

## Legislative Assembly of Alberta

Title: **Monday, October 18, 1993**

**8:00 p.m.**

Date: 93/10/18

head: **Committee of Supply**

MR. CHAIRMAN: Will the committee come to order, please.

head: **Main Estimates 1993-94**

**Agriculture, Food and Rural Development**

MR. CHAIRMAN: I'll ask the minister for a few comments and then open it up to questions and comments.

MR. PASZKOWSKI: Thank you very much. I certainly appreciate the opportunity to overview some of the budget estimates for the department. I want to thank the staff, who have joined us here again today, for their loyalty. I appreciate very much your participation.

We certainly appreciated all the questions that were asked at the last estimates and, quite frankly, appreciated the quality of questions that were asked as well, particularly by the opposition. I think we responded to the members' questions by and large; that is, all the questions have been answered. However, there were some questions that were asked by the government members that the critic for agriculture has asked if perhaps I could respond to so that they have some insight as to what those answers are, because some of the questions would have been asked by those members. So I think that's fair, and with your patience and perseverance I'll take a few moments just to answer those.

First of all, Ron Hierath from Taber-Warner had asked how the government is going to continue to support irrigation projects in southern Alberta in light of the funding decreases. The answer basically is that irrigation provides basic support to a wide range of agricultural production in value-added industry, and this government will continue support similar to in the past. This may include ensuring low interest borrowing by districts, infrastructure rehabilitation support consistent with long-term goals and objectives of the department.

Wayne Jacques from Grande Prairie-Wapiti had asked a question regarding participation in GRIP. Alberta is currently reviewing the entire package of the agricultural safety nets and support programs, as are all the other provinces and certainly the federal government. This review must define the role of government in support of agriculture regarding the problems facing agriculture. So it has to be an all-encompassing type of review, and we are now in the process. Part of that, of course, was the request from the cattle industry to withdraw from tripartite with an eventual goal of establishing an all-encompassing safety net program. I think that's the first step. Of course we're looking at the grains industry with GRIP as well as the pork industry and the sheep and lamb industry with tripartite as well.

Regarding administration and enforcement, the first thing that needs to be understood is the current administration costs of crop and revenue insurance programs. The Insurance Bureau of Canada suggests that in the private casualty insurance sector administration costs are roughly 15 percent of the total premium collected. Alberta hail and crop insurance is less than 5 percent. So, obviously, they are operating in a very effective and efficient manner.

The last question related to fees for service for user pay. The Department of Agriculture, Food and Rural Development are reviewing annually and have been showing an upward trend as far as fee for service and obtaining the basic cost of recovery. That

will continue. This year we're adding a further 19 publications to that list, and obviously it's something that we will continue to do.

The hon. Member for Rocky Mountain House, Ty Lund, asked several questions. The concern about fed cattle moving into the United States and whether or not there is a problem with the grading system. The grading system's not a problem. The American market likes heavier and fatter cattle. What they want is a bit of a different type of animal than what we basically prefer in Alberta. So there is a bit of difference and discrepancy in the final analysis. As far as the grading system, it's consistent. It's just that the demand is for a different type of animal.

In response to the question about Health and Predator Management and how budget money is spent, a total of \$310,000 is allocated for predator management out of \$887,000 budgeted for Health and Predator Management. The objective is to prevent and reduce predator damage. We've changed the focus from actually having people out there, control officers, to trying to have the individuals manage the predator control themselves. That way, of course, it becomes much more cost-effective. To date it's been relatively successful, and I think that with a continued type of instruction led by the control officers that are in place, we will be able to successfully achieve that goal.

Regarding the tree nursery, revenue for 1992-93 totaled \$342,920. It was comprised of \$283,000 from the sale of trees, \$1,335 from pruning courses, \$57,500 from application fees, and \$1,085 from the sale of seeds.

Regarding the question about insurance coverage for market gardens, it was decided that a production guarantee for small acreage mixed-crop operations would be too costly in terms of administration. The feeling was that it would require too many employees to administer the program and therefore would be a very, very expensive program to undertake.

[Mr. Clegg in the Chair]

With that, I will close and certainly entertain any questions that may come from either side of the House. So thank you, and I'll endeavour to answer as many as I can. Those that we may not be able to answer today, we'll certainly respond to in a similar fashion to the way we responded the last time, if that's okay. I'd appreciate hearing whether that's an acceptable process.

Just one other item I would like to point out. The Agricultural Research Institute is administered by the hon. Member for Vegreville-Viking, and if there are any questions, he is available as well.

MR. DEPUTY CHAIRMAN: Thank you, Mr. Minister.

DR. NICOL: I'd just like to start and ask a few more specific questions on the budget process and the focus that you'll be taking in the next budget year for the Department of Agriculture, Food and Rural Development. We continue to find different boards, commissions, councils, on and on and on, different titles of groups that are supported by Alberta Agriculture. You've taken action in the past year to combine a couple of these specifically dealing with surface rights and land compensation. I was wondering if you were looking toward the possibility of reviewing a lot of these other boards and commissions and possibly looking at the opportunity to amalgamate, review their mandates, look at overlap, and deal with the ways they can better serve and reduce the administrative costs of some of the support programs and information programs that are available. Expanding on that just a little bit, are you looking towards any possible work within some of the other departments, say environment or Treasury, when you jointly

deal with specific issues in agriculture, possibly combining some of the administrative work or some of the function and focus that may be coming up with those overlaps?

We've heard a lot of discussion in terms of the different ways that the budget can be balanced. Is there any consideration being given to looking at increasing the checkoffs in some of the mandated agencies or looking at user fees associated with some of these associations to help offset some of their costs? You know, this is something the public is looking to, and some of the users are beginning to express interest about. They're just wanting to know the direction and mandate of some of the things they could be expecting.

Some of the more specific issues as I move through and then I'll get back to some more general policy issues. In your program 1, again as you deal with the kind of focus of the minister of agriculture's functional areas, I was wondering if you have any kind of mandate or if any of your policy work or your policy secretariat group have done anything to look at the mandate that you see the field services, the support services, the information services focusing on? Here I'm talking about the idea: are you going to try and focus on a commercialized agriculture? Are you going to focus with your programs on kind of the transition agriculture, say, the producers that are really too old to get out and start a new career but they're too small to stay in the sector, some of the problems in adjustment that they're going to be faced with? I'd like some ideas on how you might see the focus that you've taken in the areas of those two different mandates. I think that we see agriculture moving now to a very commercial industry focus, but some of the smaller producers are being disadvantaged or left behind. I would like to have an idea of how you might see your mandate in the ministry dividing between those two focus groups.

#### 8:10

We see a lot of the commercial producers now drawing more on the commercial information sector than they do on, say, the DA's office. You know, they deal with the seed companies or with the feed manufacturers or with the fertilizer dealers for their technical information as opposed to going to the DA's office and even some of the field specialists' offices that are supported by Alberta Agriculture. Have you done any work that looks at how your mandate focuses on these different groups that are starting to build within the agriculture sector in light of the adjustment that goes on?

The one other thing in that part of it that still seems to puzzle me when I go through it: I have a problem trying to figure out what the Systems Development component in your overview is. You know, you're spending approximately a million and a half dollars there, and it seems to be constant from year to year. Just a little bit of elaboration on what that is. I look at it from a background that comes from a computer science area, from a management area, and from an economics area. So I would like to see a little bit of an explanation of how you see this fitting in and what it entails in terms of the department. It seems that with the Information Services, the extension services that are there, I have a little bit of trouble when I look at the material figuring out where this Systems Development and systems area fits into the overall program of the department.

I noticed also just below that your information systems budget. Have you looked at any of the cost-effectiveness of what you're doing there in terms of spending two and a half million dollars on information systems within the ministry? What kinds of programs are you dealing with there in terms of computer information transmission, the support that's provided, that kind of thing? I would like a little detail in that area.

I mentioned already that you've combined the surface rights and the land compensation boards. How do these groups work in with, you know, some of the areas that we discussed in some of the sessions on looking at the preservation of agricultural land? How do they work with the local planning commissions in terms of dealing with the way agricultural land is identified and the way it's allowed to be transferred in or out of the ag sector? I know the Surface Rights Board deals with compensation and that in terms of secondary uses, but they still have to overlap in terms of the way the land use patterns come up. A little bit of an explanation of how those boards work and how they work with the planning commissions at the local level.

I've had some questions in terms of the dealings of the Farmers' Advocate office that is there as well. In terms of the way this works within the community, the degree to which the rulings are public beyond the particular individuals involved, also some of the supporting documents – are those documents available even to the people directly involved in the cases? – there have been discussions with people in the province where they've questioned as to whether or not they've actually had access to all of the material that was collected relevant to their case. They'd like to have a little explanation in terms of what type of information is available through the Farmers' Advocate office as a case is prepared.

