

Legislative Assembly of Alberta

Title: **Wednesday, September 22, 1993**

8:00 p.m.

Date: 93/09/22

head: **Committee of Supply**

[Mr. Tannas in the Chair]

MR. CHAIRMAN: I'd like to call the committee to order. So if people who are not sitting would proceed to do so, we'd appreciate that.

Once again, we are in Committee of Supply. To those people in the galleries I'd like to explain that committee stage, when we're considering the estimates as we are tonight, is less formal. People are allowed to take their jackets off, to have coffee or juice, to whisper in very low tones to one another, and to move about the place.

Before we begin this evening, it has been drawn to my attention that one of our members has aged considerably today. We'd like to congratulate the hon. minister of advanced education on yet another milestone.

head: **Main Estimates 1993-94**

Agriculture, Food and Rural Development

MR. CHAIRMAN: I'll now call upon the Minister of Agriculture, Food and Rural Development to make his comments on the estimates that we're going to consider tonight. Hon. minister.

MR. PASZKOWSKI: Thank you very much, Mr. Chairman. It is my hope that before the night's done, there isn't another minister that has aged considerably.

I want to thank you, and I'm pleased to be able to have this opportunity of dealing with the proposed expenditures for 1993-94. I'm looking forward to responding to the questions of colleagues and hon. members across the floor. It is my first experience at doing this, and I hope that I'm able to adequately deal with the issues and the questions that may come forward.

I'd also at this time like to recognize my staff, who were taken from their evening's activities to be part of this group. We do appreciate your attendance here tonight.

I want to recognize Barry McFarland, who chairs the special policy committee on agriculture, for the work that his committee does on behalf of agriculture for the province.

I want to recognize Ed Stelmach, who's the chairman of the Agricultural Research Institute. Ed will be giving us a bit of an overview of the work of the Ag Research Institute as well and will be able to deal with any questions that may come forward regarding that specific issue.

I'll endeavour to respond to the questions as they come forward, and if we don't have the time to deal with all the questions, we'll make sure that there will be an effort made to respond later on. So we will try and deal with all the questions that come forward before the evening's work is done.

Agriculture, Food and Rural Development is committed to Premier Klein's plan in basically reducing the provincial deficit in the next four years. We're part of the commitment, and that will be part of our budgetary process. All the hon. members will note that my 1993-94 budget reflects this commitment. As the Provincial Treasurer noted in his budget speech, the government of Alberta is listening to Albertans.

I'm pleased to inform all the hon. members that are here tonight that my department has taken positive steps in providing Alberta's agriculture and food industry members with a forum to voice their

concerns. We initiated the Creating Tomorrow process. This was an extensive process which culminated in January of this past year at a large meeting in Red Deer. Something like 500 industry people were present at this meeting. The Creating Tomorrow process brought together agriculture stakeholders and government representatives to discuss the future of agriculture and the food industry in the province of Alberta.

Creating Tomorrow participants made several points clear. The most important one was that the industry wanted government to take a hands-off approach. Industry wanted to take the lead in developing agriculture and food sectors. They wanted to be in the forefront. They wanted government to take a step back through the process.

My department is indeed doing this. We have a reduced funding to capital projects and subsidy programs. We've privatized programs, and we're allowing industry to operate them. By our actions, we're committed to industry's desire to take that lead. We have reinforced our commitment in several ways, and we'll be dealing with this later on tonight. I'll now outline my department's approach to meeting the government's commitment.

Grants to farmer trainees through the green certificate program have been eliminated. This allows a savings of \$420,000 from the 1992-93 actuals. The certificate program will remain in place, but the government is only going to play the role of a facilitator. They won't actually be a funding agency as they have been in the past.

The livestock predator compensation program was terminated April 30 of this past year, saving the province's taxpayers roughly a quarter million dollars. Instead of compensation payments, problem specialists have been developed to deal with the issues and to act in an advisory capacity to the agricultural community. We haven't forsaken the fact that the predators are there, and we know they will be there in ongoing times. So rather than put direct funding into the process, what we are using is the education process, allowing for facilitators to assist in developing proper techniques in dealing with the predators so that the actual farmers can deal with the issues themselves.

Alberta seed cleaning plant program. Though it's been reduced by a hundred thousand dollars, we have committed to an ongoing maintenance program. Three hundred and fifty thousand dollars remains in that program, and this will result in maintaining the facilities that are now in place. That is our primary commitment. Rather than build new and allow the facilities that are presently in place to deteriorate, we've committed to the proper maintenance of the facilities that are in place rather than developing new industry.

Because the mandate of the greenhouse industry expired as of March 31 of '93, the program was allowed to terminate. During the 1992-93 program year \$610,000 was provided in financial assistance to the applicants who qualified under the terms of this program.

The department's budget for secondary processing grants: a total funding reduction of \$6,721,000 from 1992-93 actual. These funds provided for the construction of improvements of nutritive and meat processing plants. It allowed for holdbacks and other commitments under the agricultural processing and marketing agreement, where \$400,000 has been budgeted for 1993-94.

The federal/provincial programs contributed greatly to the economy of rural Alberta and have helped in the development of the rural communities within the province of Alberta.

Owing to the completion of the farm water supply assistance program, the budget allows for a funding reduction of over \$4 million from the 1992-93 actual. This program provided for construction of farm dugouts, water hauling in regions that were

affected by drought conditions for the past two years. Obviously we've had a relatively wet season this past year, so the need is no longer there as well.

[Mr. Clegg in the Chair]

The department will reduce its manpower requirements by 75 permanent positions. This reduction was achieved through downsizing, attrition, and the early voluntary options program. These reductions were accomplished without changing the overall effectiveness and efficiencies of the programs that we are delivering. They will also result in a considerable savings to the department. Furthermore, FTE, full-time employment, reductions were attained when the administrative support of the Alberta Crow benefit offset program was relocated to the O'Donoghue Building. This combined with the administrative support of the tripartite agreements and the farm credit stability program allowed us to consolidate our staffing requirements. That, of course, has allowed for a smaller staffing need.

Despite these reductions, the department maintains its mandate to ensure that agriculture and food clients have reasonable access to the essential services. Our concern is to see that the service has not been affected or impeded in any way, shape, or form. Our role is no longer as a direct player, as I mentioned earlier, but more that of a facilitator, and we will maintain that role.

Privatization has been a key development and one that we have initiated in two particular areas. In July the department sold the artificial swine insemination unit. That has been privatized. The new owners are a group of leading purebred and commercial hog producers who formed a limited company to operate this unit on a continuing basis. Also, the land classification services to farmers with irrigation offices were privatized earlier this year, and this ensured a smooth transition. Our department staff will provide advisory support in the meantime.

8:10

The largest reductions were in the AFFDA program, the Alberta farm fuel distribution allowance. This one is a bit of an anomaly in the budget process because although it's actually in the Treasurer's budget, it's in the agriculture envelope. It comes out of the agriculture envelope as far as direct funding is concerned. We still maintain an 8-cent diesel fuel rebate and a 2-cent coloured gas rebate as well as a 9-cent tax exemption. So there's still a fairly substantive amount of money involved as far as the agricultural community is concerned.

The reduction came as a result of talking to and listening to industry representatives. We had discussed the issue of how we can consolidate our budgeting process, how we can achieve – and we have an obligation to achieve. We have to work our process into a process that's acceptable with the discussions that are taking place with GATT and world trade relations. We have to be positioning ourselves so that when GATT does indeed come forward to a successful conclusion, we are in a position to optimize the opportunities that come forward. Obviously AFFDA is one of those programs that's been identified as a direct subsidy to the agricultural community.

The net income for Alberta is expected to reach a billion dollars, and that's important, because over the next 20 years we expect a tremendous amount of growth and opportunity to come forward. We are concerned again, as I've mentioned, that we are not involved in situations that create countervail. This is why we've listened very closely to the red meat industry, the cattle industry, for example, and worked with them. They had asked and lobbied very strongly that we have the tripartite agreement amended to

allow the safety net process to be put into a different process, one that is not countervailable. In working with the industry, we've been given notice that indeed this will be happening as of December 31. We're involved in reviewing the tripartite, the NISA. We're involved in reviewing all the safety net programs that are involved in agriculture with the idea of perhaps putting together an all-encompassing type of farm program.

