

Legislative Assembly of Alberta

Title: **Tuesday, March 7, 1995**

8:00 p.m.

Date: 95/03/07

[The Deputy Speaker in the Chair]

THE DEPUTY SPEAKER: Please be seated.

head: **Government Bills and Orders**
head: **Second Reading**

Bill 9 Appropriation (Lottery Fund) Interim Supply Act, 1995

THE DEPUTY SPEAKER: Okay. Any further comments on that?

The hon. Member for Edmonton-Rutherford.

MR. WICKMAN: Thank you, Mr. Speaker. I'll keep this very brief. When the Bill comes back tomorrow for committee – and it's going to be quarterbacked by the Member for St. Albert – I'd like the minister at that time to respond to a couple of questions. Now, I want to say, first of all, that I always have some hesitation on an interim appropriation Bill. It's not spelled out clearly exactly how those dollars are going to be spent.

My first question. I assume the appropriation of \$35 million for fiscal '95-96 is for the groups that are already funded under contract, like the Wild Rose Foundation, but a list of exactly where these \$35 million dollars are going would be useful. Secondly, this remaining \$492 million that will be transferred to the general revenue fund, does that coincide with the figures in the budget that were presented just a couple of weeks ago? My recollection is that it doesn't, but there may have been a surplus from the previous year that was still in that lottery fund. Thirdly, when I combine the two figures of \$492 million and \$35 million, they total \$527 million net for '94-95, yet in the '95-96 budget we only show net of \$510 million, despite the fact that we're going to have 6,000 VLTs instead of the lesser amount.

So tomorrow night can the minister, when he comes forward, give an explanation, preferably in list form, to address those three points?

On that note, Mr. Speaker, I'm going to move that we adjourn debate on Bill 9.

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Rutherford has moved that we adjourn debate on Bill 9. All those in favour, please say aye.

HON. MEMBERS: Aye.

THE DEPUTY SPEAKER: Opposed, please say no. Carried.

Bill 8 Appropriation (Interim Supply) Act, 1995

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Manning.

MR. SEKULIC: Thank you, Mr. Speaker. I rise to speak to Bill 8, the Appropriation (Interim Supply) Act, 1995. I do have a problem with this. I know that government needs money to run its business. However, I recall shortly after being elected in June 1993 – and I think it was September when we sat for the first time

as newly elected members – that we were asked to vote on a similar Bill to the tune of \$8.5 billion. For many of us that was something that was new, it was different, and the shocking part of it is that we were simply voting on a few lines of figures that totaled up to \$8.5 billion. Now, some of us and I know many of the more fiscally responsible thinkers thought right then: well, how is it that we approve the expenditure today for a promise to be delivered tomorrow without any indication of the previous results, the previous performance? How did we spend the dollars yesterday? How did we spend those dollars which we assigned some time back? In effect that led to yet another promise. So the dollars today for a promise of some service tomorrow: we have no idea in terms of how efficient or how effective that service will be or whether that service was needed for that matter.

Then came another promise. The second promise was that we will have performance and outcome measurement. Now, if we take a look, that first request of this new Legislature for \$8.5 billion was in September of 1993. We came to 1994, and here we are in 1995 and have yet to see any indication as to performance and outcome measurement. It's still a promise, and perhaps it'll be an election promise, Mr. Speaker, but we still don't have it. In effect, in short summary, this is asking for dollars without any indication of results. So how do we know whether we're allocating too many dollars to a program or too few for that matter? Certainly I have a fear in doing that.

Just the other day in this Assembly the Minister of Family and Social Services indicated that his department generates somewhere in the area of 900,000 cheques per year. Quite obviously, that's close to 1 million cheques per year, yet in fact he clearly stated that they cannot track clients, they can't track the dynamics of what's happening within that department. Well, the thing is that every one of those 900,000 cheques that we send out is funded by the taxpayer, and I'm sure that when it comes to interim supply, an appropriation Bill such as this one, the taxpayer has a right to know where the money is going. By that, I don't mean that \$10,348,000, the first line there, will go to support the Legislative Assembly operating expenditure. I mean, some detail; we need to know a little more about where moneys are going.

So I just want to cover a few themes here. The first theme is that the government has again used a loophole within the Deficit Elimination Act to subvert the Legislative Assembly and Albertans from holding the government responsible for expenditures on individual programs within departments. The government has rendered the presentation of the expenditures under the appropriation Act meaningless since they now have the ability to transfer money between programs within departments at will. This isn't the fiscal accountability, Mr. Speaker, that Albertans are demanding from government. In fact, clearly we see that one of the underlying themes in Alberta today is: we want services delivered in a fiscally responsible manner; we want open, accountable, and transparent government. This Bill is a far cry from that.

