lot of different things right down to, you know, water management.

We talked about the drought. There are grants you can apply for there to source water, whether through a dugout or drilling a well, something like that, ag in our schools. It's a great program. That's why we're partnered on it.

9:50

**Mr. Turton:** Right on. Just to commend you. I know it's getting late. I know with the time change, it's tough on all of us. I know that my son was asking me about what farm animal keeps the best time. And I said: a watchdog. I appreciate your answers, Minister.

I guess my last question I really want to talk about is food processing. Many people don't know that in the amazing riding of Spruce Grove-Stony Plain there is a Cargill processing plant, and that actually supplies all the meat for McDonald's. A lot of people don't realize that. As well, the Member for Lac Ste. Anne-Parkland talked about the BeeMaid Honey processing plant. So even in urban areas like Spruce and Stony, with a total of eight farmers, I mean, agriculture is a pretty big deal.

My question really talks about outcome 1.4 of your business plan. It seeks to attract investment and increase value-added product development to support the agrifood sector investment and growth strategy. Minister, I'm just wondering if you can identify where Budget 2022 supports our food processing sector and why it's so important.

**Mr. Horner:** Thank you for the question, and I appreciate your passion. I have not gotten to put my eyes on the burger plant in your riding yet, but I've heard it's incredible.

**Mr. Turton:** It's a wonderful site, Minister.

**Mr. Horner:** It supplies all the patties to McDonald's in the province.

But I would say, you know, broadly that claim is represented throughout this budget. You know, the investment attraction, the irrigation, the changes in red tape: they all speak towards, you know, the pursuit of more viable economic opportunities and growth in the ag and value-added ag sector.

You know, the growth of primary and value-added agricultural exports to \$16 billion by 2023, an investment of nearly \$280 million in irrigation and infrastructure, and continuing to do the work through RDAR, the research that's going to be done with the help

of the federal government and our government and our industry groups: it's all pulling in the same direction.

So I think as a province, you know, we want to recover, bring investment, and as a department and ministry this is our focus, but I think we're well on our way. Hopefully, there will be more communities like yours that can speak about the great facilities in their riding in that regard.

**Mr. Turton:** Absolutely. Thank you very much for that, Minister. I will admit as someone who grew up in small-town Saskatchewan, I was kind of a weekend farm kid. Most of my family are farmers out in eastern Saskatchewan, so just knowing the type of work that you've been doing here to help support our ag industry and value-add industries is greatly appreciated. You know, I can speak for Spruce Grove-Stony Plain, seeing both ends of the burger patty. Just seeing your efforts in supporting the ag business and especially in ridings like mine is greatly appreciated.

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

To the Official Opposition for the remaining approximately six minutes. Back and forth?

**Ms Gray:** Please.

**Mr. Horner:** Yes. Of course.

**Ms Gray:** Thank you very much to the minister and all the officials who've been here through the estimates process. Thank you very much for fulsome answers, engaging with this. I have learned a lot and appreciate your time. I agree with my colleagues across the way that the Official Opposition critic has asked a lot of excellent questions today.

I have a few that are kind of focused on the labour side. The Alberta at work initiative is kind of the flagship program for this government and this budget. I understand it is being led by labour in partnership with other ministries. On page 132 of the fiscal plan it reads under the Alberta Works initiative: "Advanced Education is investing in targeted enrolment growth in specific areas to foster economic growth, including technology, veterinary medicine, agriculture, financial services and aviation." I see the capital investment when it comes to veterinary medicine under the Alberta at work initiative.

I believe that the sentence I've read from page 132 implies that Advanced Education will be creating new enrolment spaces in targeted fields within agriculture. My question is: how is your ministry informing and influencing the Alberta at work strategy? Do you know, of the 7,000 seats, how many agriculture-related seats there might be related to this investment or how many might be forestry?

**Mr. Horner:** Great question. Unfortunately, I don't have the specific number for you. It was more just that our department and myself clearly outlined that, you know, there were pieces in the agricultural sciences envelope that we thought were going to be highly sought after and some of the discussions around what we expect will be a big greenhouse boom in the province. There is a desire to make sure that those diplomas and designations are readily available. I think that'll have to be fleshed out yet. It more speaks to the intent and direction, other than that those seats were very specific. I guess the conversations will be ongoing from our department.

**Ms Gray:** I'm glad to hear that your department will be working directly with Advanced Education and other ministries that are involved in that.

A greenhouse boom ties into my next question, which was finding out a little bit more about how your ministry might be working with the labour ministry around labour shortages and skills mismatches. Certainly, we see in our regional occupational demand that there can be variations, significantly, in different parts of the province. In reviewing, for my labour estimates, the short-term employment forecast, I saw that there's a moderately high demand in agricultural service contractors, farm supervisors, specialized livestock workers. Can you just speak to, when it comes to labour demands in your ministry, how you might be working with the ministry of labour or how you are working to address some of those challenges?

**Mr. Horner:** Great question. You know, I think we've definitely been clear about our desires to – you know, everything from immigration and the two rural streams that the immigration minister is proud to bring forward, how they might fill gaps for rural Alberta and the ag sector specifically.

Also, I think of our department, and I think that during COVID one of the things that we undertook was a specific ag training set of, I guess, training initiatives led by the department. The need was because we were bringing in people that wanted to get out of the cities during COVID, and there was maybe a job opportunity, but they needed to first learn the vocabulary and, you know, which end of the cow is going to chase them, so to speak, just getting that real basic understanding of things on a farm, right down to farm safety. We're working on the vocabulary in that relationship. That's just a small example of something we've done.

Yeah, we're trying to work with Labour and Immigration, Education, both K to 12 and postsecondary, to really look at how we can address this need.

**Ms Gray:** Thank you very much, Minister.

You mentioned farm safety. Within your budget do you have farm safety dollars?

**Mr. Horner:** We usually use the CAP grants that I spoke of to help, you know, pursue those programs, programming from AgSafe to 4-H, try to leverage those groups that are doing the good work out there.

**Ms Gray:** Perfect.

Finally – I think this will be one of our last questions – when it comes to students that are graduating from programs that are related to your ministry, the question is: do you know how many new hires around wildfire firefighters are happening over the next couple of years?

**Mr. Horner:** New hires around wildfires. I know that our team is – there's no expectation. We won't be fully staffed, but I couldn't speak to the number that would be new hires fresh out of school unless I maybe get it handed to me right now. Four hundred and thirty-two is our seasonal workforce, but I can get that for you if you'd like.

**Ms Gray:** Great. Thank you very much, Minister, and thank you to the officials.

**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 tomorrow, March 15, 2022, at 9 a.m. to consider the estimates of the Ministry of Transportation.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 10 p.m.]