We're making progress and working very hard in the development of a western grain transportation program that will be acceptable to the world trade nations but also one that is complementary to the needs of the agricultural community in Alberta. We have to realize that our whole objective is to meet the needs of the agricultural community. That's our prime purpose, and that's our prime objective, and that's what we are ultimately trying to achieve. We're working in consortium with the agricultural community.

As you know, the process is moving along very rapidly at the present time with hearings being held throughout western Canada. Dr. Tyrchniewicz from the University of Alberta is chairman of that committee. He's hearing submissions. We as a province have made a very strong submission, what I consider a very pro-Alberta position on behalf of our Alberta agricultural community.

We will continue to work to see that the Alberta farmers are the net benefactors of this program. It's unfortunate, as I've mentioned before, that we're now spending up to \$64 a tonne moving product from point A to point B, which is higher than the actual cost of production. There's a very, very grave anomaly there that has to be corrected, and we have to work together to see that it is of benefit to the agricultural community, not to other agencies.

We continue to show a commitment to the livestock security process. We've had representation from the livestock industry to assist in dealing with poachers, to assist in dealing with cattle rustling, which has become a very major problem. So just this past year, in conjunction with Alberta Justice and the RCMP, a fund has been put aside to hire additional surveillance through the RCMP. We have \$110,000 put aside for this initiative.

New initiatives to develop opportunities in international markets for Alberta-made agrifood products have been budgeted for. Specifically, it takes the place of three initiatives: one, to fast-track the opportunity Mexico will be developing in the North American free trade agreement, and we've put aside \$75,000 to deal with that; second, part of this is the pork to Japan project that has been developed, and there's \$200,000 put aside for that program; and the third is to develop a program in conjunction with the Ukraine, where \$50,000 has been put aside.

Our department continues to work with scientists to create a cereal specialist to deal with the fractionation of cereals. This is something that's new. It's been deemed a tremendous opportunity, one that will deal with the primary production we have on an everyday basis and indeed subsequently will value-add in a very dramatic way. This is considered one of the leading lights as far as opportunity is concerned, and we are working in that area as well.

To defray legal costs on behalf of Alberta's representation to deal with international trade litigations, the department has budgeted \$200,000 for the coming year. Obviously, as question period has developed in the last couple of weeks, we're dealing with issues such as the continental barley market, the issue of durum wheat into the United States and so on, the issue of NAFTA and just how it will come about. So there will be some substantive potential legal costs that may indeed have to be dealt with.

Dutch elm disease is playing havoc with woodlots in eastern Canada and Manitoba, and it's one we're concerned about. The

department has budgeted \$54,000 to deal with the initiatives of how we can deal with Dutch elm disease and preventing it from entering Alberta at this time. A major part of the initiative includes increasing public awareness as well as monitoring the wood transported into the province of Alberta.

The department remains committed to rural development as a key to the agricultural and food economy in Alberta. In line with this belief, the base level of funding for agricultural service boards, ASBs, has been maintained. In addition, we have been able to provide new Alberta service boards funding for four new boards this coming year at a cost of slightly over \$104,000. These new service boards are two Metis settlements, the Siksika Nation and the municipal district of Bighorn just out of Calgary.

Mr. Chairman, the department has listened to its clients. We're redefining our role in changing needs, in a world that is changing continuously, and it is our objective to continue to communicate, to continue to liaison with the agricultural community. It is our objective to meet with the entire spectrum of the agricultural community as we develop the process for next year's budget.

I want to basically deal a little bit with two areas of responsibility, the ADC and Alberta Hail and Crop. As you no doubt know, the objective we have set out is basically to put ADC and Alberta Hail and Crop into one primary process. These are basically financial institutions that involve the agricultural community, so their purpose and their fulfillment is very common. It is our intention to later on bring forward legislation that indeed will be dealing with this in amalgamating ADC and Alberta Hail and Crop.

The funding that's provided for Hail and Crop is a 50 percent share of the corporation's administrative expenses for crop insurance and gross revenue programs and Alberta's 25 percent share of crop insurance and gross revenue insurance premiums for the 1993-94 fiscal year.

The budget for the administration of the wildlife damage compensation program has been transferred from Environmental Protection, so it's something that will be new in this year's budget as well. It wasn't there in the past.

8:20

The 1993-94 Hail and Crop estimates total \$130.4 million, and this represents a net reduction of about 1 percent from the previous year.

The high-risk subsidy program will be eliminated by March 31 of '94. That was a special program for high-risk areas. Since we're going on individual coverage, it should no longer be required or necessary.

Under agreements between the province and the federal government, Alberta farmers may purchase insurance in respect of both crop yields and price fluctuations, so there's protection in both areas. Under the crop insurance program, producers are paid based on the anticipated market.

If I may, can I ask Mr. Stelmach to make a presentation on the agricultural research council so people understand what it's doing?

MR. DEPUTY CHAIRMAN: All in favour of that request?

HON. MEMBERS: Agreed.

MR. DEPUTY CHAIRMAN: Okay.

The hon. Member for Vegreville-Viking.

MR. STELMACH: Thank you, Mr. Chairman. First of all, I'd like to congratulate the minister on his appointment. We have a gentleman in the position of minister of agriculture who has

extensive background in marketing and also has had the opportunity to travel most of the world selling Alberta agricultural products. Also, it's a privilege to serve as board chairman of the Alberta Agricultural Research Institute, and I look forward to working with all the board members and also the minister.

I'd like to give a brief overview of the Alberta Agricultural Research Institute. That will take me a few minutes. I do believe it's important for everyone in the House to have a bit of background on the institute and its purpose.

The Alberta Agricultural Research Institute – and I may refer to it further on as AARI – is a provincial Crown corporation. It is governed by a board of directors and plays an important role in Alberta's agricultural research effort. Its primary purpose is to co-ordinate and support agricultural research programs that are of benefit to the agrifood industry.

To facilitate strong linkages and co-ordination among agricultural research organizations, the makeup of the institute board was purposely designed to include representatives of Alberta Agriculture, Food and Rural Development, Agriculture Canada, other relevant provincial departments, universities, and the private sector. The broad contacts maintained by the institute help to promote a team spirit among organizations engaged in agrifood research and development.

We administer six research assistant programs. These are the Farming for the Future research program, financially supported by the Alberta heritage savings trust fund. Under the matching grants program, an institute matches on a 50-50 basis contributions from the private sector and other eligible sources. There's the research co-ordination program. It's designed to provide financial support for scientists involved in agriculture and food research. The research professorship program's purpose is to raise the research priority of selected target disciplines of importance to Alberta's agricultural sector and intensify the scientific effort directed to those. The national agricultural biotechnology initiative is to support the development and commercialization of innovative products of agricultural biotechnology. The final program is the on-farm demonstration program. The on-farm demonstration program provides financial assistance for projects that demonstrate technology of benefit to Alberta producers and agricultural processors.

An overview of the major accomplishments of the past year. AARI received 197 final reports which present the findings of completed research projects and demonstrations. Many noteworthy findings were reported by the researchers and specialists involved. Research was conducted in the areas of agricultural marketing, agricultural processing, resource conservation and sustainable development, and agricultural production. We do have some of the results in those programs to share with the House.

I'd also like to inform my colleagues here that AARI has evaluation procedures involving two stages, and that's the research proposal evaluation and evaluation of completed projects. I'd be pleased to answer any questions on those areas with the minister's permission. There's quite a bit of information to share with the House, but I believe we'll leave that now for questions.

Thank you very much.

DR. NICOL: First of all, Mr. Chairman, I'd like to congratulate the minister on his appointment to cabinet and his taking over the portfolio of Agriculture, Food and Rural Development. I look forward to working with you in the next four or five years and making progress in the agricultural industry. It's really an important industry to me. It's an industry that, with my background, has been my profession, and I have a lot of interest in it.

I'd like to begin with just a couple of comments about the general industry. I'd like to congratulate the government, the former minister, and yourself, sir, for efforts in activities that brought *Creating Tomorrow* to a conclusion. I had the opportunity to participate in this, and I think of many of the consultation processes that have gone on in terms of collecting grass roots support for policy. The *Creating Tomorrow* process was to date probably one of the better ones. It brought together people at a very good level, and I think the conclusions were reasonably reflective of the participants that got involved. I had the opportunity to be at the January meeting in Red Deer, and I was quite pleased when the results came out. I've also had an opportunity to look through your response to that, the draft proposal *Breaking New Ground*, and I believe what we've got is a very good start in terms of the direction of allowing the agricultural industry to gain control, to take over and become master of its own destiny. I think this is the kind of request we saw from most of the people involved in *Creating Tomorrow*. So from that perspective, I think it was a very good process, and I commend the government on that.