A little bit more on into the farm management focus that comes up – I think it's under your planning and development program. I've been pretty directly involved with some of the individuals that are working with your gear-up-financially programs. I think these are great programs. They're doing a lot of service for the producers. They seem to deal a lot with trying to get the producers to look at effective use of all of the resources they've got on the farm both in terms of the financial assets, the way they're buying inputs, whether it's to purchase a combine or whether to lease a combine or do custom work with a combine. I think these approaches are really quite valuable. One of the interesting things that came up in some of the discussions we've had is that, you know, your ministry is out there telling the farmers to look at all of these different options as they deal with their farm management decision-making, their financial planning.

Then we hear cases where some of the other agencies that are dealing with, say, the marketing boards are looking at farmers. A specific example I can give is the sugar beet producers. Farmers bought land with a sugar beet contract on it, they started custom hiring some of the services, and the sugar beet marketing board and the Alberta product marketing board said that they weren't farming correctly. They took their sugar beet contract away because they were custom hiring some of the services that were required rather than going out and spending \$150,000 or \$200,000 on a machine that wasn't viable given their size structure. So what we see is a little conflict here. You know, you're out telling farmers to do one thing through their financial planning programs, and then through the other programs that deal with supervision and the regulation of the industry and the producer board aspects, they're being told they can't do the things that they're being told to do through other areas.

I'd just like the minister to know that these kinds of concerns are out there and that if there's anything you can do to facilitate this kind of a common thread through all of the programs, it would be great. I think you and I both realize that some of the producers now can't afford the major investments that are required in modern technologies when they're dealing with smaller scale enterprises, and we have to look to the flexibility that's available through the service industry in terms of people that are hiring or custom work or share operating. I think the work of the marketing board should be encouraged to support that.

Also in the area of support that you're giving, we see that basically the agriculture industry is undergoing a lot of transition, the grain industry is looking at changes in the way they handle their collection and transport, yet the minister of transport is putting in regulations that require the grain service industries to support all highway reconstruction that's associated, say, with a new elevator. I would appreciate it if on behalf of the grain industry you might speak with the minister of transport to see if some kind of a resolution can't be made here to share the costs of these kinds of highway turnoffs or any new roadway that's necessary, because people other than just the people accessing the grain terminals will be using those turnoffs, and the safety factor that's involved will be shared by everybody in the community, not just the people serving that area. So, you know, these areas of looking at appropriate technology, appropriate information would be appreciated.

**8:20**

I'd like to spend just a little time on the rural development focus of the ministry as opposed to the ag production and ag commodity part of it. The minister has indicated on a couple of different occasions that they're supporting an ethanol industry based on a 9-cent per litre tax rebate available for grains used in the industry and their exemption on the fuel tax. I just question the commitment to keep this in place long enough to make the ethanol industry viable. It seems questionable whether or not we want to start a new industry in rural Alberta that is subject to changes in government policy that can affect their competitive position, especially one right now where the break-even point is so close to being dependent upon this government concession.

One of the other aspects, to go back a little bit in terms of the rural development focus to some of the things I mentioned at the beginning: as we begin to promote the transition in agriculture, some of the studies that have come out – and I would like the minister to tell me if he's seen any others. Basically, from the information that I've been able to collect in the past few years in the work I've been doing, commercial dryland agriculture now is getting to the point where in order to be a viable participant on a cost-effective basis given today's prices, we have to start looking at single producer units that are in the, oh, 15- to 25-quarter farm size. Then they can get their costs down. They can get their technologies at a point where a single operator with a hired labour force working during peak seasons only can make a fairly good return on investment and make a viable living off it for a, quote, family farm – major investments for a family farm, but still it's a family unit doing the work. Yet when we look across Alberta, very few of our actual farm enterprises are approaching that size on a consistent basis.

If we see those kinds of transitions taking place, what are the implications for rural communities? What kind of adjustment processes, infrastructure changes will be needed in order to facilitate the way that these rural communities adjust to these big producers being more willing to travel farther distances to buy their equipment, buy their fertilizer, even to the point that with a much reduced population in the rural area we're now going to have rural communities without enough youngsters to create a baseball team or even enough people to support a curling rink or, you know, some of the other activities that go on in the rural communities? We'll see these kinds of things disappear. I was just wondering if the minister has done any work to look at kind of a cross section of rural Alberta 25 or 50 years from now in terms of service centre support, in terms of infrastructure that's required, and that. Some of the material I've been looking at indicates that we may be looking at very drastic changes in what

we envision as a rural community structure. Included in that is just the kind of focus the minister might take in terms of this cross section: the number of farms, what kind of population is needed to support rural communities. If you've had any studies on that, I would be interested in looking at them.

Another aspect that we talked about quite often in our discussions is the importance of value added to the agriculture industry. You know, there's a lot of very good opportunities being considered and being put in place to support the agriculture industry. From a rural development perspective we can deal with things like the home economists' and district agriculturists' offices working with communities, almost like a cottage industry focus for the off-season for the farm family or even a full-time or a major enterprise for the spouse of the farmer so that activities like this can be put in place.

We also see some major competition for some of the value-added aspects of the agriculture sector. We see a situation now in Alberta where the horse racing industry is suffering greatly because historically their revenues have been based on that risk/expenditure pattern of the consumers in the province and now they've got the video terminals, they've got all the scratch and win things they can go to. Basically, this is really drawing very heavily on the risk/expenditure patterns of the consumers, and there's very little support now going back to the racetrack. I was wondering if the minister has thought of ways of possibly encouraging adjustment in the horse racing industry or co-operative action, say, between the horse racing industry and some of the other risk/expenditure activities of the consumer. In terms of the VTRs, can they be put into a race facility so people can go and participate in their gambling in conjunction with the horse racing? A reorganization and a support for the industry could come out. They're a major value-added component for agriculture in terms of employment that's offered to people in the rural communities raising the horses. They consume a lot of our grass, hay. We read all the time about all of the Kentucky Derby winners that are raised on Alberta oats, yet we don't seem to be supporting the industry in Alberta.

These are just some of the things that come up when we start talking about the transition that's going on in the value-added component for agriculture. I see this as an area where some of the historic value-added areas are being disadvantaged by other activities of the community, yet we expect them to compete.

I'd like to make a final comment in terms of some of the environmental issues. We all recognize the extreme importance of agriculture in the environment, the role that we play as guardians of the land base in southern Alberta, participants very directly in the water base. I was just wondering if you're dealing a lot with the minister of the environment in looking at these issues on a long-run basis.

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Thank you hon. member.

The hon. Member for Lethbridge-West. [some applause]

MR. N. TAYLOR: You'd better sit down while you're ahead.

MR. DUNFORD: Yes, I think so. I agree.

Thank you, Mr. Deputy Chairman. I'd like to start tonight, first of all, by congratulating the Minister of Agriculture, Food and Rural Development. I've not had an opportunity to do that formally, so I would congratulate him on his reappointment to this very important portfolio.

I'm a little hesitant in approaching some of these areas tonight having followed my esteemed colleague from Lethbridge-East who

is so much wiser in these particular areas. In listening to him, he did remind me of some areas, then, that I would like to touch on with the minister in terms of comments. Questions may, in fact, evolve from them.

I want to start by encouraging him to consider the rural development aspect of his portfolio as certainly one of the more important things that he is going to have to look at as we get further and further into the '90s. I may be considered an urban MLA in the sense that the vast majority of my constituents of Lethbridge-West are involved in the city setting, but there is no question that in the city of Lethbridge our present and our future are closely entwined with what happens in the agriculture, food, and rural development business. My history goes back a little further than that in the sense that coming from Portreeve, Saskatchewan, which was grain-growing country, while I was considered a townie, the relatives I have are still involved in the grain business, and it is very important to me how their future will start to play out. Of course, their future in the grain business in Saskatchewan is closely tied to what takes place to the north and northeast of Lethbridge and the fact that we have dryland grain farming there.

### 8:30

Just to digress for a quick moment. On the Thanksgiving weekend I had the opportunity to take part in festivities of the Lancer Chokecherry Festival. This is an opportunity for all Albertans to come with me to Lancer, Saskatchewan, and get immersed in a weekend that is totally involved with agriculture. Now, the food aspect of it: I want to tell you, Mr. Minister, that if you want to diversify, let's start importing chokecherries from Portreeve and Lancer, Saskatchewan, and we'll have a wine industry in this province second to none. That stuff is just delicious. I might add that the syrups and jellies are not bad either.