The second theme, Mr. Speaker, is that the government is requesting in this appropriation Bill \$3.546 billion in interim supply on a pro rata basis. This represents roughly 32 percent of the total expenditure of \$11.033 billion projected for the 1995-96 fiscal year. That's 32 percent of the total expenditures. This \$3.546 billion in interim supply could keep the government in operation for nearly four months, April 1 to July 31, 1995. Certainly a government which talks about having a system in place to promote cost efficiency does not require three months of expenditure slack unless it is not confident in its own systems to control expenditures, and I think that may be the case. There's

a new trend in government. I must say that at least they're trying to make a mistake to the right side, but they are building in a significant cushion. I'd say that a three-month cushion is fairly significant.

The third theme, Mr. Speaker, deals with the three-year business plans and the need to promote effectiveness of program and service delivery. A program which is committed to redesigning the way that government does business should be taking those business plans to heart. The performance measure and benchmarks identified in the three-year business plans for individual departments should be included as line items in the appropriation Act itself, similar to what happens in the state of Texas. I know that both sides of the House have often referred to what happens in some of these states. This would ensure that Albertans are able to evaluate the success of programs in meeting stated goals and objectives.

So, Mr. Speaker, I think when we look at this Bill, we need to ask the questions that were just presented in those three themes. Most importantly, performance and outcome can't be a promise of something to be delivered in the future, but it must be something on which we base the allocation of funds for the future.

Mr. Speaker, with those few comments, I will pass the floor to one of my colleagues to speak to the Bill.

8:10

THE DEPUTY SPEAKER: The hon. Member for Leduc.

MR. KIRKLAND: Thank you, Mr. Speaker. I will express some concerns in speaking to the appropriation Bill that we have before us here this evening. Though financial statements and the like are certainly not my strength, as I looked at this document and looked at the dollars that are being associated with it in the minibreakdowns to the different departments, there were several concerns that did arise in my mind.

I think the first concern is that we are talking about 25 percent, roughly I believe, of the total dollars that the Alberta government will spend next year. I think back on the minidebates that we've had in this House and the minibusiness plans that have come before us. I can think back to some of the comments that have been made by the government of the day, that "programs and funding will be results-driven." Other quotes: clear objectives would be set, effective strategies would be set, performance would be measured, and customer service would be improved. I look at the dollars that we're dealing with here today. The concern I have is that it doesn't appear that the objectives, the goals, the business plans, and the output measures are being weighed against these dollars. Just as I viewed it, there did not appear to be a way to measure those dollars that are being spent against some of those business plan outputs or measurements or benchmarks, I guess.

In my view, when we look at the \$3.54 billion that's being appropriated in this particular case and I go from department to department, I see that there's a lack in my mind, or at least in the document that I have, of indicating what sort of programs are specified for this expenditure. I have those concerns about effective strategies, and I have those concerns about measurable outputs. I don't see the accountability mechanisms. I think they're all intertwined and interrelated in this particular case. So accountability of where the money is spent I don't think can be weighed against the appropriation document at this point. The business plans, in my mind, are obviously lagging behind the dollars being appropriated or in fact don't address it at all.

I indicated in my opening comments that I didn't think there was a means to measure the progress in meeting those identified

goals. I would also suggest that in a document like this there is no clear strategy set out. I'm wondering, in fact, when we simply appropriate a tremendous amount of dollars like this, how is somebody that is supposed to be the caretaker, I guess – I should correct that terminology because certainly I'm not the caretaker of the dollars of this province; I'm only a critic from the other side. As a critic attempting to do an efficient job in indicating that we have to be very, very astute with the provincial tax dollars and certainly have to scrutinize the expenditures very well and very closely, I have some difficulty at this point being expected to vote for a Bill where we don't talk about the measurements and the outputs. I find it a little bit overwhelming to be expected to do that.

I guess what I'm suggesting, Mr. Speaker, is that the business plans have simply been written to fulfill a mandate but haven't been tied in here. If somebody from the side opposite can point to me how I am to interrelate the expenditures that we're expected to approve here in transportation or Treasury or the Legislature or advanced ed or Education or environment and show me how they relate to those business plans, then I certainly would stand here in a humble fashion and indicate that I'm not quite as alert or as astute as some of them may be.

That in essence, Mr. Speaker, is the reason that I'm struggling with actually voting for the appropriation Bill. If those measurements were in place, if I could hold this document up and indicate in the first quarter, for example, that it would be spent on these programs, if we could look at Health – and there's a very large bill in Health here that we're dealing with. In some instances that certainly I'm aware of, there is transitional money going to assist the regional health authorities through a transition period until they have their houses in order, so to speak.