One of the things that came out of that, and I think it was concluded in the way they put the program together: they focused on three basic issues as they saw the future of agriculture. First of all, the competitiveness of the sector and how the government could participate in promoting that competitive position. They also saw a need of the government to get involved in the rural development component, and they included a lot of things under that title. Then they finally ended up with a classification of issues that were developed under the environment and resource development.

What I'd like to do is just look at some of the changes that have gone on in the budget in the context of those three themes the participants in the agriculture sector were giving us when they dealt with the *Creating Tomorrow* process. In terms of competitiveness, they wanted to see the government basically becoming a support service. They wanted to see the government out of direct involvement in the industry. They suggested drastic actions in some cases, and I think we've seen this come to the front a little bit with the cattle producers asking for the government to support their initiatives to eliminate the tripartite program. These are good steps. I agree with your comments that we're moving into a world market, and we have to do everything we can as a government to facilitate this on behalf of the producers.

8:30

Issues come up in terms of competitiveness. I would like to ask if the government is really planning to move on this. It seems that in your overall budget process with this need for really creating a new direction, you seem to have reduced the funding in the planning and development area as a proportion of the total budget. If we remove out of the total budget the aspects of increases that are associated with the NISA and GRIP programs right now, that change would even be more accelerated. It seems that at a time when we're making such a major change in focus and a major change in the way we're going to be dealing with the agriculture sector, planning and development would take on a much more important role, yet it seems to be cut proportionately more in the budget than the other areas.

What we also have is a situation where if we look at Departmental Support Services essentially as a proportion of the total, this increased. What we have there essentially looks like a transfer of budget from the operational part of Agriculture, Food and Rural Development to the administrative component. I'd just a little explanation of why it seems that there's an upward-level

loading on the department's budget. If we also look down at the general field services – this is where we're basically communicating with the people in the field supporting the producer activities – there seems to be a reduction there. It's significant, bringing it from about 10.4 percent of the estimated '92-93 budget down to 9.5 percent of the '93-94.

In terms of total budget impact it seems that what we're doing is loading the administration end, but we're taking out of the planning and out of the contact with the producer parts of the budget program. I'd like to have a little bit of an explanation in that area, if I might.

You mentioned that the August revisions in the budget altered the 2 cent rebate on fuel. Your commitment in the *Breaking New Ground* document stressed a lot that you weren't going to do anything at this point in time to alter the competitive position of the agriculture sector. At a time when we've got the U.S. expanding their export enhancement program to include one of our major exporters of grain products, Mexico, it seems unfortunate that the government chose to increase costs to farmers right before harvest, when there's a possibility that prices would be reduced as the Canadian Wheat Board has to compete with the export enhancement program in the Mexican market, which was becoming a very major part of our wheat.

The idea of the continental barley market – I've expressed this previously in question period – I think is a good idea. I commend the government for doing it. There I saw a little bit of a problem with the process in the sense that all agricultural interests weren't consulted in it. It was a process that was initiated from a small group, and I think it went a little bit against the philosophy that we saw in *Creating Tomorrow*, where the farmers were asking to be allowed to be a controller of their own destiny.

Now, what I'd also like to do is just spend a minute, if I might, looking at some of the more general aspects. In program 1, your Departmental Support Services, I accept that the standing policy committee on agriculture and rural development has been added to your departmental budget, but I notice that the standing policy committee on agriculture and rural development is budgeted to the tune of – let's just round it off – \$112,000, where if we look at the other three standing policy committees that were created within the government, the natural resources and sustainable development is at about \$77,000, the community services standing committee is about \$75,000, and the financial planning committee, which encompasses all of the aspects of government treasury, is at \$104,000, if I get the numbers correctly out of the estimates. I would like to have the minister explain a little bit why we need such a large budget to support the agriculture committee as compared to the other four committees that are in place.

Other aspects come up. I notice that in the budget you've talked about the reduction of the Canada/Alberta soil conservation initiative and the Canada/Alberta soil agreements. Is there any initiative being put in place to take up and support soil conservation in their place?

If we look again at the total department, I've mentioned the idea that the Departmental Support Services seem to have increased proportionately. What we were asking is: in the actual expenditure patterns for the '92-93 year there was an overrun from the estimate to the actual; are there checks being put in place this year to make sure we don't have an additional overrun in the Departmental Support Services, program 1? This was specifically in the minister's office; all right?

The other question I'd like to have some information on is the standing policy committee. I've talked a little about this relative to the other committees now, but it seems that \$112,000 rounded off is a major commitment to put in place to co-ordinate policy at

a time when the ag industry itself is putting together roundtables and groups to facilitate the input of information. You know, the producer organizations now have their roundtable on agriculture, and there was one created out of the process on Creating Tomorrow that was put together by the government. We seem to be getting a whole series of groups that are there with the idea to channel information into the policy-making process. I see a lot of duplication in that sense between industry initiatives and now a government committee that's effectively serving much the same function, to listen to the community. I would like to just have some explanation of how you see this standing committee working with those or if you see any conflict and possible way that we could reduce the budget a little bit in terms of the \$112,000.

You mentioned that the government is also taking a major step in trying to reorganize its support for the sector, your reference to the gross revenue insurance program that's being replaced potentially in the next year or so. There's a lot of discussion, a lot of press coverage about its effectiveness, whether or not the Alberta government will continue to participate. Some of the producers are asking that the government no longer support it. Are you considering a replacement, and how cost-effective would a possible replacement be? I think the idea of a true insurance program, even a revenue insurance program that's a true insurance program, not an income transfer program like the GRIP format – what would be the relative cost differences? Have you done any investigations in those areas? I know there have been discussions that would carry this into the areas of some of the other specialty crops and tie it in with potentially a whole farm program like NISA. Just a little bit of information on how you see that progressing over the next year and if there might be possible savings in terms of the government expenditure pattern on that.

8:40

One of the other issues I'd like to deal with is in program 1.0.4, the Farmers' Advocate. You're talking there about cutting the budget a small amount, but with all of the changes that are going on in the agriculture sector, all of the new programs that are being put in place, some of the new changes that are going to be seen in terms of the way farmers interact with government, are you estimating there that we'll see fewer farmers actually finding themselves in trouble where they may have to come out and approach the Farmers' Advocate? With times changing as much as they are right now, programs changing, it seems to me that we'll see more of these kinds of concerns where people might want to come through the Farmers' Advocate. So I'd just like a little explanation of the rationale for why that was cut, what the justification might have been.

Under 1.0.6, Finance and Human Resources, now, here you had allocated to the two departments, personnel and financial administration, \$3,137,000. They were combined, I take it, as they show up on a single line in the new reports, and they get an increase in the budget. As you put departments together, one would expect to see the budget possibly decline. Could you justify why the budget had to go up there when you're supposedly combining departments and you're also in the process of cutting back on the number of man-years serviced through the department?

Under 1.0.7, Internal Audit was cut by \$27,000. As you go through efficiencies trying to determine where your moneys are being spent, are you putting in place different processes that are more effective? What is the rationale behind a cut in audits when efficiency and expenditure patterns are being scrutinized in more detail for efficiency than what they have been in the past?

Also, in the area of 1.0.8, Research Administration, you've increased it. Again we see here an uploading into the administra-

tion when it seems that most of the actual dollars spent for research are being cut back or being reallocated. Here we're seeing an increase again in research administration as opposed to the actual dollars spent in the field.

We were pleased to see the removal of the associate minister's office. I think one minister is sufficient to handle the program, and I'm sure that things will work out well.

I would just like to bring up an item under program 3 that caught my eye a little bit. Both 3.1.2 and 3.1.3, the Marketing Council and the Dairy Control Board, are administrative functions that are carried on by the government in support of the commodities administered under the marketing boards and supply control. Is there any consideration by the government of privatizing these, in a sense, by turning them over to the marketing boards, marketing agencies? The funding for the Dairy Control Board could be easily enough turned over to the producer organizations or the market boards in the sense that they already pass costs on anyway, and it's a way of reducing the commitment of the government and still carrying through with this self-determination request that the producers conveyed to the government through their Creating Tomorrow process.