One of the sad things, however, in going to the Lancer Chokecherry Festival: it takes you back into some of those communities. I think what happened in Saskatchewan is in danger of happening here in Alberta. Many of those small communities are almost ghost towns. The town I come from, for an example, currently has no operating business left in it, and I find this very sad. It points out, though, the importance from a rural development standpoint of doing some planning and some visioning. I also had a history in my business of being involved in an exercise back in the late '80s and early in the '90s with the Vision 2020 program that was an initiative of municipal affairs at the time. In the southwest Alberta area that I was responsible for, we worked with many of the small rural communities and some of the counties and MDs. We were trying to work with them to develop a vision as to what they could see for their particular communities, because I don't think there's any question that they are under stress and the stress is real and is going to have to be dealt with. I'm not sure if there are currently any initiatives like Vision 2020. I know it wasn't adopted in full by the government of the day, but I would certainly encourage that that kind of concept be revisited. It doesn't have to be the sort of thing that is costly, because I think you will find there are many elected officials and volunteers within the communities that would be willing to get involved in that type of activity.

I'm standing here thinking a bit about grain and its movement, and of course in Lethbridge you cannot be without a certain degree of knowledge as you watch the vehicles within the area. I'm going to say now that over the last 10 or 15 years of my involvement in the city of Lethbridge, I have noticed a tremendous increase in both the size and the sophistication of grain trucks, and

clearly there is lots of grain being moved by these trucks. It reminds me of perhaps different articles I have read where they've now started to talk about the movement of grain in terms of inland terminals and the use of trucks on the highways. The question I would have in this particular area is whether or not there is economic feasibility and viability in trucking grain overland to Lewiston, Idaho, and then barging it to Portland, Oregon, and off to the export markets. I guess why I'm curious about that economic viability: I've said in the House before that I see Alberta and, in fact, Canada now . . . The Deep Six has sent a note, and the answer is no, I cannot talk and think at the same time.

To get back on the highway here, I've said in this House previously and would like to say again that I see Alberta and particularly Canada now in a north-south relationship rather than east-west. I just can't visualize continuing to be held captive by the situation in British Columbia at the ports, and this then raises the question about Lewiston, Idaho, and Portland, Oregon.

The Member for Lethbridge-East did ask a question about ethanol, and I want to say that, like him, I attended an ethanol workshop in Killam, Alberta, and really quite enjoyed that. What was being discussed and what seemed to be planned in the sense of wheat becoming ethanol, part of gasoline, seemed to make a lot of sense to me, and I would just like to indicate to the minister that since that particular workshop I have actually been frequenting Mohawk stations and am now using ethanol in my car. I certainly have had no reason since making that switch to feel disappointed or unhappy about the decision I made, and once again I would like to encourage fellow members here in this Assembly to give it a try. I absolutely love that commercial Mohawk now uses: we discovered wheat. I think when we start talking about value adding in an industry, this is down the alley we're talking about.

Two concerns that particularly a Member for Lethbridge-West should have I think are in the irrigation area and also in the cattle business. To deal with irrigation first, Lethbridge is clearly a service centre for this particular industry. The advantages of irrigation I don't have to go into, but quickly, I spot the cash crops that are continually providing dollars coming into the city of Lethbridge. I'm very excited about the potential opportunity for power generation in the irrigation canal system and, of course, just the very fact of the mechanics of operating an irrigation enterprise. It leads, then, into various and sundry types of farm equipment. Lethbridge over the years actually has developed quite a self-sustaining manufacturing industry that deals in this farm equipment. I think particularly of Kirchner Machines and operations like that. When I look in the summary book at program 2, item 2.3 – and I realize you've tried to deal with the Member for Taber-Warner – it does show a decrease in irrigation funding. I just want to say that since irrigation is vital to southern Alberta farmers and communities, I hope the minister would assure us that support of irrigation will be sustained at respectful levels. Certainly the area I represent and come from and enjoy so much must have and must have sustained a very viable irrigation business.

### 8:40

To position Lethbridge in the cattle market, certainly the current high prices are contributing to some of the economic levels Lethbridge is currently enjoying. Clearly the cattle market today, when we start talking about value added, is also another opportunity to value add to the grain business. Lethbridge at one time had quite a number of slaughterhouses. Slowly but surely we've been losing them one by one, but cattle are still particularly important to us from a processing standpoint.

Again, Lethbridge becomes a service centre for the cattle business in southwest Alberta. I think a couple of good examples of that service centre are the auction barns or auction houses, whatever the proper term is, and I would mention Perlich Brothers and, in particular, Balog Auction. Just a little aside on Balog Auction. I was talking to the owner, and he was telling me about how he had computerized his operation. Now, at one time when they had their auction days, he would have a staff of four to five people, including himself, that would work through the evening and into the night, sometimes as late as 3 in the morning, just getting all the paper processed and getting the cheques ready so the producers could come back the next day and receive their cheques. When he computerized his operation, he did it in such a way that when the bidding was closed, the producer could leave the stand around the cattle auction ring and physically run to that desk and that cheque would be ready before he got there. They were generating those cheques between two and three minutes. It was a tremendous example of how computers can work into virtually everyone's life.

I just want to leave that area with a specific question. It relates to the termination of the national tripartite stabilization program for beef because of this perceived threat of U.S. countervail. The question I would like answered is: why is this threat of countervail greater for the national tripartite stabilization program than it is for an Alberta Crow benefit offset program?

With that, I look forward to your answers. Thank you very much.

MR. DEPUTY CHAIRMAN: Thank you, hon. member.

The hon. Member for Bonnyville.

MR. VASSEUR: Thank you, Mr. Chairman. The Member for Lethbridge-West alluded to the fact that he couldn't represent the agricultural community. He did a reasonable job, I think. It just goes to show that the people outside Edmonton and Calgary – our job is a little tougher because we have to represent both the rural and the urban people. In my riding alone, out of 27,000 people, 18,000 live in small urban settings, and of course the other 9,000 live in the rural area, mostly agricultural.

Going back to agriculture, my colleague for Lethbridge-East alluded to the Farmers' Advocate. One of the questions that was left aside – I believe sometimes in the middle of the year the position of chief executive officer or the main position with the advocacy had been left vacant, and I was wondering if this position was going to be filled and when.

Regarding the continental barley market, there's been some discussion in the House on this before. The minister had mentioned in a previous Committee of Supply that 52 percent of the barley produced in western Canada was produced in Alberta, and therefore he didn't think that a plebiscite should be held, in order to not force our opinions on somebody else. I was just wondering if, in essence, maybe we could perceive the government of having done the same thing to the barley producers, and maybe we should go ahead and have a plebiscite on this issue just in the province due to the fact of the present court decision. I think it would be advantageous to the Alberta barley producers to know if the majority are supporting this initiative or not.

There was some previous discussion also on the Surface Rights Act. It was brought up in the discussions, I believe, in the Energy debates. The Canadian Association of Petroleum Producers has called for amendments to the Act, and I was just wondering if the department here is prepared to take a look at the present Act, because I understand it should be reviewed. There was some suggestion, anyway, that it should be reviewed.

The Alberta Grain Commission. There's a cost to the taxpayers of about a quarter of a million dollars. We're just wondering if this whole department could not be just phased out completely and redistribute the responsibilities of the commission to other areas and other departments like the plant industry or economic services or in co-operation with the Canadian Grain Commission. There appears to be a duplication of service there. Just a thought.

Agricultural societies. There are societies right across the farming community from one end to the other, and my past experience with that, in recent years anyway, is that there have been cases where some of the societies are looking for a project to proceed with with grant money, and I'm just wondering if those are the right criteria to be distributing grant money under the ag societies. There are expenditures in excess of \$430,000 in there. I'm not saying that this should be eliminated. I am only saying that maybe there's a wiser way to set up some criteria. It'd be nice to be able to return to the community, to indicate to them if there are any plans to reduce the funding by 20 percent, like we've heard in other departments.

The department has established a committee composed – and that's quite recently – of members of the Association of Alberta Co-op Seed Cleaning Plants Limited, the Alberta Association of MDs and Counties, and the Field Crop Development Centre. The job of this committee is to review the seed cleaning plant program and make recommendation on future action. We were just wondering what stage the committee is at at the present time. There is not too much documentation anywhere to tell us that.

Another question regarding the seed cleaning plants: is it possible that farmers using the seed cleaning facilities could face a greater cost, being that there are some of these seed cleaning plants out there that are facing some upgrading? There we're asking the question: are they just going to be able to continue paying for the operation only, or are they going to be asked to share some of the costs of the upgrading of these plants?