When I look at social services, my hon. colleague to my left here, Edmonton-Manning, indicated that there were almost a million cheques being put out. To me that should be an identifiable measurement somehow on where that money is being spent from the social services department.

You've heard members on this side of the House speak often about the lack of ability or the lack of willingness to track social services expenditures, for example, and we've pushed hard for that. Those sorts of introductions or those sorts of measures would certainly give me a more comfortable feeling when I looked at this and it indicated that in the last years we spent this many dollars in this quarter. I could look and say: well, that's about the norm; that's about expected. As it is now, I'm not able to judge whether those dollars are far in excess of what it would take normally to run a quarter. I can't determine if there are new programs being introduced here. I can't really determine whether in fact programs are being dropped. I think, as a measurement and a level of comfort of attempting to support this document, that if that were advanced, certainly I would be more inclined to speak in favour of it.

Now, as the hon. Member for Edmonton-Manning indicated, we're all aware that the government certainly has to have dollars to operate. Those dollars certainly are to be expended; there's no question. So we, of course, on this side have to stand at this point in the debate and indicate that we trust the government to spend those dollars wisely. That's difficult for me to do some days. I know that just may have some recoil in horror, that I don't trust the government. It seems to be one of those situations that you have a difficult time doing when you've watched it for so long.

Mr. Speaker, as I indicated, the concerns and my inability to actually weigh the dollars that are being requisitioned in this

appropriation document – and maybe it is just my inability in this particular case. When I can't take those dollar figures and then try to apply it to the department due to the fact that the measuring outputs or the measurements or the benchmarks, whatever term we want to use, are difficult to discern from the business plans themselves, it does cause me some uneasiness in the sense that I can't with all honesty stand up and say whether, yeah, \$27,990,000 for Energy, for example, would be the norm in this particular case.

I would conclude my comments basically with the idea that certainly I'm not comfortable with the lack of objectives and the lack of clear measurement goals – those are missing here – so that I could apply the dollars associated with the department against each one of those. I'll conclude my comments with that, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. Member for West Yellowhead.

MR. VAN BINSBERGEN: Thank you, Mr. Speaker. I, too, approach this subject with some trepidation here, numbers not being my strong suit. That's essentially why I would like to speak and ask quite a few questions, in order to have this murky issue clarified. Of course, all the answers will be forthcoming from the Treasurer eventually, I hope, or from other people who have perhaps the same kind of expertise.

I'd like to begin by breaking with tradition. I would like to actually hand out a commendation to the Treasurer. I realize that this is a significant break with the past. I've been ever mindful of the House leader's blandishments over the last week, I think. He has implored us time and time again to look for the positive in everything. I think that this Sermon on the Mount has finally gotten to me. I decided that even if it was going to break me – and I tell you, it was like searching for a needle in a haystack – I would come up with something positive. I wanted to pass this on to the members, and that is this: Mr. Speaker, the Treasurer has been able to squeeze a requisition for 3 and a half billion dollars into a scant four and a half pages. I think that is a tremendous achievement. That is really reducing things to almost zilch. Now, just think of the savings in paper. The only objection, of course, I might advance to this is that the people in my riding who are dependent on the pulp industry might not look kindly upon this. I hope they'll forgive me for complimenting him on this. The savings in printing costs, the savings in eye care expenditures – of course, there's really little strain in going through this handful of numbers. I think that is an amazing achievement, no extraneous stuff to cloud the mind like business plans or anything of that nature. Simple, straightforward, off-the-cuff numbers. That was the end of my commendation, by the way, Mr. Speaker.

8:20

Perhaps now I sail into my next chapter, and that is to get at the numbers. First of all, when I look at the item for Economic Development and Tourism, there are two figures: operating expenditure, 33 give or take a few million dollars and capital investment, \$175,000. What I'd like to know from anyone who might have the answer is: how much actually is allotted to tourism out of that number? Second, once we know how much has been allotted to tourism, I'd like to know: what exactly is it doing in the area of tourism? Are we talking about the Alberta tourist corporation, which still has not been passed by cabinet for some reason? Is there any money allotted for its particular

establishment and to carry out its duties? I really would like to know that before I just vote on this blithely.

Then we get to a different area. I'm just skimming the top here, Mr. Speaker, because there's so much. I'd like to skip over to Education. I saw the Minister of Education here a moment ago. Nevertheless, I am going to continue. I'm sure there are many people who have the necessary expertise to answer these questions. First of all, a quote here from the government from Budget '95 on page 8. It says:

- The government will be accountable to Albertans for how their money is [being] spent. Progress in meeting identified goals will be reported in clear, measurable terms.