We've got other members of the group that are going to talk about some of the other programs. Just one little question on crop insurance again, back to the GRIP. Is there a plan in place to deal with the accumulated deficit or the accumulated surpluses that might be associated with GRIP if it's terminated in conjunction with the discussions that are ongoing right now? This would be under 7.0.4. There seems to be the possibility there that, you know, there could be either a deficit obligation by the government to match dollars paid in already or potentially a surplus depending upon the crop year position that we're in.

There is one more question just on the focus of the privatization that you've discussed already. You talked about the irrigation soil testing division being privatized. Is there any consideration or possibility of some of the other field services being privatized? We're seeing now a number of farm management private initiatives developing across the province. We're seeing a number of computer service systems for farmers, for agricultural enterprises developing. These are being provided, say, through the farm management branch, through the district agriculturist's office. Is there a possibility that the government may be looking at some of these kinds of things, just basically backing out and allowing private enterprise to take them over or creating an environment where the current people involved can break off and deal with them on their own?

Mr. Chairman, I think I'll just stop at this point and allow some of the other individuals to participate. As we handle the issues, maybe I'll address some more later.

Thank you, Mr. Minister.

MR. DEPUTY CHAIRMAN: You had one second left, hon. member.

The hon. Member for Bonnyville.

MR. VASSEUR: Thank you, Mr. Chairman. First of all, I'd like to congratulate the minister on his appointment as minister of agriculture. I look forward to working with you in the next four or five years also, and maybe sometime in the future we can meet one on one and discuss the industry. Being the deputy critic with my cohort from Lethbridge-East, we look forward to meeting with you, sir.

My colleague from Lethbridge-East made my job quite a bit easier here. Thank you.

I'm going to go right into some of the details of the government estimates. A question on 1.0.2 – the Member for Lethbridge-East brought it up – on the standing policy committee, the estimate of \$112,000 in there. To set up the four standing committees, there's roughly a budget of \$375,000. I'm just wondering: did that money come out of other committees that were in place? Let's specifically address agriculture. In reorganizations of the ministries here we eliminated eight, nine ministers last year at \$45,000 cost savings each. I'm just wondering: did we really save any money if it's costing \$112,000 to run the committee? Just some clarification on that.

Item 1.0.5. We understand that the Surface Rights Board and the Land Compensation Board are being amalgamated. I'm just wondering: is that process done now, and are the boards themselves going to become one board? What kind of saving are we looking at once that's done?

On item 2.2.5, Farm Business Management, budget of \$920,000, being that this is an item that provides assistance in the form of education, I'm just wondering if that's not something the department could consider privatizing and allowing the private sector to provide that service to the community. It'll also open some job opportunities for those professional people.

8:50

Item 2.2.6. This is a reasonably new program, the Canada/Alberta Farm Financial Management and Advisory Services, a budget of about half a million dollars. How many years is this program? Are there any criteria in place to evaluate the future benefit that this program is going to provide? Is there any provision for a sunset clause in this program if it doesn't produce any fruit?

Item 2.3.5, being Canada/Alberta Environmentally Sustainable Agriculture: there appears to be a very large amount of the budget there, approximately 60 percent, that's allocated to administration. I think we should be taking the direction of investing in other than just administration – if we could allocate some of that money to research more than administration.

Item 3.3.1. The overall budget has decreased quite substantially, but again we see an increase of 5.9 percent in the administration portion of the program. We're just wondering why only the administration has gone up in costs.

Under Processing Services, item 3.4, there seems to be quite a substantial increase of 14.5 percent from about \$13 million to almost \$15 million. This is under Processing Services. We're just wondering if we could identify the areas where there's been a large increase like that. There's almost a \$2 million increase in there.

Item 4.1, a 9.5 percent increase from the 1992-93 actual, an increase of about \$33,000. Again it all seems to be administration, and we were wondering why. In most of the places we've identified cost increases in the estimates, it has been in administration.

Item 8, ADC, the Agricultural Development Corporation. On the balance sheet we see a deficit increasing from \$54.5 million in '92 to \$84.5 million in '93. We understand that the majority of that is an increase in inventory and in land value, and we're just wondering: where are we in the process of turning this land back to private hands? Is there a means to sell some of this land? There's a \$30 million increment in land inventory.

One last question. No malice intended here, but in the budget we didn't seem to be able to identify, at least I didn't – there was no allowance at all anywhere for eventual losses in the Gainers situation. We understand that all efforts have been put forward to have the plant sold by the end of the year. I'm just wondering,

and I honestly believe that there should be an allowance in the estimates for this type of eventuality.

Thank you very much.

MR. DEPUTY CHAIRMAN: Thank you.

The hon. Member for Rocky Mountain House.

MR. LUND: Well, thank you, Mr. Chairman. I, too, want to congratulate the minister on his appointment. I think it was a very wise choice. Certainly the minister has a very strong background in agriculture, and I know he will serve us very well.

I also want to compliment the departmental staff. I have been since I came here extremely impressed with their knowledge and their dedication and their hard work and their commitment to the agricultural industry. Of course, it is a major industry in the province employing a good 30 percent of the people either directly or indirectly and accounting for a very large portion of our balance of trade. Of course, when we look at what's happening in the trade and how we have to compete, it becomes very important that the barriers come down. I am extremely pleased with the moves towards things like the continental barley market and our efforts in the GATT negotiations. In order to accommodate some of this, of course, the removal of things like the safety net for beef cattle was extremely important to us.

A few other changes that I have had a number of constituents comment to me that they think we should be seriously looking at – of course, one of the ones that comes up very quickly is the Crow offset program. I have had people tell me that we should be removing that. Feedlot operators tell me that we should be looking at removing that even before there's a settlement on the Western Grain Transportation Act and the method of payment from the railways. Of course, I and my constituents have a long time supported the pay-the-producer concept as we settle that whole issue.

A major concern that I have has been expressed to me by a number of feedlots. Right now we have a lot of live cattle going to the United States. As a matter of fact, just the other day I had one of my feedlots tell me that he can finish cattle off to a heavier weight, much fatter, ship them down to the States and end up with an extra \$125 to \$150 in his pocket. It almost appears like there must be something wrong with the grading system to allow something like this to happen. I know that's under federal jurisdiction, but I would appreciate if the minister could make some comments on that and if there's anything we can do to try to alleviate what appears to be a problem. I might be reading it wrong.

I would like to now turn directly to the estimates. Under Planning and Development, 2.3.5, we see a brand-new program there, yet when we look at 2.3.7 and 2.3.8, those have dried up. The 2.3.5 is slightly less money than the combination of those other two. What I'm wondering is: is it a shift in programs there, or what is going on in that one component?

Moving over to 3.2.5, Health and Predator Management, now, I know the minister made some comments about the compensation and how we're out of that. I think that was a good move, but I'm not sure. Of that \$887,000 how much is being spent on health and how much on predator management? I would like to have some comfort that this predator management program is really worth the money. Certainly the comments I'm receiving in my constituency are that these people spend more time catching skunks than anything else, and I think that's more of a nuisance and should be looked after in some other fashion. I mean, if we're going to be out catching skunks, we would be doing a lot better if we were doing something with the beaver problem, because believe me that

is getting to be a major problem in rural Alberta. Of course, I've long-time advocated that there should be a bounty on them, and I still haven't changed that.

9:00

AN HON. MEMBER: Liberals.

MR. LUND: A Liberal bounty?

Then moving on down to 3.3.4, Tree Nursery and Horticultural Research Centre, I'm anxious to know what kind of cost recovery we are now getting from the tree nursery. Once again, I don't know the split. I'm not sure how much of that \$2.448 million – where the split is there. So I would like to know how we're coming out on the trees thing.

The Greenhouse Industry Assistance is gone completely, and I am concerned. There are a lot of market gardens in the province, and they play a very important role in agriculture. We're trying to encourage agriculture to diversify, but they have a major problem in getting any kind of insurance. I know it would be very expensive, but I would like to see some projections if there was any viable way that we could provide some kind of insurance coverage. I'm not talking about a handout, but maybe the premiums would be prohibitive. I just don't know, but I would sure like to see some estimates on doing something in that area.