8:50

The ag service board has asked Agriculture Canada to review and lower the allowable tolerance on all weed seeds in the respective forage seed tables. Will the provincial government pass legislation reducing the allowable weed seed contamination in order to enhance the reputation of the seed industry in Alberta? That's an initiative that's been taken by the ag service board, and they're asking if the government going to support them.

Another question on another concern. There's a considerable amount of feed lost to big game animals. In some locations in the province it is a serious problem, and we were wondering if there's a possibility of the department working with the Department of Environmental Protection and maybe allowing increased hunting in those areas or other means of regulating. It is a serious problem in some of the areas.

Another issue, and this has been occurring over the last few years: the grain companies are consolidating their operations to become more efficient through the rail line abandonment. This has created some increased pressure on the existing road infrastructure, and we were wondering if the government is looking at that situation and the problem that's occurred. In many places you've got some major heavy trucks using roads that are not really built for that, and it would mean some improvements in some of those grids in a farming community.

In the estimates vote 3.3.4, the Tree Nursery and Horticultural Research Centre, is at a cost of in excess of \$2.5 million. Is there any cost recovery in respect to this service?

My last question here is on grazing reserves. How much did the rates go up in the last few years? What is the total amount

subsidized by the general taxpayers for the operation of the grazing reserves?

Thank you very much, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Thank you, hon. member.

The hon. Member for Red Deer-South.

MR. DOERKSEN: Thank you, Mr. Chairman. The silence in the House is indicative of the respect that the members have for the comments which I'm about to make. They're always truly thought provoking and deep in their questioning.

I'd like to actually address some comments, some ponderings, some speculations, some questions to the Alberta Agricultural Development Corporation. I'm reading from the annual report for 1992-93 where it has interest revenue of \$82 million and an interest expense of \$108 million. Mr. Minister, it is baffling to me how we would lend out money at a percentage less than we are borrowing it.

MR. N. TAYLOR: Now you know how we feel when this minister goes to sleep while you're talking. Blow in his ear and he'll follow you anywhere, I tell you.

MR. DEPUTY CHAIRMAN: Order, hon. member.

Would you continue, please.

MR. DOERKSEN: Well, I wish to give the minister the privilege of being able to hear every part of my question and thoroughly analyze and inform the member appropriately.

The interest expense is payable on debentures whose revenue is recorded in the heritage savings trust fund. Because of the aforementioned fact that I proposed there, it looks like we're actually overstating the amount of revenue that the heritage savings trust fund is earning in showing a loss on the Alberta Agricultural Development Corporation.

MR. PASZKOWSKI: What page are you on?

MR. DOERKSEN: I am on page 18.

So that is very curious to me. Not only that, we notice that not only are we losing about \$28 million in the spread; we then write off or provide loan discounts of another \$38 million. I would question why we're doing that. That's more of a pondering, an observation, and a commentary.

I do have a particular question on the policy that is adopted by the corporation for recognizing doubtful accounts. The statement by the Auditor in the Auditor's report indicates that there's a departure from the generally accepted accounting principle. While it does not affect the operating loss or deficit, it says that the amount of overstatements are not reasonably determinable from the corporation's accounting system. Being from a finance background myself, knowing the hoops that we have to go through in terms of showing doubtful accounts, accounting for doubtful accounts, it would be interesting to me to know what policy there is in place. At what point in time does a loan become doubtful? Is it 90 days' interest arrears, 180 days' interest arrears, and so on and so forth. So if you could send the policy that is there to my office, it would be appreciated.

The other question I would have to the minister: do we have a sunset clause in place for phasing out of these programs? I recognize that when these programs were put in place, they were basically intended to help young farmers get established and help the industry through a period of time when it was going through

some gyrations. I'm wondering if we have a plan to move ourselves out of that subsidy business.

MR. PASZKOWSKI: Is this all ADC programs?

MR. DOERKSEN: Well, in this one I'm talking specifically about the Agricultural Development Corporation, but that certainly could be expanded to include any agricultural programs. I'm referring now more to the . . .

MR. PASZKOWSKI: All ADC programs?

MR. DOERKSEN: Yeah. Some may be more applicable than others. I know that the Alberta farm credit stability program has ended and is paying down. There are some other ones that probably should also have a sunset clause.

Let's see what else I've got here. I'd like to direct your attention to the Alberta Hail and Crop Insurance Corporation. My question is rather generic. I see that we've had in the last two years, '92 and '93, a deficiency of revenue over expenditure. Again I'm coming from the basis of: do we have a point in time or a plan in which we wish to make money in this business? You can supply me with some more information on that.

AN HON. MEMBER: Through the Chair.

MR. DOERKSEN: He's not paying attention either.

So, Mr. Minister, thank you for that, for letting me ponder and speculate and comment. I know you are addressing those issues. It's an ongoing number of points to raise, but in due course I expect your reply and look forward to that. Thank you for your attention. It was delightful to be able to address these comments to you directly, and know I had your full, undivided attention.

Thank you.

9:00

MR. DEPUTY CHAIRMAN: Thank you, hon. member.

The hon. Member for Redwater.

MR. N. TAYLOR: Thank you very much, Mr. Chairman. I'd like to touch on a couple of things. I want to first of all congratulate the minister for surviving, I was reading in the paper, a shoving match, I guess they called it, yesterday. Sounded like he came out of it all right. It showed that anybody who can throw hay bales around the Peace River country can make his way through an angry crowd into a cabinet meeting. So congratulations. I see you're here in one piece, sound in body if not in mind.

Nevertheless, to go on, I wanted to ask the minister – the minister may have touched on it, but I missed it, for which I apologize if I have – is there any more work going on on community bonds? That's always been near and dear to my heart, especially since in the last election your party adopted my party's policy on that, so we just want to know how far you're going to run with it. There was talk about one. I think if you were able to raise money locally, the government was thinking of guaranteeing to the local investors maybe 30 percent of their money on a diminishing balance for about five years. After the election I believe the minister or someone else – it might have been the Treasurer – suggested that maybe they would try a few experimental areas first. I'm just wondering if the minister can report any progress there.

The second area of some concern. To the minister: I'm just wondering how he handles the whole question of what's been an increasing problem of agricultural contractors or contractors in

agricultural areas using purple gas. I understand that Treasury may be cracking down on this, and I'm just wondering if the minister co-ordinates with either the minister of transport or Treasury on devising regulations, keeping the regulations up to date, and policing and watching the proper use of marked gasoline to see that, for argument's sake, people who are really in the contracting business are not using purple gas to undercut people in business in the agricultural sector hauling hay or grain or whatever it is. Just what input does he have in this, or is this strictly a Treasury item?

The other one I may have missed, too, is on selling hogs. My understanding under the free trade Act is that we can deliver hogs right into the U.S. without going through our hog board. I was just wondering if he has any idea and can tell us what the percentage has been of the total hogs sold in Alberta as to how many are sold outside the hog board both in Canada, to be delivered across the provinces, and outside Canada. That's something that I realize might take some time.

The other is more of a philosophical one. I've never been able to understand that if all sides of the Legislature agree – and they seem to agree – that the use of ethanol is a good idea, why we don't just mandate it. Let free enterprise decide who supplies the ethanol, but why don't we just make an environmental law or rule and say that all gasoline sold at the pumps has to have 10 percent ethanol? It makes sense. Many places in the U.S. do it. It gives you a more highly oxygenated fuel with a lot less pollution. We wouldn't be interfering with the market. We'd be letting the grain or the corn or the wood cellulose producers or even the oil and gas producers – it doesn't matter – decide who is going to supply the ethanol. Right now we're in effect asking ethanol producers – through forms of subsidies from government, some get lucky, some are not so lucky. I think it's an unnecessary interference by the government in the marketplace. Just say that all the gasoline has to have 10 percent ethanol.

MR. LUND: Then that's interference.

MR. N. TAYLOR: No, it isn't. This is a health ruling. It's the same as you see on a package of cigarettes, or you're not allowed to sell milk, for instance, with water in it.

Well, there's no reason why you can't sell gas, because I make a living selling gasoline and I can assure you that being 10 percent ethanol makes it a much better product as far as pollution and breathing is concerned. So we should just say it has to be done. There's no reason now. If you don't mandate it, the oil and gas people – I think you may know, if you don't already know now, Mr. Minister, that a gallon of gasoline or a litre of gasoline, whatever measurement you want to use, is the cheapest liquid we turn out. It's cheaper than distilled water. Gasoline is extraordinarily cheap. It has about a 60 percent government tax on it. If you take that 60 percent and only take about 40 or 30 percent as actual price, gasoline at the pump is really only around 15 cents a litre. So ethanol is in no way, shape, or form competitive. What we're doing is poisoning our atmosphere and poisoning much of our youth because it's so cheap.