Then we look at Education, and we find three numbers: operating expenditures, oh, just about half a billion dollars; capital investment, a paltry \$246,000; and then nonbudgetary disbursements, \$30 million. I'd like to know what nonbudgetary disbursements are. I would also like to know how the operating expenditure, that scant half a billion dollars, is broken down. Now, how much, for instance, is devoted to the minister's office, and how much is devoted to ministerial committees or to the deputy minister's office, finance and administrative services, communications? I mean, there is a lot of stuff on which money could be spent, and I think before voting all this through, we ought to have some indication here. Information and policy services: how much is spent on it? By the way, that particular item always reminds me of Dr. Goebbels: you know, things kind of being massaged. I'm not saying that this has happened here, of course, but there's kind of a hint of that, I would say. Then we get to the point: how are all these particular goals being measured, in what sort of terms? "Clear, measurable terms." We don't see any. Interesting.

Undaunted, on we lurch. I would like to find out for instance: can the Treasurer explain why he needs so much? In the case of Education I think it's almost one-third of what is being asked for in the next budget. So why did he need so much to tide him over to the end of April, by which time, I would imagine, the full budget would have been passed? What sorts of machinations does he have in mind for which he might need a cushion like that? Does he expect any overruns, or are there going to be more of his much vaunted valuation adjustments? I'm speculating here; I admit that. But the thing is that since we've gotten so little in terms of information, I guess I'm looking for the worst. I'm anticipating the worst. I hate to do this, because I'm not a very negative person by nature. [interjection] Mr. Speaker, somebody is laughing Homerically as if to say that I am a negative person. Surely, he doesn't know me very well. I will go on because I am on the side of truth here.

We are also assured that "programs and funding will be results-driven" and "Albertans will receive value for their tax dollars." The question is whether it's good value, of course. I could go on and on. There's talk about clear objectives that we need, effective strategies, et cetera, et cetera. I think I've made the point; namely, we've been asked to vote on just a few numbers that really mean very little. So I would like some clarification here, Mr. Speaker, and since many of my colleagues are eagerly wanting to wade in here, I shall cede my place to them.

Thank you very much.

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Speaker. It's so quiet here; I feel compelled to say something. As I go through the appropriation Bill – we're in second reading; we're speaking to the principle –

I see that we're going to be asked to approve 25 percent of the budget. Now, the reason I bring up that number, 25 percent, is that often as I walk over from the Annex, colleagues from the other side of the House say to me, "How long are you going to keep us here?" as though we had some small say in this, when in fact it's the Government House Leader, it's the Treasurer. Now we know. The Treasurer is going to keep this House in session until at least July. Otherwise, why would he ask for 25 percent of the budget in advance, unless he were pessimistic and he had a game plan and a legislative agenda that would keep us here that long? So I just caution my colleagues on the other side of the House: when you ask us how long, ask the Treasurer. He's got a view that it's at least July, a quarter of the budget year.

Now, when I go through the interim estimates, Mr. Speaker, I find, as my colleague from West Yellowhead pointed out, that it is certainly scanty information. We're led to believe, then, that it's pro rata from the budget itself and that if we want to question the expenditures, if we want further detail, we in a sense go to the budget and the budget estimates and derive from that. But I do think it's incumbent on a government that is going to be asking, in terms of general revenue expenditures, for 3 and a third billion dollars, to provide a little additional information, that it would certainly be with the Bill itself rather than in a sense saying look elsewhere. I think a Bill that's brought before this House should always have the detail within it or background material supplied with it that provides a basis for making an informed judgment.

Now, this appropriation, interim supply, Act is very similar, I suspect, to the actual appropriation Bills that we will see coming down the road associated with the budget. Two issues there, Mr. Speaker. On this side of the House we have often talked about performance-based budgeting and outcome measurement, and we have argued that part of the problem that we have with the budget process – it tells you how much you're going to spend but not what you're going to get. I think members on both sides of the House agree that spending money isn't what you really want to look at. It's the results that you get for each dollar that you spend.

8:30

Now, some states, Mr. Speaker – and again I'm speaking to the principle of this Bill – explicitly in their appropriation Bills tie together outcomes expected for expenditures to the appropriation itself so that you know not only how much you're going to spend but what you expect to get for it. We would urge the hon. members on the other side of the House that they should in fact move down this road of explicitly linking outcomes to the budget process. We see a movement along that way in terms of the business plans, but again we don't vote on the business plans here. We do sort of peripherally, but the explicit link of outcomes to budgeting, I think, would be far more useful because in fact it would put members of the Executive Council on the hot seat. That's something we on this side of the House think is particularly appropriate. We would have a basis for judging performance, for dollars spent and outcomes achieved. I think all members in this House would feel that is the role of the Legislature. Value for service: nobody can quibble with that. So we're disappointed, and we've often been disappointed, I have to add, that we don't see the types of explicit links between appropriation, performance-based budgeting and outcome measurement. We don't see it explicitly linked, and we'd like to see a much tighter link. So on those grounds I think that we have some reservations.