Food Processing Development Centre, 3.4.3. I take it that that's probably the centre at Leduc, although I'm not sure. They do a tremendous amount of good work. They are certainly developing some new techniques and new technology. Do we have any patents? Is there any cost recovery there, or is it just a free service that we're providing?

Then moving on down to 3.4.5 and 3.4.6, there's a major shift in dollars in those two programs. Once again, I'm wondering just what happened there, that we see 3.4.5 going from \$5.184 million down to \$400,000 and 3.4.6 going from \$3.48 million up to \$9.27 million.

Down to 3.5.5, Alberta Food Processors Promotion Assistance, I see a fairly substantial reduction there, and I'm curious. The Alberta-made promotion I think is a very worthwhile program. Are we contributing any dollars to that promotional program, and if we are, what is the level of funding?

Moving over to 4.3.4, Agricultural Service Boards, I see a slight increase, but the minister has already commented about the new boards coming on board. One of the issues that I have coming up to me on numerous occasions is our support for the seed-cleaning plants and some concern that possibly there should be a higher fee. I know that we have reduced the dollars that are flowing in there. People are telling me that once again that's a government-subsidized program that is competing with the private sector. Certainly when it was originally set up, the intent was to encourage farmers and make it possible for them to use good, clean seed, and I certainly endorse that, but it might be something we'd want to look at.

Engineering Services: a major drop in the funding there. I'd like to know what has happened. What's the change in the program that it has cut in half?

Grazing Reserves, 4.4.3. There I see we're spending \$4,189,975. Have the grazing rates for the animals increased? I'm nervous that there's quite a subsidy going on there. I'm wondering that because of the change and coming out of the forestry budget – this doesn't equate straight across, so I'm not sure how much is rehabilitation, if any is rehabilitation in this number, or if it's operating. I firmly believe that the cost should be recovered from the users on that program.

Then moving over to 7.0.5, Wildlife Damage Compensation, we see a huge reduction there, and I'm sure this is for waterfowl. I thought we were in an agreement with the U.S. on a waterfowl management program that saw a lot of dollars flowing in, and I wonder if the minister could comment on that. I still must raise the concern that I have that there are many farmers who are suffering a lot of hardship and cost with the damage that ungulates do, yet birds seem to be covered.

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The hon. Member for Clover Bar-Fort Saskatchewan.

MRS. ABDURAHMAN: Thank you, Mr. Chairman. I'd also like to join my colleagues in congratulating the hon. minister on his appointment and likewise look forward to working with him over the next four to five years. Also at this time I'd like to acknowledge the Member for Vegreville-Viking's very important appointment as chairman of the Agricultural Research Institute. Congratulations.

My focus, Mr. Minister, is going to be on the viability of rural communities, rural development. It's certainly the backbone of Alberta, and it's very important that government facilitate to build a strong rural economic growth, and that facilitation should certainly create a climate that's conducive to further investment in rural Alberta.

Now, many may think that I'm standing here as an urbanite not knowing much about agricultural or rural life, but I want to reassure you that my childhood and upbringing was certainly on a farm in another land, and I don't think that the challenges that agriculture and rural communities face differ around the world. I indeed had the privilege of the first home that I resided in in Alberta, Canada, which was in the hon. Member for Drayton Valley-Calmor's constituency, and I certainly know all about rural Alberta from that perspective as well.

One of my major concerns – and I think it should be everyone's concern – is that when we look at the Rural Development budget, 4.3, we're seeing a substantial decrease, and I certainly would welcome an explanation of why we're looking at such a significant decrease of 25.3 percent from the '92-93 actual. As I've stressed, this is where our future lies. It's so important that we have the appropriate infrastructure for Albertans residing in rural Alberta, and it's our firm belief and my belief that the facilitator in this instance must be the government. We have to create the environment for rural Albertans to succeed, and I'm puzzled how we're going to achieve that over the next budget year with this significant decrease.

Technology has to play a key role in ensuring vibrant rural communities. In other words, we have to make the same technologies that are available to urban Alberta available to rural Alberta. When I'm referring to that, I mean that rural families should have access to fax machines, modems, and so on, so indeed they can conduct their business from their homes no differently than if they resided in Edmonton or Calgary. I firmly believe and we believe that if we did see these technologies reaching out into rural Alberta, you would see a revitalization indeed taking place.

9:10

Mr. Minister, I acknowledge that this government is certainly also acknowledging the importance of the agricultural service boards. They certainly have played a key role in stability within our rural communities. When we're seeing a significant decrease in the educational component, 4.3.7, we're looking at a 26 percent decrease. Now, if these boards are going to be effective, one of

the key components is education. So I'd certainly welcome an explanation as to why we're looking at this significant decrease. It's very important that we allow rural Albertans to have the ability for the imparting of knowledge there in their own home communities, not having to come into the major urban centres to achieve that.

Now, meeting the people's needs I think is also key to that prosperity. What I'm hearing even in my own constituency, which is within half an hour of a major city, is that there is indeed terrific stress, recognizing that the Clover Bar-Fort Saskatchewan constituency has a very significant agricultural component and a very diverse agricultural background. The stress that's being created by the uncertainty of government programs is just an added area where we need to ensure that people who are farther away from the urban centres indeed are finding support systems to address this stress that they're faced with at this time. It's not going to go away. We're looking at global markets, so that stress over the next few years is going to increase.

What I'm hearing is that we want to have a better co-ordination of those services. I can put it this way: one-stop support systems, everything you need under one roof when it comes to supporting rural development and agricultural development; less duplication. They're not asking for more. They're asking for better co-ordination, and let's get rid of the duplication and make sure that the services are effective and that they're much closer to the client and also the care giver, whether I'm talking about health care or the social services area, for dealing with stress.

We also have to ensure that we've got a support system for independent living for our seniors, the people that built this great province. It concerns me even in my constituency to see some of our retired farmers having to leave their community for long-term facilities that are many miles away, removing them from their family and communities. So better utilization for health care facilities, whether it be under one roof or relooking at how we're using our health care facilities.

Another question I've been asked in different parts of the province is: what has happened with the Ambulance Services Act? I believe there was Royal Assent in July of 1990, but as yet I don't believe it's been proclaimed. So that's one question: what is happening to that Ambulance Services Act, and are we going to see a fully co-ordinated ambulance service to accommodate the rural agricultural community?

Another area that's ongoing is indeed safe homes. Our rural communities are telling me that they're no different than urban communities. They do live in abusive situations. I hear from young farm wives that are working on the land or indeed holding down another career that child care is also something that is very difficult to access. I think government could go a long way to facilitate – and I'm not talking about money, but facilitate ensuring that where families are in abusive situations, there is care, whether it's up in the Grande Prairie area, whether it's in the southern part of the province or as far north as High Level.

So these are a few of the concerns that have been brought to my attention. Mr. Minister, I'd welcome your comments: why are we seeing such a substantial decrease in the Rural Development budget and also in Educational Services?

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Thank you.

The hon. Member for Taber-Warner.

MR. HIERATH: Thank you, Mr. Chairman. I, too, would like to congratulate the minister on his appointment as Agriculture, Food and Rural Development minister. I'm sure that he will find

the job exciting in our changing times. I also welcome the opportunity to ask the minister a couple of questions in regards to the agriculture budget. I will keep my comments and questions brief.

Anyone that understands agriculture knows that it is a very diverse subject. Every crop has different production problems. There are insect problems, the weather problems, the soil problems, the heat problems. Every crop also has different marketing problems, one being: do the products store easily? Some of the crops are highly perishable. Some are used for domestic markets; some are used for export markets.

One of the things that I would like to zero in on this evening is irrigation. Irrigation is very important in my constituency and to this province. It covers about 4 percent of the arable land in this province and generates approximately 20 percent of the gross income for the province. Also, that being said, of course irrigation in southern Alberta is one of the major employers in the processing end of things in southern Alberta. One of the things that I would like to ask the minister is if he would advise how the government is going to continue to support irrigation projects in southern Alberta. I know that one of the things that worries irrigation farmers is when we start talking about cutbacks and balancing budgets. The infrastructure in the irrigation area, the main canal systems and the infrastructure in the system, is very expensive to maintain. I'm sure that most of the people in the House would agree that it doesn't make sense not to maintain the system the way we maintain our highway system. We can't allow it to deteriorate. The irrigation farmers in southern Alberta do feel quite vulnerable in this area because they are small in numbers.