What I'm saying is that it would make a darn good law and would be a good, solid law healthwise and environmentallywise if you said that all gasoline had to have 10 percent ethanol. Now, where it comes from, God only knows. But somehow or another we keep fumbling around, fumbling around. Free enterprise will see that ethanol comes in. It may run the past price of gasoline up about 2 cents, as it does in California, and that would not break my heart.

Now, the other area that kind of puzzles me also, Mr. Chairman, is the ADC loans. Long-term loans are 9 percent, which was a good deal, but you must remember that those were negotiated when the going rate of long-term loans was 12 percent. The going rate now of a long-term loan, as the one you just did the other day with Murphy, is 6 and a quarter, 6 and a half percent – I can't remember what it was – and nobody's hollering. That's what major oil companies are able to borrow money on the international markets for – maybe another percent higher, 7 percent – yet the farmers are still stuck at 9 percent.

Now, it's all right to say we've made a long-term commitment. Well, there's no such thing as a long-term commitment to a banker; you can always buy your way out. Bankers might tell you, "Look, buddy, it's long term; you can't get out of it," but the point is that you can always take a loan here to pay a loan there. The LIBOR, the London interbank official rate, which is the biggest interest setting thing in the free world, now turns out 15-year loans, they claim, for around 7 percent. I think the fact that these nine-year, 20-year loans are already five years old, most of them, and the danger part of your guarantee, in the initial stage, is gone, the minister of agriculture should be investigating with some financial help the idea of letting people renegotiate their loan down on a 15-year basis. I know you can come in and say, "Look, you can go to the bank and borrow money at 7 percent or 5 percent and pay off your 9 percent loan." But it's not a 15-year loan anymore; it's a five-year loan. I think it could be done with a 15-year loan if you wanted to work and talk to the bankers, did a little kindly talking to them. As a matter of fact, you might do as you did the other day: do a little shoving in the doorway with them. They might listen just a little more.

The last thing is that the minister's been saying in the House – and I'm having trouble equating this – that since the barley market was to open up in the U.S., all was bright and sunshine. But I notice that since the courts terminated this on September 10, the price of malting barley has gone from \$100 a tonne to \$135 a tonne. That's a 35 percent jump once they have gone back under the Wheat Board. Now, I just wonder how you would explain that. It'll be interesting why barley jumped 35 percent once we went back to letting the Wheat Board sell it rather than letting everybody dump it across the border.

This is just a small question – well, not a small question. Does the government give any money or grants to the Western Canadian Wheat Growers in order for their organization to operate? I would like it put to bed for good in the Legislature. Those critics of the wheat growers maintain that they're talking that way because you people finance them. It would be nice to hear that you don't finance them or that you don't give them grants. On the other hand, if you give them grants, it would be nice to have it out in the open. Time and again I've heard that the wheat growers – and the Member for Taber-Warner might be able to answer that. I believe they may well get a yearly grant, and I'd like to know what it is.

Finally, I still think the minister has not given a proper answer why we have not conducted a plebiscite of the barley growers. Maybe we'll have to do it anyhow, as the Supreme Court would do it. Charlie Mayer, quoted April 20 in *Hansard*, said, "There [is] no plebiscite when the government makes up its mind." I just want to know if you agree with that.

Thank you.

9:10

MR. DEPUTY CHAIRMAN: Hon. Member for Lacombe-Stettler.

MRS. GORDON: Thank you, Mr. Chairman. My question is in regards to the Alberta farm fuel distribution allowance, or AFFDA. The minister recently announced reductions to this program: a 2 cents per litre reduction on diesel fuel as well as a 2 cents per litre reduction on gasoline. I do not see any expenditures relating to AFFDA within your departmental budget. Why is that? Does the minister see future cuts to this program as necessary to control government spending?

I also note that in the budget estimates there is a significant increase in funding for Specialty Crops Stabilization, 5.2.3, a 50 percent increase over last year. I would like to know what this increase relates to.

Many farmers in my constituency are members of the local feeders association. The intent of the Feeder Associations Guarantee Act is to provide farmers with an alternative method of financing cattle for growing and finishing purposes. This program offers many farmers the opportunity to diversify their farm operations, which in turn assists in diversifying Alberta's agricultural economy. It is also my understanding, Mr. Chairman, that these local feeder associations have had an excellent track record. Presently new feeder association members can have up to \$30,000 worth of cattle purchased by the association on their behalf. After one year members may receive financing for up to \$100,000 worth of livestock, subject to approval by their local board. On behalf of those farmers in my constituency that have inquired, is the minister giving any consideration to increasing these dollar amounts? We will soon be into the fall run with exceptionally high cattle prices, prices that are good for the seller but very difficult for the buyer.

I'd like to thank the minister, Mr. Chairman. I look forward to his written or verbal reply.

MR. DEPUTY CHAIRMAN: Hon. Member for Leduc.

MR. KIRKLAND: Thank you, Mr. Chairman. I'd like to thank the hon. minister for the written answers which imparted more knowledge to me in the agricultural world; I appreciate that. We learn as we go day by day here. I thought it was on a timely basis as well.

I will speak to a couple of issues that have been addressed here, perhaps take it at a different angle than what has been followed up to this particular point. One that I wanted to spend a little time on was the Farmers' Advocate. I know Lethbridge-East spoke of it, and I know the Member for Bonnyville spoke of it. My information is that that position has been vacant for some six months. I wonder, if that is the case, whether we haven't got our answer whether this department can, I guess, achieve more efficiencies and/or if in fact this office should continue, really. I know that when we look at WCB and UIC, we have advocates in the field there that actually charge for service. In light of our move towards a user-pay concept in this sitting of the Legislature, I wonder if we haven't arrived at that in the situation with the Farmers' Advocate itself.

One area, though, was asked about in the last session, and when I researched the answers that were given in *Hansard*, I was not able to find a definitive answer. That is pertaining to the Internal Audit in vote 1.0.7. I think of an internal audit as being a search for some efficiencies within the department. It's not a large dollar figure, \$184,000, but I wondered if the minister would expound a bit on the objectives of this internal audit. I ask that, and I would at this point disclose that as I review the budget, I do appear to see a lot of duplication throughout. It would strike me that if the internal audit is a search for efficiencies, it should actually point to that.

When I say duplication, just to scan it quickly, right below Internal Audit we have Research Administration. I move down to program 2, and we look at the Assistant Deputy Minister - Planning and Development. We look at a Policy Secretariat, and as I understand that, that is a body that researches, provides advice and direction on some of the agricultural programs that are presently in place, an ongoing review. I look at Resource Planning, and perhaps due to a lack of complete understanding of that, I see some duplication there. I wonder if in fact we have studied that very, very clearly and closely.

I look down further under program 2, Market Analysis and Statistics. It's a \$1.1 million expenditure. I think we have many agencies in the private sector today that do provide information simply with a phone call or even by accessing their computers. I wonder once again, with our move towards a user-pay or privatization mind-set, whether this particular area is a bit of a duplication of what is already being offered in the private sector itself.

The farm business management program was addressed. I understand it has provided some very good education to farmers in the financial management of their business. Also, introductions of computers, that sort of activity would follow the same sort of train of thought as the other areas in that I think they have some potential to be off-loaded to the private sector. I wonder if in fact the minister has looked at this with a sunset clause attitude. Have we progressed to the point where we can back off it? Can we hand off more of it to the private sector?

Moving on down to Irrigation and Resource Management - and I would readily confess that I do not have a lot of knowledge of the irrigation world - I understand it's generally about an \$18 per acre fee regardless of the amount of water you use when you irrigate. I'm also aware that in California irrigation is metered, and I wondered if in fact we can't strive for some efficiencies here and arrive at a reasonable and fair rate, not an onerous rate but something that may be tied in to actual water usage. I think in our world of conservation this certainly is an area that probably in the long term would be beneficial to all of southern Alberta, if we were a little more aware and prudent with our water usage.

Looking at program 3, this was a program in its entirety. I know the hon. minister spoke to it to some degree in the answers that he provided to me and to some of the other members. A very cursory look at this. I look at Assistant Deputy Minister - Support for Production, Processing and Marketing, and I go down to Marketing Council. As I move on down, I see Canada/Alberta Agreements on Processing and Marketing, I see Agricultural Processing, I see Livestock Marketing Services, and I see Alberta Food Processors Promotion Assistance. That to me, again with a limited knowledge of the complete understanding of the program, has an appearance of being a potential to probably amalgamate or if not amalgamate certainly look at whether or not there is duplication in those particular areas. Likewise, when I look at Animal Industry and Plant Industry and Processing Services, always we see under those headings Administrative Support, Administrative Support, Administrative Support. Now, there may be a need to separate elements of this particular aspect. I'm not here to reorganize the minister's entire department, but it would seem that we have the potential here to look at one administrator with some branch lines. As I view it very simply, that means we'd save two administrative positions somewhere along the line. I would like to see some assurance from the hon. minister of agriculture that we have given this a very serious look, that in fact when we look at this program 3, we have achieved all the efficiencies we can. I think his government, generally speaking, is striving for efficiency throughout the departments, and I would



like to draw some confidence that we're arriving at that particular aspect here.