The second is that I think we're voting pro rata on the expenditures, 25 percent of the operating, 25 percent of the capital investment. But we all know, Mr. Speaker, that in capital

expenditures in particular it's not necessarily pro rata. Many of them are front-ended during the summer because that's when you have to do it, and so the fact that it's pro rata tells us that it's unplanned. That's been very much the process that we've seen with this government in terms of the application of cuts and the general process of imposing financial restraint. I think this interim supply Bill very much is in that tradition by the fact that it's an across-the-board 25 percent rather than any explicit link and timing of projects. We would have thought, for example, that the capital expenditures would have perhaps been larger than 25 percent simply because contracts are let and are under way early in the year. So that's a concern, the fact that the hon. Provincial Treasurer is asking for 25 percent of the budget when the reality is that we know that if we do our job, we can have this House out of here by mid-May, end of May. Clearly there seems to be an intent on the part of the Executive Council to keep us here till July. Be that as it may, we'll do our job for that period of time.

Two issues, then. The first is the lack of any explicit link between appropriations and outcome measurement. The 25 percent: the fact that it's pro rata. Other issues that we feel are important relate to many of the specifics of these expenditures. In part, the issues we would raise with regard to the budget estimates are often subsumed in our comments, then, on the specific investments here.

In terms of the interim supply, though, I would very much have appreciated, for example, some idea of dedicated revenue. Although we don't vote, because of the changes that have been brought forward – as a consequence, I might add, of our suggestions that it was silly to vote on the net estimates, that you ought to vote on the gross. Since dedicated revenues play such an important role now in the budgetary process here in the earmarking, we would have expected, then, that the interim supply Bill would have given us some idea of the time line of dedicated revenue, how much was expected, where it was being applied. But we don't see that there, Mr. Speaker, so we stand disappointed on those grounds as well.

Now, I could go on, but since we're at this stage, debating the principle of the Bill, I will not go into the specifics. I will leave that for Committee of Supply. I will turn this over to my hon. colleague, the hon. Member for Edmonton-Roper.

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Roper. Before asking the hon. Member for Edmonton-Roper to begin, the Chair has made the comment on occasion that, except in committee when we begin a debate on an estimate for a department, there aren't any handoffs. So in debate we'll go back and forth. Having recognized no one standing with purpose to speak on the side, we will go back and recognize Edmonton-Roper. With that qualification, then, we look forward to Edmonton-Roper's comments.

Edmonton-Roper.

MR. CHADI: Thank you very much, Mr. Speaker. [interjections] Are we done?

I have some concerns and, of course, that's what leads me to stand up tonight and speak to the Appropriation (Interim Supply) Act.

MS CALAHASEN: Stand up, Sine.

MR. CHADI: I've been asked that perhaps I should stand up. Maybe I could stand on my chair, if that would help the hon. Member for Lesser Slave Lake. [interjection] The baldness here

is nothing more than a solar panel, Mr. Speaker, and the lights are doing justice for me here tonight.

Mr. Speaker, the concerns that I have are ones that relate to the notion that we're after 25 percent here, a quarter of the budget for the year. I'm going to get into that in a few moments, but first I want to mention that indeed I will vote in favour of the Bill. I think it's necessary. I think one has to do that. My objections will come in a few moments, sir. I do know that government has to function, and we've got to do whatever it takes to continue on with the operation.

I heard hon. members speak, members on my side of the House, particularly the Member for West Yellowhead and the Member for Edmonton-Whitemud, with respect to the amounts we are asking for in this appropriation Bill with respect to each different department. When I look at each individual department, I start to break down how much it is that we're asking, and there's really nothing consistent in terms of what these numbers really mean in the overall scope of things. If we're asking for 25 percent of the budget up front, then someone should explain why it is that, for example, for Advanced Education and Career Development's operating expenditure, we're asking for 32.8 percent, the capital investment up front we're asking 33.9 percent, the nonbudgetary disbursements of 32.7 percent.