Also, I would like to note in the budget estimates in program 2, item 2.3, page 9, there is a decrease in irrigation funding. Since irrigation is vital to the farmers and communities, can the minister assure us that support for our irrigation system will be sustained at respectable levels?

That's the end of my comments, Mr. Chairman. I'll give someone else an opportunity to participate.

Thank you.

MR. DEPUTY CHAIRMAN: The hon. Member for Sherwood Park.

9:20

MR. COLLINGWOOD: Thank you, Mr. Chairman. I also would like to offer my congratulations to the minister on his appointment as minister of the new Department of Agriculture, Food and Rural Development, as it is now called. I wish him every success in the portfolio and certainly in the challenges ahead.

Mr. Chairman, my comments this evening are going to be fairly brief and will be restricted to just line item 4.4, which is the public lands program.

Also, just before I get into that, just a quick response, perhaps, to the minister's statement about Dutch elm disease. He did make reference, I believe earlier this evening, to a program for Dutch elm disease, primarily in terms of education and in terms of monitoring the wood coming into Alberta. The minister may recall that the issue had been raised in question period previously. Perhaps I might ask, then, if he could perhaps just give us a bit more information on what his department is doing in terms of actual programs for the monitoring of wood, as we had again previously discussed in question period through the Minister of Environmental Protection.

Mr. Chairman, I want to speak to program 4 and to the inclusion of public lands in the Department of Agriculture, Food and Rural Development for the first time this year. This program was previously in the department of forestry, lands, and wildlife and

has now moved over into agriculture. This move occurred in December of 1992, when the government announced plans to transfer public lands from forestry, lands, and wildlife into the agriculture portfolio, and it was part of the comprehensive reorganization involving the creation of the new departments of Environmental Protection and Agriculture, Food and Rural Development. The concern I have is that this move appeared to be a blatant breach of a promise made to Albertans that the government would not transfer public lands to agriculture without some form of public involvement.

By way of history, the actual transfer occurred by Order in Council 35/93 on January 13 of this year. Very shortly after that, on January 20 of this year, the Minister of Environmental Protection announced that that had been a big mistake and that Order in Council 63/93 had been passed rescinding the transfer of the Public Lands Act over to the Department of Agriculture, Food and Rural Development. Then in the history – in a rather sordid affair, I might add – on January 28 there was a press release announcing this new shared stewardship of public lands between Environmental Protection and Agriculture, Food and Rural Development, or agriculture and rural development as it then was, on January 28 of 1993.

Now, as far as I know, Mr. Chairman, between January 20 of 1993, when this mistake was recognized, and January 28 of 1993, when the press release came out, I don't believe there was any public consultation that took place in those eight days. I suppose it's possible, but I don't think that occurred. Again, I say that previously, in terms of the task force on the grazing lease conversion policy that was set up in 1987 and was structured to look at this whole issue, there were some recommendations that came out of that task force that called for some form of public planning process if there was to be any change in the public land use or moving land use from forestry, lands, and wildlife over to agriculture. There was also a recommendation that the planning process should include principles of integrated resource planning. There were a number of issues raised by that task force. There was a moratorium placed on the sale of lands, and then we get to January of this year when, out of the blue, the public lands are transferred over.

Now, Mr. Chairman, the press release that was issued on January 28 took great pains in explaining what shared stewardship meant and who was going to be responsible and, as I say, went into great detail about how this was going to take place, but really what it failed to do was tell us why this is happening. With shared stewardship of public lands that take into account 7 million acres of this province, which account for approximately 6 percent of the province's total public land base, I think Albertans are entitled to a clear, specific, detailed explanation as to why this shared stewardship occurred after the Minister of Environmental Protection announced that it had all been a big mistake.

One of the things this press release does not do is that it does not reconfirm that there will be public involvement in terms of any changes that take place in the way public lands are managed. Certainly under the portfolio of Environmental Protection there is a clear recognition of multiple use, that those public lands are available for all Albertans for a number of uses – hunting, fishing, outdoor recreation – whereas in agriculture I think certainly the emphasis is on single-purpose use, and that's for grazing. Again, the statements made by both departments indicate that they will continue to apply multiple-use planning for those areas, but certainly it opens the door and causes grave concern that these lands could now be subjected to single-purpose use. Indeed, at one point, Mr. Chairman, the previous minister of agriculture and rural development did talk about the fact that he might restrict

access to these public lands, whereas previously statements had been made that there would be no change in policy as to access. In fact, the task force recommended that access be maintained.

So my question, then, to the Minister of Agriculture, Food and Rural Development is that we need to know the minister's views on why this is occurring. We need his commitment that in fact he will ensure a genuine multiple use of public lands. I also want to just make the comment, Mr. Chairman, that while there is again a commitment stated by the government that there are no plans to privatize public lands, I do note that a statement in the press release says that Alberta Environmental Protection will retain control over land ownership and will administer decisions regarding planning, allocation, and sale. So again the door is left open. It is possible that in fact we may have the sale of public lands. This is the exact issue that was dealt with in that 1987 task force, where Albertans said that they were opposed to the sale of public lands to leaseholders. I want to ask the Minister of Agriculture, Food and Rural Development if in fact he is committed as well that there will be no privatization of public lands and if that commitment would continue – even when he might find himself under some pressure as another mechanism for reducing the massive debt of this province – that we are not going to sell the heritage of lands that are owned by Albertans to deal with that issue.

Those are my comments. Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The hon. Member for Grande Prairie-Wapiti.

MR. JACQUES: Thank you, Mr. Chairman. I want to extend my congratulations to the minister on his appointment. He's been in this portfolio for less than three months and probably has dealt with just about every conceivable issue that could come before the agricultural community. The minister has a long and very successful track record in agriculture, and I know that it will assist him greatly in dealing with the magnitude of the issues that are before us today.

[Mr. Sohal in the Chair]

I represent a constituency that has both a rural component and an urban component. Agriculture in the Peace district and more specifically in the Grande Prairie district is vital to its economic well-being.

A few questions, Mr. Minister. The first one deals with the subject of the Minister's Council on Local Development. I believe it was close to three ago that a report was tabled. My understanding is that in terms of local development initiatives, as they apply to rural Alberta in particular, number one was to define the role that the government should be playing in the community, increasing its economic well-being; secondly, to highlight those actions that the government should be taking, in the view of the authors, to best serve that overall role; and, lastly, to develop and deliver initiatives that would fulfill the government's role and meet the needs of people in rural and small communities. I would like to leave it at that.

9:30

MRS. HEWES: Mr. Chairman, point of order. I wonder if we could have some order.

MR. ACTING DEPUTY CHAIRMAN: Order. Order please.

MR. JACQUES: I would like to request the minister to provide an overview or an update in terms of where we are going with that

particular initiative. It seems to be relatively low profile, particularly over the last 15 months or so.

The second issue I would like to touch on, which others have and I know will, is with regard to GRIP. It was an issue on which, in my campaigning in particular, I found very mixed views in terms of the farming community, particularly within the geographical distribution within our constituency. Bearing in mind of course the initiatives that both Saskatchewan and Manitoba have taken in varying degrees as well as some possibility of action by the federal government, I really would like to know in that regard overall: what is Alberta's position in terms of the ongoing operation of GRIP? Equally importantly, if we are going to continue with the program, what improvements can we make, particularly in the overall area of funding, which seems to be very high in terms of the government participation, particularly in the administration and enforcement role?

The third question, Mr. Minister, is with regards to Gainers and related operations. I bring that up from the viewpoint that we certainly are well versed in the history of Gainers and where we're positioned today and what our objectives are, but it does beg the question: are there other similar investments, particularly of a voluntary nature, that we have undertaken in the agricultural community, and where are we at this point in time? Perhaps I could use the processing plant for canola oil at Sexsmith as an example of, you know: where do we stand, and how many more of these do we have?

Lastly, the whole thrust of many of the departments has been to not only look at reductions of costs and privatization and such things, but there also has been a thrust by various departments to look at more of a swing to identifying services that are being provided to clients and what we can do to match the user-pay concept. I found it difficult, in reviewing the budget material, as to where that focus was coming in the department of agriculture. In other words, what programs have we initiated or, more importantly, are we going to be initiating that would call for increasing fees or even new fees in certain sectors?