**9:20**

When we speak of efficiencies, I look at my own situation in Leduc. I know that we have a bit of a regional office in Wetaskiwin, and I know that the province is broken down into regions. Have we done a very serious analysis of services provided there? Again, instead of two buildings, are we at a stage now where perhaps the farmer has to trek a mile or two farther to access it out of the one-window concept? I think we have several positions within those where perhaps we can find some efficiencies.

When we talk about the user-pay concept, I have heard the comment many times in this Assembly that the dairy industry is a very lucrative one. I wonder: when we look at the Dairy Control Board and the expenditure of \$648,000, have we challenged those particular agricultural specialists with paying their way, so to speak?

Moving over to program 4. It was touched on very briefly by the Member for Bonnyville. That was dealing with Public Lands. We see an expenditure there of \$11 million to manage that particular sector. In going through the annual agriculture report, the only figure I can find that may relate to that is an income of \$567,000 for, I think it's called, land and surface rights. I wonder if the minister would clarify for me if that is the income we are deriving from leases and range management areas. Certainly we're not looking to add an onerous great number of dollars onto the producers in the province, but again we want to arrive at a fair position. I think the Member for Bonnyville asked if we had revised that particular rate for public grazing. I would be interested to know: when was the last time we revised that particular aspect. I think of grazing and land ownership and the overhead associated with that. I would like to think the grazing fee would come somewhere close to ensuring that we have a level playing field as far as they are concerned.

Overall, when I looked at the budget – and the minister alluded to it, spoke to it in his opening comments – it strikes me that when we look at the total budget for agriculture, \$393 million plus change, and we start looking at those programs that are directly tied to or that relate to subsidies in one way or another, we see that we're dealing somewhere in the vicinity of \$210 million. That's a large part, and certainly I think in light of our global negotiations and the GATT negotiations, we have to, as that hon. minister indicated, start moving away from that and again look for the efficiencies. I take confidence from his earlier comments that in fact that is the area we're moving into. I certainly think we should do it rather than have somebody else direct us to do it. I think when we look at society today, we're probably more in an accepting mood for some adjustments and some of the government subsidies and government programs than we've ever been before in our life. Timing is of importance, and I think that it is the correct time to move along that way.

I hope I've been definitive enough in asking questions. I got a bit of a philosophical draw to it; I hope you can extract from there. I have nothing further to ask, and I look forward to your answers in written form again, if possible.

Thanks very much.

MR. DEPUTY CHAIRMAN: Thank you, hon. member.

The hon. Member for Taber-Warner.

MR. HIERATH: Thank you, Mr. Chairman. I can't resist making a few comments this evening about some of the things that I think

might be of interest to the agricultural community with regard to ethanol. It's one of those things that have been studied for many years by farm organizations and governments, and it all boils down to the fact that it requires a subsidy from government in order to make it viable. The truth of the matter is that, you know, once it gets going, grain is probably one of the least efficient conversions compared to rice and corn and some other products. I think when it becomes economical, we won't have to legislate 10 percent of ethanol in gasoline. We would probably do quite fine by leaving it. When it becomes economical to do, I'm sure that if we don't regulate it, the private investors in our country or in our province would probably do it more efficiently without government involvement.

One of the things I would like to ask the minister of agriculture is regarding the tripartite red meat stabilization program that is scheduled to be terminated on December 31. That program is about at a break-even point in the third quarter of this year. I was wondering whether he would be willing or able to say whether or not there were going to be any payouts in the fourth quarter. It seems to me that the feeders are anticipating a payout in the fourth quarter, and that will put the red meat tripartite stabilization in a larger deficit position. I think if there were to be an announcement made in regards to no payment, it would probably save the federal and provincial governments a lot of money.

Another thing that I would like to say regarding the Western Canadian Wheat Growers is that they are probably one of the least subsidized or funded organizations in western Canada. I was a director of that organization for probably four or five years, and there were research grants that were available from the Saskatchewan and Alberta governments. I don't know whether you would call them funding grants or not, but I don't think there's any of those moneys coming to those organizations now. If they are, they are in a category of probably less than 5 percent of their total budgets.

The gross revenue protection program is one that I get a lot of calls about. Being involved in it in years past, it seems to me that if that program is going to continue, it has to stop being so bureaucratic and having so many inspectors using up so many of the funds investigating bins and measuring bins and measuring fields and so on. We need to streamline that more to get the money in the hands of the farmers. Otherwise, it seems that there is less and less money going to the farmers.

Another one is ADC. It's been under a lot of scrutiny in the last year or two when we're talking about cutting government spending. I think there has to be a real evaluation of ADC, an evaluation of what it's done in the past. I would hazard a guess that if all evaluations were done, we would find that there were minimal advantages to the farmers and great expenses to the taxpayers over the last 10 or 15 years or so since it's been in existence.

The other one was the continental barley thing that was raised by the hon. Member for Redwater: how barley prices have increased since the border's been closed and the Canadian Wheat Board has taken over the marketing of barley again. The price may have increased, but there are no sales. So the farmers are not able to deliver the quantities that they could deliver under an open-market system.

One of the things I would like to say in conclusion is that we're all talking about efficiency in agriculture. Agriculture must be competitive, without a doubt. It seems to me that in a lot of cases regulations are really a form of taxation to producers. The more regulated certain agricultural products become, the less efficient the production of those products is. Being a grain producer over the last 30 years, I have certainly seen that the regulations have

been really a cost to the producer in the case of inefficient rail systems and central marketing, with cleaning grain at the ports rather than on our prairies and transporting all that dockage. All that is done because of regulations. It's no one's fault, and there's no one to blame except that we always ask for more regulations to solve the problems of the existing regulations, and we get ourselves into deeper inefficiencies.

I would like to conclude on that note. Thank you, Mr. Chairman.

9:30

[Mr. Tannas in the Chair]

MR. CHAIRMAN: Redwater.

MR. N. TAYLOR: I'm sorry; I thought I saw someone else standing up over there. Oh, he was just moving in behind you.

Actually, I wanted some attention on ethanol. The hon. Member for Taber-Warner says he's been associated for some years with that. I think just by the colour of my hair he can see I've been associated longer. The governments in Canada and in Alberta, regardless – all faiths – have always approached it, as he said quite correctly, from a subsidy. There's no question; it needs to be – as I mentioned, gasoline is 15 cents a litre. Ethanol, I think, comes out, as good as you can guess, to maybe 25 cents, 30 cents a litre. What I'm saying is: you don't treat it as a subsidy. You don't treat it as anything; you don't even mention ethanol. You just say that the oxygenated quality of gasoline has to be X. When that's so, free enterprise may use ethanol, they may use methanol, they may use something entirely different, but all you have to do is mandate that the oxygenated quality of gasoline sold in our cities or sold in our pumps is a certain quality. That's so for a good chunk of west Europe now. They'll probably go to the ethanol market because right now ethanol is the easiest and cheapest way of oxygenating fuel. Certainly stay out of the thing.

Far too many members, like the hon. Member for Taber-Warner, have a knee-jerk reaction. As soon as they hear "ethanol," they go galloping down to the other end of the pasture, their tail in the air, and start hollering about no subsidies. It's got nothing to do with subsidies. We're talking about oxygenated fuel, which at the present time is best supplied by ethanol. It doesn't have to be; it could be by something else. But it's a good health reason. Now, I notice the minister of the environment is here. That's something he should be looking at very carefully, because once he has mandated that any gasoline sold at the pumps to the cars has to have so much oxygen quality, then we might develop a whole new industry up here. On the other hand, who says that if they use ethanol, they would buy it all from Albertans anyhow? They might import it in from somewhere else, and it might be cheaper to bring it in from Iowa. Who knows? I'm not talking about that; I'm just saying that we're missing a beautiful opportunity here to use agricultural products not for food but for industrial purposes by mandating that the fuel used has to have so much oxygenated quality. It'll work out to about 10 percent ethanol, but there are other chemicals that'll do it. Without getting into a lesson on something I've been at all my life, I'll stay clear of that.