It seems to me that the only department here that has some semblance of consistency is Treasury. I, too, want to give praise to the Provincial Treasurer for being consistent. He is asking, in the operating expenditure of Treasury, exactly 31 percent, and capital investment, 31 percent exactly, and in the nonbudgetary disbursements, 100 percent of it. So, Mr. Speaker, we're not after 25 percent here. It seems that we're inconsistent. We're asking somewhere in the range of between 30 percent and upwards to 50 percent in some of the capital investment areas, and even higher than that. I note in Energy that the interim supply here allotted in capital investment is 58.7 percent. So when we're talking that we need to carry on the operations of government for a short period of time, it just doesn't hold water when we're asking 58.7 percent of the capital investment in Energy right up front. The operating expenditures there are 35 percent, not 25 percent. It seems that in Justice we're looking for 34 percent in the operating expenditure. Capital investment there is 61 percent, a whopping 61 percent up front. Labour seems to be the one that's right dead on the money, 25 percent. That's what we're asking for, so good job.

With that in mind, Mr. Speaker, I kind of have questions as to what it is that in fact we're up to. How do we calculate this? Do we pick numbers? Do we just say that this is what we need? How is it calculated? These are some of the things that are going through my mind, rather than just a plain 25 percent across the board in each department. I think we need to know some of those answers.

8:40

With respect to capital investment regarding each individual department, I have some grave concerns because I think we haven't taken a very close look at how we spend those dollars in those areas. I know that in some of the departments that we deal with – and we are going to deal with them; we're going to talk about them in budget estimates – there are areas where I'm certain we already have the equipment, we already have perhaps the facilities, and we already have the means to make do without any additional capital investment. It scares me to think that we're going to spend a great amount of money in that area. There's no doubt, when looking at not only the budget documents but the

appropriation Bill, that there is a substantial amount of money dedicated for capital investments.

Mr. Speaker, with those comments, I will allow other members to speak.

THE DEPUTY SPEAKER: The hon. Member for Sherwood Park.

MR. COLLINGWOOD: Thank you, Mr. Speaker. I saw that you were looking opposite for members from the other side of the House who were to rise and join debate and, having seen none, were prepared to recognize me. It's unfortunate that members opposite aren't prepared to enter debate at second reading of this particular Bill, to stand in their place and justify the expenditure of one-third of this year's budget on five scant pages of Bill 8. I was hoping some members would participate in the debate. For example, Edmonton-Beverly-Belmont might want to stand and justify how it is the government can ask for over \$3 billion on four pages and explain to all members of the Assembly how it is that that can be justified. If that's not the case, then I'm certainly prepared to make my comments to the Assembly about the difficulties that I have.

I am not prepared to vote in favour at second reading of Bill 8 because the process and the procedure the government has adopted in bringing this Bill forward is inadequate, to state it simply. All members of the Assembly are prepared to recognize that the government is in a position where it may have to ask for interim supply to carry it through from the end of the fiscal year until the full vote of supply is taken at the conclusion of the budget estimates debate. It's clearly recognized and understood that there will be a gap in time and that perhaps interim supply will have to be sought and approved by the Legislative Assembly to carry it through that particular period of time.

In fact, I would daresay, not to second-guess my colleagues on either side of the House, that that vote would move along very quickly in this Assembly, even without the kind of explanation and justification that ought to come with the expenditure of \$1 billion or \$2 billion dollars but recognizing that we may find ourselves in perhaps a one-month situation as one budget year ends and the full supply vote is taken perhaps about a month later, in and around the middle to the end of April. Members of this Assembly would be prepared to vote in favour of an interim supply Bill without detail for that period of time, because there is merit in the statement and in the discussion that many of the questions members will want to ask about supply in total can be asked in the budget estimates debates. They may not necessarily have to be provided in this particular forum, at this particular time, in second reading on an interim supply Bill. That could be accepted by many members of this Assembly, and we could move through the process very quickly.

What we've seen, Mr. Speaker, in this particular Bill, is that the government has simply pulled numbers out of a hat. There is no rhyme, no reason to the numbers that have been brought forward. As my colleague from Edmonton-Whitemud indicates, the government has asked for interim supply approval to the end of July if we assume that it is on a pro rata basis. When you look down the list in Bill 8 of the appropriations that are being sought for various departments, it may in fact be on average, in terms of the total amount being asked for in this Bill, 25 percent of the total budget for the province of Alberta for the next fiscal year. But when you break it down, you have various departments that are asking for very different percentages of the total amount. [interjections]

THE DEPUTY SPEAKER: Order.

AN HON. MEMBER: We're listening, Bruce.

THE DEPUTY SPEAKER: Order was called, hon. member.
The hon. Member for Sherwood Park.

MR. COLLINGWOOD: Thank you, Mr. Speaker. The one that catches my eye as I read the breakdown of interim supply by departments is the Department of Environmental Protection.