Thank you, Mr. Chairman.

MR. ACTING DEPUTY CHAIRMAN: The hon. Member for Leduc.

MR. KIRKLAND: Thank you, Mr. Chairman. I, also, would like to congratulate the hon. minister for his appointment to the portfolio. I commend him on these tenacious times we have here some days, and I think that his steady hand under pressure is to be commended. I think that when we're hurling insults across the floor, you do an excellent job.

I indicated earlier today that I'm not from a rural background. I don't have a lot of strength here, so you'll have to bear with me as I struggle through some of these questions. One of the areas where I'm going to start I know nothing about, quite frankly, and that is the irrigation systems in southern Alberta. I see when we're looking at subprogram 2.3 – and I think that's an advisory service for soil and water resources, and I have to assume that ties into irrigation somewhere – there's a decrease there of 10 percent. I wonder if there's a . . .

MR. PASZKOWSKI: Part of it is privatized.

MR. KIRKLAND: Oh, okay. Part of it's privatized then. In the back of my mind I'm thinking that the Oldman dam will come on stream here somewhere along the line, because there certainly has to be reclamation of some canals down there and also probably the

construction of new canals. I didn't seem to be able to pinpoint that in the budget.

MR. PASZKOWSKI: It's in environment.

MR. KIRKLAND: Department of the environment?

MR. PASZKOWSKI: That's the rehabilitation part.

MR. KIRKLAND: Oh, okay. So generally speaking, that's a cost that the government picks up in its entirety? That's not something, in fact, that the user would pick up at all in that sense?

I just went through it here from program to program. I looked at program 3, and again it shows a decrease. I'm always excited about decreases; I'm a fairly thrifty individual myself. But when I go back in the program, I see that there have been cost overruns in four of those five programs in previous years. I'm always wondering if there's a mechanism or a management method to ensure it doesn't happen, whether we evaluate on a regular basis, whether we can hold it down.

I look at subprogram 3.1. This was very perplexing to me, and it probably reveals my lack of agricultural knowledge. We showed an increase last year of 40 percent, and this year we show a decrease of 20 percent. I was trying to get a handle on a large explanation, if I might, on that particular aspect. Still in program 3, I was looking at specifically 3.2.2, Cattle and Sheep Production. I see there's half a million dollars coming out of there. I'm perplexed. How did we arrive at that? How did we end up with that particular reduction?

Following through on that, the next item there was Animal Health Laboratories, and Health and Predator Management. There was \$500,000 coming out of there. I wonder if in fact, in light of the recent elk problem we had in this province, that doesn't reduce the ability, I guess, to be the watchdog.

Just carrying on here. Also, when we look over to subprogram 3.4 – and again this is technical support and services for financial assistance – I see just in a quick calculation that there's about a 15 percent increase there from '92-93 to the actual. It's a fairly substantial amount, and I wonder when we look at this – again, it's marketing and that sort of thing – whether that increase is somehow tied to continuing to promote, I guess at great length, the Gainers situation. I would say that in light of the fact that I know we have to make it a viable product to sell, I wonder if in fact we're throwing good money after bad, if that in fact is the explanation there.

I look at item 3.4.6, and again I'm having difficulty understanding some of the programs here, but there's a tremendously large increase there from \$3.5 million to \$9.2 million, and I may have missed the explanation there. I was having difficulty understanding exactly how that increase would be justified or arrived at.

Thinking back on some of the comments that were made here, the minister mentioned earlier that there was a new initiative; I think it was called cereal fractionation, which would be a value-added development. I wondered if this is a joint project. If it's not, should the government be involved if private industry isn't? I'm not sure I understand the concept, but I'm looking at a principle here.

I believe it was the hon. Member for Rocky Mountain House that indicated and chatted about the predator program, and if I understood correctly, we have privatized, I guess, to some degree with the RCMP and handed that over to them, or they became involved. Not the case? Okay.

I think the minister mentioned aspects of maintaining support to the seed cleaning industry, and I wondered how long it would be

before we moved into a bit of privatization in there. If we don't, would that be considered a countervail in the American definition?

9:40

I don't know if this came up. When we were talking about reducing the certificate program in advanced education and picking this up through, I had to assume, the agricultural college program, I wondered in fact if that's a cost that we could put a handle on, or whether it moves from this department to advanced education, or whether in fact it's being totally lost, and whether the education aspect is still something we're going to push in the agricultural industry.

One area that didn't seem to be touched on, and I know it has some long-term implications, is farm safety. I know that in my visiting of some 150 farms, trying to get a handle on that agricultural world and also trying to get elected out there in that Leduc constituency, it was brought up on occasion. I wondered where in the budget I would find some dollars associated with that particular program. I would wonder if it's a priority in the department's mind. I wonder what the major programs under this initiative would be.

There was one other area here that was a little perplexing to me. As I understood it, we're in the process ultimately in a Crow benefit offset program and a red meat stabilization program. From the figures that I've been presented, there's potentially a \$70 million savings there somewhere along the line when they're all dismantled and set aside, and I don't think that's that far off in the future, if I understand it. Where will these funds be disbursed? Will they be disbursed toward the debt? Will they be disbursed toward other programs? How will they be applied if in fact those savings are actually realized?

I had one other, and it's not a scientific comment by any stretch of the imagination, but again as I traipsed about the Leduc countryside there, I had the comment made to me many times that there were many people farming the GRIP program and actually distorting the reality of the situation. Now, not having a good handle on it, I wondered: are there measures in place that in fact can show whether the program is being abused or whether people in fact are farming the GRIP, as the term was used at that particular time? I suspect it hasn't changed.

With that, Mr. Chairman, I would conclude my questions to the minister.

MR. ACTING DEPUTY CHAIRMAN: The hon. Minister of Agriculture, Food and Rural Development.

MR. PASZKOWSKI: Thank you very much, Mr. Chairman. Certainly I want to thank all of the people who asked questions tonight, and I want to compliment the quality of the questions because I think they were really what this process is designed to achieve. They were questions that required a budgetary type of explanation. They were all legitimate questions. To each and every one of you that asked questions, I want to compliment you for the quality that you brought forward.

[Mr. Clegg in the Chair]

I want to thank the hon. Member for Lethbridge-East for the kind words he had regarding Creating Tomorrow, because this is a process that the agricultural community really was involved in. I want to thank you for your participation. I think that in itself showed a very keen interest and a keen desire to be responsible to the agricultural community. It's through people like yourself and through the 500 people that participated in Red Deer and the 2,000

that participated throughout the province that we were able to garnish the results and put together the Creating Tomorrow process. From there, of course, we're taking our direction. We'll continue to communicate with groups such as that, and we'll continue to develop and formulate our policies in ongoing discussions with the industry, because there is no magic to the fact that there are 83 of us here. There's no magic to any issue. We have to discuss, dialogue, on an ongoing basis with Albertans on every issue, and that's our intention with the Department of Agriculture, Food and Rural Development.

I'll try and deal with as many of the questions that have come forward. As I mentioned, if we're not able to answer all the questions here today, we'll make an effort to get back to you in written form with the response.

Regarding the planning and developing of safety nets. There's a bit of a concern also mentioned regarding the cut in AFFDA. Now, what we're trying to do is really move programs that are GATT-able, such as AFFDA, and move them into a safety-net process. So indeed what we have done is totally following the lines of our commitments. What we're trying to do is move the process so that when GATT is signed and indeed becomes a reality, we're in a position to have our agricultural community move forward full force. Therefore, what we're trying to do is develop an all-encompassing safety-net process in the safety-net program. Programs that are GATT-able are obviously going to have to be considered in a very serious light, and we'll continue to do that.

As far as general field services are concerned, the question about cuts in Field Services, we've been told and were told during the Creating Tomorrow process that indeed we should be trying to privatize more and more of those services. That is our long-term objective, because the feeling is that indeed those services are available out there from private enterprise, from the chemical companies, from the fertilizer people and all, and why are we repeating the service? So indeed part of our objective will be to work towards privatization. Whatever private enterprise can provide, we don't feel that we should be duplicating and spending tax dollars in trying to provide that, so that ultimately will be our ongoing objective.