I still would be interested. The hon. Member for Taber-Warner did a real old soft-shoe routine, allemande left and everything else, but did not tell me how much the Alberta government gives to the wheat producers each year as a grant for their operating.

MR. CHAIRMAN: Lethbridge-East.

DR. NICOL: Thank you, Mr. Chairman. Just a couple more questions, if I might, on the issues. At the conclusion of my

previous statements we were talking about the environment and the impact of that on agriculture. I was quite surprised coming up the last couple of weeks, driving in from Lethbridge, to see the number of farmers that get involved in burning stubble. This is something that was really a shock to me. I don't know if this is just a special year with all the moisture that occurred in the area between Calgary and Red Deer, Calgary and, oh, almost up as far as Lacombe. I was really concerned. Is this something that is commonly practised in the area, or was this a unique situation? What I'd like to do is have the minister explain if burning stubble is a recommendation that comes out of some of the farming practices that they deal with in that area. This was, again as I said, something new. If it is common practice, have there been any studies that looked at, you know, the particulate pollution that comes out, any impact on the environmental regulations? We maybe need to deal with the minister of the environment in conjunction with this approach, but it was something that caught me, you know, as unusual in the area.

Just a couple more quick questions. The programs that are run by the department of agriculture generally think of one operator involved in each of our enterprises or each of our farms, yet in many cases we see the farm operation as a husband/wife or wife/husband type relationship. I was just wondering what the minister is doing now in terms of the recommendations that are coming out, the communication that they have with people in the field to deal with the impact of spouse roles in the farm operations. I know there's been some work done now with ADC recognizing spousal partnerships as opposed to father/son or intergenerational partnerships that were always recognized. It's important now that we begin to recognize the fact that a lot of the extended farming operations we see are multiperson involvements even though they are involved in a marriage/spousal relationship. So I would just like the minister to expound on the role that they see the spousal relationship taking in recommendations in the promotion of farm safety or farm adjustment, the farm loans, all of the aspects where two people get involved, as opposed to our historic view of one operator of a farm as opposed to a family.

Basically, then, I'd just like to conclude by thanking the minister for the work he's done and the questions he's answered for us so far. I look forward to responses to my questions this evening.

Thank you.

MR. CHAIRMAN: The Minister of Agriculture, Food and Rural Development in summation. [some applause]

MR. PASZKOWSKI: Thank you very much. It's nice to have one friend in the crowd here. I do appreciate it.

Again I want to take this opportunity of complimenting the people who've spoken today and asked questions, because they're very well defined. I consider basically they're good, solid agricultural types of questions, so I very much appreciate that. I'll try and answer as many as I can, and those that we won't be able to answer here tonight, I commit that we will with a further written response.

First of all, to the hon. Member for Lethbridge-East regarding information services. I think the first item that was raised regarding information services – this is actually Bart Haddrell's shop, and it's not computer systems; information services is what it is. They're responsible for such things as printing and distribution and all the pamphlets and those type of publications, videos, bulletins, the whole gamut in that particular area. It's been very effective up until now and certainly something that's been very helpful to the agricultural community. So it's our intention to

continue in that area and continue a strong role in support of agriculture with that type of a process.

The surface rights and land compensation boards. They have no relationship with planning commissions. They're a quasi-judicial board basically, so they're charged with the administration of specific legislation: the Surface Rights Act and the Expropriation Act. Others in the department – the resources planning branch, the engineering branch, the DAs, and the regional advisory services – are all part of this process. They cover a fairly broad gamut, but no, they're not involved with planning commissions at all in any way, shape, or form.

#### 9:40

The ethanol initiatives. We have the 9-cent tax exemption. We have the continuing tax rebate, and we also have the Crow offset. Yes, indeed we have established a commitment of five years for that program. It's an ongoing commitment of five years from the time the program is instigated, so it's not from the time it was announced but from the time the program was instigated and carries on from that time. So there is a full five-year time frame for that industry to become efficient and effective.

Working with transportation on turnoffs. Without knowing specifics, it's a little difficult to comment, but this is not unusual. It's not unusual just to the grains industry; it's true with all industry where they're expected to make the service roads. Of course, this has some implications as to where they locate and how they locate as well, but it's not unique just to the grains industry. It's basically straight across through all industries. Again I would need a few more details, though, as to the specifics of what you were referring to before we could really take any specific actions in that area.

Regarding Merle Good's shop in Olds, I can't comment on the sugar beet industry. I do know that the industry itself has moved somewhat. What really has caused the movement, though, is the soils, the quality of soils as well as the heat units. The industry has now moved over to a location that fits better, with higher heat units as well as quality soils. Some of that is a natural movement where they do get a considerably higher productivity with those two combinations. So that movement has sort of been self-generated, a productivity-driven type of movement that has taken place.

Continuing growth of farm size. That varies depending on the operation. It will vary considerably depending on the type of operation that exists. The more intensive it is, of course, the smaller the landmass. If it's just going to be grain farming, obviously it is expanding. Again the diversification component of agriculture in Alberta has been very successful, and I see that continuing and ongoing. I really feel that it's through diversification that we are building the very successful industry that we do have in Alberta, and we'll continue to do that. So in that sense it will continue.

As far as value added and promotion of cottage industries, the community bonds component is something that we recognize the opportunities that exist in rural Alberta and the opportunities that the local community can present within itself. Really the statistic is that something over 80 percent of all business developments happen with the local people developing the business right at home type of thing, and those are generally the most successful operations as well. So our commitment to the community bonds – and I think the hon. Member for Redwater was asking the same question – is still ongoing. We're still working with three groups to develop three pilot projects of up to a million dollars apiece. The amount of equity infused into the project will depend on the amount of the loan guarantee. If the equity is 25 percent, we'll

commit to a 75 percent commitment; 30 percent goes to 70, and 35 percent is 65. So that one depends.

Horse racing. I've met a fair amount with the horse racing people, so I appreciate the question. They are going through some difficult times. They've pointed out that they're not even certain themselves just what's causing all of the problems, whether it's the fact that there are races scheduled on top of other races in various parts of the province. Generally horse racing is down worldwide, and it appears to be somewhat economy driven. It's not just unique to Alberta that the horse racing has dropped. It's actually a world situation that seems to have developed, and we are working with the horse racing people with the idea of seeing that the industry does continue and does thrive.

To our hon. Member for Lethbridge-West I just want to point out that agriculture in Alberta is our future not our past, and therefore we'll not be visiting Saskatchewan. We'll be staying in Alberta and maintaining it as our future and not our past.

Your comments were good and very much appreciated. I'm not sure just what the cost is of trucking to Lewiston and then barging, but we will get that information for you. I've seen it somewhere, and I just don't have it offhand. I do know that it is there.

The idea of tripartite. Basically, the reason that it's more vulnerable is that it is identified with a specific commodity, and when you're commodity specific, you are very vulnerable to countervail. So that's one of the reasons that is there.

To the hon. Member for Bonnyville, the Farmers' Advocate position will be filled. It's just a matter of going through to try and develop the process. Unfortunately, developing the process has taken a little longer than we had anticipated. The Premier committed during the election campaign that there would be a fair and neutral process put in place to appoint the people that are in positions such as the Farmers' Advocate. We have just about completed the process. As soon as that is done, we will be moving to fill that position. It's a valued position. The farmers throughout the province have told us that they want it continued, that they don't want it discontinued. North to south, they all seem to feel the same way, so it's something we will work with the farmers on and see that it is filled.

As far as continental barley is concerned, the problem is that we can't have an Alberta-only plebiscite, because the Wheat Board covers western Canada's jurisdiction, which includes Manitoba, Saskatchewan, Alberta, and the Peace River country of B.C., as well as Creston. Therefore, if you're going to hold a plebiscite, you can't be area specific. It would have to be throughout the whole Wheat Board jurisdiction. That includes Manitoba, Saskatchewan, and Alberta. We do produce 52 percent of the product. Unfortunately, it would be the Wheat Board area that would have the plebiscite, so all of the farmers throughout the area would be eligible for the plebiscite.

The Surface Rights Act being reviewed. Yes, we are looking at some problems with section 39. The idea there is that there are some concerns, and we are looking at hopefully bringing forward some legislation in the very near future that would amend that particular area. Of course, once we're looking at it, we may look at other aspects of the Surface Rights Act.

The Alberta Grain Commission has provided a very useful function. It works closely with the grain producers in the province, and it works with the grains and oilseeds sector. It does provide us with a lot of background information from which we can make decisions. It's a liaison between government and the producers on an ongoing basis, and it allows us to stay abreast of the issues. One of the major costs of the Alberta Grain Commission, by the way, is the phone-in pricing component. That's almost \$100,000 in itself. So that's a very major cost and service

that the Alberta Grain Commission provides. You can phone in and get the average grain prices throughout the province on any grain or oilseed that's produced within the province. That's very useful. Farmers use it to the extent of almost \$100,000, so it's obviously used a great deal. If we did away with it, we'd have to find some other way of doing it.