Mr. Speaker, in a scant five pages the Department of Environmental Protection is asking for 45.2 percent, almost half of its entire budget, without explanation, without breakdown, without supply, without line items. There is nothing in this document to justify asking for 50 percent of the entire budget of the province of Alberta. It is simply unacceptable to have that minister or the Provincial Treasurer come into this Assembly, ask for 45 percent of his budget in interim supply on five pages of a Bill, half of which is preamble, without anything to give us as to what the funds will be allocated to, what departments in the ministry it's going to, what the performance measures are. There is nothing that this minister or any other minister has provided to this Assembly to justify asking for passage of this particular Bill at second reading, because that information is not there.

I have said, Mr. Speaker, that if the government had come to this Assembly and had asked for a reasonable amount of money to carry through to the . . .

MR. HLADY: What's reasonable?

MR. COLLINGWOOD: One month is reasonable, hon. member.

If you had come to this Assembly and asked for one month of interim supply to carry us through to the vote after the full budget estimates debates, then I would have stood in this Assembly and I would have said yes, let's move it through, let's move it along, and let's get to the estimates. No problem. But to have this government come into this Assembly and do it wrong: I'm not going to and I think I hear many of my colleagues saying that they are not going to simply sit back and say we agree with it when it's done incorrectly and it is not justified, asking for interim supply to the end of July of this particular fiscal year.

Mr. Speaker, on principle, since we're debating the principle of the Bill, I will not support this Bill. I would have supported this Bill if it had been brought to this Assembly properly, but given that it is numbers plucked from the air with no justification, I will not support this Bill.

Thank you.

THE DEPUTY SPEAKER: The hon. Member for Redwater.

MR. N. TAYLOR: Thank you. Would you let him know that I like anchovies on mine too, Mr. Speaker, but just not too much ketchup. Thank you.

Mr. Speaker, outside of interfering with your pizza order, I think I will speak some on Bill 8.

DR. L. TAYLOR: No anchovies here.

MR. N. TAYLOR: My namesake over there is flapping his wings and crowing from the top of the fence again, Mr. Speaker. I'm not sure if he lays an egg or just drops a few feathers.

One of the problems with this is that for a government that talks about the Alberta advantage and changes – even I can remember when appropriations Bills came in this way: asking for about a third when only a quarter of the year is needed, in order to make sure, I guess, that if something embarrassing happened, they could prorogue the Legislature and they wouldn't have to come back. Really, that was the old style of politicking, which apparently the Treasurer still thinks of. I don't know what he's afraid of, why he didn't just ask for what he needed to get by rather than have the cushion up there for a third, because it was an ancient and accepted practice to try to ask for a third or 40 percent and then prorogue the Legislature. You wouldn't have to call them in again and put up with embarrassing things like question period and checking out the House leader's peculiar definitions of what's ethical and what isn't ethical and all that type of thing. You could get away from that.

8:50

I'm surprised, in fact, that with the argument they make, Mr. Speaker, about having three-year plans, there isn't some sort of plan set forward on how far they're going along towards accomplishing that. I notice my researcher gave me one from Texas, the great Lone Star State in the south that often Albertans or at least this government like to consider themselves allied with, and I think they borrowed a lot of the thinking from that area when they came up with three-year plans. The Senate of the U.S. sets out budgets by each project. It goes goal, then objective, strategy, and they do that for each department. That would have been nicer than this system of just plain asking for money.

For instance, what is the goal in Agriculture, Food and Rural Development? I notice the minister of agriculture's here tonight. I don't if the Treasurer will allow him to answer that or not. But just mentioning operating expenditures of \$74 million and capital investment of \$3 million, well, there's no explanation, Mr. Speaker, of what these funds will be spent for, except one is capital and one is operating.

MR. CHADI: A hundred percent of capital.

MR. N. TAYLOR: He's asking for a hundred percent of his capital. Well, the minister of agriculture may well have a reason why he wants to spend all his money in the next couple of months. I notice he's looking very alert there. Cock-a-doodle-doo to you anyhow. I thought that might be one of the first questions. Somebody hollered some advice to me that he is asking for a hundred percent of his capital, of what he'll be spending for the year, in this short term. Now, I don't know if that's right or not, but the very fact that I caught . . .

AN HON. MEMBER: It is. It is.

MR. N. TAYLOR: It is right, I'm hollered.

It's very interesting why he would want a hundred percent of his capital, Mr. Speaker, before the year is a quarter over. Mind you, if I had to rely on this Treasurer for my year's budget, I'd try to get it all in the first three months too. Maybe it's just a human wish that he has in place here rather than any costly budgeting. But really that is no way to try to run a government. Energy has a similar type of thing here too. I don't know; Energy took off, I guess, so I won't be able to get an answer there too.