As far as how we came about making our decision regarding the continental barley process, I should share with you that a year ago a survey of many Alberta producers was taken. It was an independent survey. At that time, fully 72 percent of those that were surveyed had indicated that they would favour this type of a process. So that's a fairly substantive reading in itself, followed up with a lot of farm organizations that have indicated that they were fully supporting this mechanism. We have to realize that 51 or 52 percent of the barley that's produced in western Canada in the Wheat Board zone is actually produced in Alberta. We keep hearing that we should have had a plebiscite of all producers. Well, that's fine, but when a very small sector is producing the majority of the product, why should people from other provinces indicate what we should be doing in Alberta? So I don't think that we are being inconsistent with the needs of Alberta farmers. That will be our ongoing commitment: to look after the needs of Alberta farmers first and foremost.

As far as the soil agreements are concerned, yes, we do have an agreement in place. It was signed a year ago. It's a \$4 million program and is one that will be a four-year program.

As far as processing, 3.4, the hon. Member for Lethbridge-East: why the increase, why the substantive increase? That's where the \$9.2 million for Gainers was included. I think the hon. Member for Bonnyville asked the same questions. That's where that is included, the money that was spent for the infusion of funds for

Gainers. That's the only infusion that government has put into the Gainers operation since 1989. So that's the only commitment that government's put into that process.

As far as Gainers is concerned, the financial impact of the Gainers sale is totally dependent on the sale process, and until we've actually made the sale, until we know what the numbers are, it's very difficult for us to project anything and put it into the budgetary process. It really would be a fly by the seat of your pants process, and I don't think that's really the way that government should be operating.

Regarding the internal audit, we were able to reduce the audit work - I think that was the question that was asked by the hon. Member for Lethbridge-East - because the Alberta processing and marketing agreement is reduced because it was phased out, and therefore there's no need for the ongoing funding.

As far as the ag special committee, and I think the hon. Member for Bonnyville asked that question as well: why \$125,000, or whatever the number was, was so much higher than the other committees. This is the first year, and we had no real idea of exactly how much money is going to be needed. So this was the amount that was identified that would likely be needed, keeping in mind that the special committee on agriculture meets on a very regular basis. It has a large number of meetings, probably the largest of any single group, so therefore its budget is going to be correspondingly higher and will continue to be correspondingly higher. This is not very likely to change.

9:50

As far as the GRIP deficit is concerned, there is a process in place. It's a federal/provincial sharing process. It's a year-to-year process, though. We have to realize that it's difficult to predetermine just what the year is going to be and what the outcome. My gosh, just looking at this year, we've got a situation where we've got a bumper crop out there. If we get it all harvested, the GRIP program will certainly be in a very favourable position. If it snows tomorrow, we're in a disaster and we've got a very major budgetary commitment. So it's very difficult to project, but there is a federal/provincial cost-sharing formula that is in place that deals with the potential deficit.

As far as the CASCI agreement is concerned, line 2.3.7 and line 2.3.8., it's now being replaced by the Canada/Alberta environmentally sustainable agriculture agreement. It's similar again. It's a federal/provincial agreement. It includes soil conservation, but it's a broader scale than what the old program was. It actually covers a broader area and includes soil research, research for the processing sector. It covers a much vaster field than what the old process covered.

The hon. Member for Bonnyville asked some good questions. Again, the Canada environmental agreement: I think I've shared that with you. The budget for the special planning committee. The Gainers issue, of course, was part of the substantive increase in the budgetary process. The question of why there was a substantive increase for the support of the Plant Industry division: that's the hiring of the cereals researcher that's doing the research work, the cereal scientist that will be hired.

To the hon. Member for Clover Bar-Fort Saskatchewan. The question of the \$620,000 decrease in Educational Services. As you may recall, I'd mentioned earlier that we'd canceled the green certificate program, and that was part of the program. There was a half million dollars of that program that would very directly affect this. There was an additional \$120,000 reduction, and that was basically that there were two severances in that department. The program still exists. The government is now simply playing a role as a facilitator. They have withdrawn from the actual

funding, and that's our objective. I think we've made that commitment, and I made that commitment early in my presentation today, where we are going to continue to become more active in the facilitative role rather than in the funding role. This is consistent with our policy and with our plan.

To the hon. Member for Rocky Mountain House. Why the decrease in the wildlife compensation program? The decrease basically reflects the change in the funding mechanism. The old budget process showed both the federal and the provincial contribution whereas the new budget process basically only shows the provincial contribution, which is \$1.7 million.

Engineering Services. The major area in the engineering budget is the expiration of the farm water emergency program. As you recall, I mentioned early in my overview that we were dropping out of that program. So that's made a very major reduction of \$2.6 million.

As far as grazing reserves are concerned, the major funding goes into the rehabilitation of the reserves, the maintenance of fences and rehabilitation of the actual pasturing facilities. The revenue from grazing fees for '93-94 is estimated at roughly \$3 million. That's the revenue that's generated from that.

The Food Processing Development Centre is a product development centre where research is conducted. Indeed, there is a fair element of that that's moving to privatization, where the companies come in and actually hire the facility and the opportunity to provide the services.

To the hon. Member for Sherwood Park regarding Dutch elm disease: the department is working basically through the extension and information services as well as inspection to try and control this dangerous disease as far as potential spread into Alberta. At the present time, to the best of our knowledge, we're free of the terrible threat of what indeed this could do. We have to be careful that we're able to control it and able to identify it in time, because indeed once it's established, it becomes a very difficult process to try and work with.

To the hon. Member for Grande Prairie-Wapiti regarding the Gainers issue: I think I answered that one previously.

I think Clover Bar-Fort Saskatchewan asked what we were doing regarding the whole process of rural development. Although it may appear there hasn't been a lot done, we're doing quite a bit at the present time. As you may or may not know, there was a publication put together that dealt with the whole process of rural development. Some of the initiatives we're putting together are indeed the one-window approach where people don't have to drive over vast areas to be able to obtain licences and permits in the regular regulatory process; community bonds is a new process that is being established on a trial basis. There are three pilot programs. We're now working with various communities, and they're bringing forward their submissions. We're going to be allowing the community to become involved in their own development. I think that's a very important process and one we want to encourage and involve, because when the community put their own effort and their own responsibility into development, that's when you can really measure success. When you have someone else putting money into a process and someone else coming forward, the community really doesn't participate to the level they should. I'm quite enthused about the opportunities that are coming forward with this. This is a process that's been tried in other parts of Canada and the United States, and it seems to be working with a fair measure of success.

We primarily are working with various communities. For example, the process of trying to attract doctors for rural Alberta. You've mentioned the need for health care facilities in rural Alberta and additional needs that are required in rural Alberta.

Certainly we're working very closely in trying to encourage doctors to be involved in locating in rural parts of Alberta.

Improvement districts are encouraged to incorporate. That's part of the process, where they become rural municipalities, where they become self-administrators and become more involved in their own destiny. So that again is part of the process.

We've ensured a five-year guarantee to provide the 9 cents per litre fuel tax exemption for ethanol. That's another element, and that goes along with the 8-cent federal plus the Crow offset as long as it's in place. This is there to encourage the development of the ethanol industry, which of course would be located in rural Alberta.

10:00

Our telecommunications strategy is an important element as well. With the electronic age, rural Alberta is in an opportune position to prosper from the benefits. Rather than having to relocate in a large community and a large metropolis, they're able to use the electronic media to a much greater advantage.

So it's my feeling, at least, that we're doing a lot, and we will continue to be doing a lot. We'll be coming forward with some very definitive direction in a very short time here.

Mr. Chairman, in view of the hour, I wonder if it would be proper to ask the committee to rise and report.

MR. DEPUTY CHAIRMAN: Thank you, Mr. Minister.
All in favour of that motion that we rise and report?

[Motion carried]

[Mr. Deputy Speaker in the Chair]

MR. DEPUTY SPEAKER: Order. Mr. Deputy Chairman.

MR. CLEGG: Thank you, Mr. Speaker. The Committee of Supply has had under consideration certain resolutions of Agriculture, Food and Rural Development, reports progress thereon, and requests leave to sit again.

MR. DEPUTY SPEAKER: Does the Assembly concur in the report?

HON. MEMBERS: Agreed.

MR. DEPUTY SPEAKER: Opposed? Carried.

[At 10:03 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]