Ag societies: should grants be distributed under different systems? I met with a group of ag societies on the weekend. They were very adamant that that's probably the best process that's out there: for heaven's sake, don't touch that; don't touch the system; don't touch the process; don't touch anything about it. It's the best that there is for rural Alberta is what they had told me. I met with a group of them. They were very concerned that we might indeed start tinkering with the ag society grants and the way the ag societies operate. So I guess the message that I have been receiving from the ag societies is: don't touch, please. If you've perhaps heard differently, I'd appreciate hearing that, but to date all the pressures that I have had from the ag societies are: "Please don't touch it. Leave it the way it is. It's the only process that we feel would work." So, again, I'm open if you're hearing something different.

#### 9:50

Heavy trucks using roads. There have been studies made in areas where some of the process of railroad abandonment might take place. Surprisingly the numbers aren't that large where there would be an increase of heavy traffic on the roads. I think the one road that I can relate to is the one in the southwestern part of the province where there is a possibility of a railroad abandonment, and the study that's been done there is that something like an additional 10 trucks per day would hit the highways, which is not significant really. We would have to gather up a lot more information, but the indication we have received up until now is that there wouldn't be that significant an increase in heavy traffic. Of course, coming from the far north in the Peace River country, where 60 miles from a railroad isn't unusual, I can well relate to longer distances, and it does work for them. So efficiencywise we are going to have to look at some of these processes.

Grazing reserves. How much did the rates go up in the last three years? I don't think the rates have gone up at all in the last three years as far as grazing reserves are concerned. That's something we have to look at and keep in line, and we will be doing that as well. We will be considering that.

Now, the hon. Member for Red Deer-South asked several questions. Why are we lending at a rate less than we're borrowing at? Interest revenue is \$82 million and interest expenses are \$108 million, I think he said. The government in 1986 responded to the needs of the farmers to have fixed long-term financing, providing it at 9 percent for both ADC and farm credit stability programs. As you recall, in 1986 the interest rates were considerably higher than they are today. This allowed beginning farmers to participate with the opportunities of the current marketplace as well. So that's the reason there.

As far as the question: the heritage fund is overstating revenue from ADC; why? The heritage fund charges ADC market rates for 20-year funds, and this procedure results in ADC financial statements reflecting the real cost of running ADC. None of the costs are hidden in the heritage trust financial statements.

The other question that was asked: why are we providing loan discounts of \$38 million? The \$38 million in discounts are not discounts in individual loans. The discounts are to reduce the value of concessionary loans to present value. Concessionary loans include things like disaster assistance loans provided a couple or three years ago.

The other question: why isn't the corporation's accounting system able to properly account for interest on loans significantly in arrears? I think the Auditor General has identified this. ADC has one accounting system which continues to calculate interest until loans are paid off or otherwise terminated. A second system is required for ADC to keep in touch with both interest which is due for legal purposes and arrears which may be unaccountable. That process is being worked on. The Auditor General has identified the concern there, and it is our intention to resolve that. The problem there is that it's extremely expensive, and it would take a lot of conversion. We are working on that, and hopefully within a short period of time we will indeed have that corrected.

To the hon. Member for Redwater, the community bonds I think I've already answered once before. We are working with three projects of up to a million dollars. We feel the local community is best suited to make the determination on what businesses are needed and then how to operate those businesses, and we will continue to do that.

Ag contractors using purple gas: well, that's illegal. It's illegal for an ag contractor to be going out to the public and using purple gas. Perhaps if you want to share with me these people that are doing that, we can take the proper action, and we can see that it's corrected.

Selling hogs into the United States. I don't know how many hogs cross into the United States. They can sell without going through the board. If they cross provincial borders, of course, it is monitored, but as far as going into the United States, I don't have that information. I don't know how we could obtain it, other than having someone sitting at the border really and counting those hogs. The whole process is simply a matter of who pays the best, and that's where the hogs are going to go. So we feel that by keeping a strong hog industry - and hopefully through the process that we're going through now we'll develop a successful processing industry, one that's going to meet the needs of the hog producers and will allow them a higher return and therefore all the hogs will eventually hopefully be slaughtered in Alberta and further processed as well, because value added is something that we are very much focused on and will continue to do so.

Ethanol production. The primary use for ethanol, of course, would be environmental. Our feeling is that if we're going to improve the environment of the average Albertan, perhaps the average Albertan should be involved in the extra costs, not coming out of agriculture's envelope entirely. We're already providing some benefits through the agricultural envelope. The primary benefactor will be the environmental community, and therefore perhaps the environmental community should have some responsibility here. That's our position in this whole process.

As far as ADC loans at 9 percent, we have money in the long term, the short term. I'd be interested in knowing what your projections are as far as what interest rates are going to be in the next five years. I think if we had . . . [interjection] Okay; we'll remember that. I'm not sure that I would bet the farm on that entirely. That's the process that is established. We have long-term and short-term money, and really at this stage 9 percent is very, very close to what our cost is. So there isn't this great spread.

The malting barley prices having increased. It's interesting. You mentioned that the malting prices have increased, and they have in the last short time. There's a reason for it, and it has nothing to do with it being under the Wheat Board or off the Wheat Board. The primary reason is that there is a shortage of malting barley in North America. There's actually a shortage of malting barley in Europe as well. This is a year of huge quantity, all the crops throughout North America, throughout Europe.

Even Russia has had bountiful crops, but very poor quality, and consequently there's going to be a good demand for malting barley this coming year. It has nothing to do with Wheat Board or who's marketing it. It's a matter of need out there and quality driven. So from our perspective at least it's the supply/demand situation that's generating the price increase.

MR. CHAIRMAN: May we have unanimous consent for the minister to complete his concluding remarks? All those in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Opposed?

Mr. Minister, you have permission to conclude your remarks.

MR. PASZKOWSKI: Thank you, Mr. Chairman. Not having time to answer all the questions, I commit again that we will see that all the questions are answered. If you have any follow-up questions, please feel free to contact.

At this time, I would now like to move that we take a vote on these estimates.

MR. CHAIRMAN: Are you ready for the question?

HON. MEMBERS: Question.

10:00

Agreed to:

Program 1 – Departmental Support Services	
Total Operating Expenditure	\$11,016,855
Total Capital Investment	\$435,392
Program 2 – Planning and Development	
Total Operating Expenditure	\$16,163,085
Total Capital Investment	\$207,324
Program 3 – Support for Production, Processing and Marketing	
Total Operating Expenditure	\$47,646,830
Total Capital Investment	\$563,622
Program 4 – Field Services	
Total Operating Expenditure	\$37,662,869
Total Capital Investment	\$329,911
Program 5 – Farm Income Support	
Total Operating Expenditure	\$95,353,552
Total Capital Investment	-
Program 6 – Agricultural Research Assistance	
Total Operating Expenditure	\$860,000
Total Capital Investment	-

Program 7 – Crop Insurance Assistance	
Total Operating Expenditure	\$130,405,000
Total Capital Investment	-

Program 8 – Agricultural Development Lending Assistance	
Total Operating Expenditure	\$54,600,000
Total Capital Investment	-

Summary	
Total Operating Expenditure	\$393,708,191
Total Capital Investment	\$1,536,249

Department Total	\$395,244,440
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MR. PASZKOWSKI: Mr. Chairman, I move that the vote be reported.

[Motion carried]

MR. CHAIRMAN: The hon. Deputy Government House Leader.

MR. EVANS: Thank you very much, Mr. Chairman. I now move that the committee rise and report.

[Motion carried]

[Mr. Clegg in the Chair]

MR. TANNAS: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again.

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 1994, for the department and purposes indicated.

Department of Agriculture, Food and Rural Development: Operating Expenditure, \$393,708,191; Capital Investment, \$1,536,249; for a total of \$395,244,440.

MR. ACTING DEPUTY SPEAKER: All in favour of that report?

HON. MEMBERS: Agreed.

MR. ACTING DEPUTY SPEAKER: Opposed, if any? Carried. The Deputy Government House Leader.

MR. EVANS: Thank you very much, Mr. Speaker. I am hearing a number of rumblings from members interested in continuing with the debate because of the scintillating conversation we've had this evening, but given the hour, I would now move that we do adjourn.

[At 10:07 p.m. the Assembly adjourned to Tuesday at 1:30 p.m.]