I don't quite understand the whole system of interim supply. Now don't get me wrong. This was used back when the old ideas – back when Social Credit ran this province. A lot of these

people aren't old enough, but maybe the member from Medicine Hat will remember that those were the years when we used to feed the lions to the Christians rather than the other way around.

DR. L. TAYLOR: I wasn't born then yet, Nick. Only you can remember that.

MR. N. TAYLOR: He says he wasn't born then. Well, I'm sure his mind is still developing, no matter what the size of his body is.

The question here, Mr. Speaker, is that this is an old-type system of just going out to ask for enough money that you can manage to steal from the public treasury – steal isn't the right word; I think that's unparliamentary – or how much you can con . . . Would con be all right, Mr. Speaker? Con is not all right. Pilfer? Chisel? Chisel. Okay; all right. Chisel out of the public treasury before they have to account for it. There just seems no reason, with the type of staff we have today, the educated assistants – I know that if their researchers over there are even half as good as ours, they would be able to present a kind of budget and objectives and what's going on, and you wouldn't have things like agriculture asking for a hundred percent of its capital budget to be spent in the first three months.

I'm sorry, but the minister of agriculture causes me to break up when he looks at me with that puzzled look all the time. I'm used to being able to take anything, except that puzzled look. We'll get a chance to work on that a little later.

Now, the other area that I found quite intriguing was Municipal Affairs, nonbudgetary disbursements of \$25 million. How can interim supply, in a budget, be asking for \$25 million for nonbudgetary items? If it's a nonbudgetary item, it shouldn't be in the budget at all, should it? What would be nonbudgetary disbursements? Is that something that the Legislature is going to be asked to approve, or has it already been approved? Mr. Speaker, that's something that maybe the House leader might know. Twenty-five million dollars is mere chicken feed for somebody that dialed the wrong number and got NovAtel 10 years ago. It's still a lot of simoleons or whatever you want to call it. Do other members of the House see that? On the bottom of page 4 it says "Non-Budgetary Disbursements." It's most intriguing. They would have been better to put it in there as NBD and let us guess; nonbudgetary disbursements is even worse. No, I find it very difficult to do it.

I do appreciate the minister. If the minister was trying to bring a bit of levity to the Legislature and sort of give us something to laugh about and make something for us to feel superior about, he's done the right thing by bringing this bit of scrap paper with scratched numbers on the side, not saying where they're going. Actually, it does make the opposition feel rather superior to read such a document that's hastily slammed together, and I think to that extent the minister has maybe accomplished something that newspapers haven't been able to do in the last while.

In conclusion, Mr. Speaker, I think we have to vote against it.

THE DEPUTY SPEAKER: The hon. Government House Leader.

MR. DAY: Question.

THE DEPUTY SPEAKER: Question on what?

MR. DAY: Mr. Speaker, I'll call the question on second reading of Bill 8.

[Motion carried; Bill 8 read a second time]

**Bill 9
Appropriation (Lottery Fund)
Interim Supply Act, 1995**

MR. DAY: Mr. Speaker, I would also move second reading of Bill 9 at this time.

[Motion carried; Bill 9 read a second time]

head: **Committee of Supply**

[Mr. Tannas in the Chair]

THE CHAIRMAN: I would call the committee to order.

head: **Main Estimates 1995-96**

Agriculture, Food and Rural Development

THE CHAIRMAN: Before getting into the comments, questions, and amendments, we will provide the opportunity for the minister to have some opening remarks.

Hon. Minister of Agriculture, Food and Rural Development.

9:00

MR. N. TAYLOR: I'll be listening while I'm brewing a hot chocolate.

MR. PASZKOWSKI: I appreciate that, hon. Member for Redwater.

I appreciate the opportunity of explaining the expenditures of the Ministry of Agriculture, Food and Rural Development for the year 1995-96. I'm looking forward to the questions that may come forward and, as I mentioned to the hon. Member for Lethbridge-East, will try and be relatively short because of the hour. This will allow us to have more questions, and I will endeavour to answer questions as time may permit. If we don't have the opportunity to answer the questions verbally, we'll certainly do so with written answers. I would ask that if possible when a specific question is being asked regarding a specific area, reference be made to the numbers that are brought forward.

Mr. Chairman, it's been an interesting year, and it's been a challenging year, one that has generally been what I would consider a relatively successful year as far as agriculture is concerned. We've developed our three-year plan, and by and large this was developed through the process of consultation, of traveling throughout the province and dealing with the various segments of agriculture. Overall it was the grass roots that helped build this three-year plan.

At this time I'd like to really thank the department for the work of all the people of the department, from the deputy minister on down – my particular office staff, the three dedicated souls from the department, and the dedicated soul from my department – who are joining us tonight. I want to thank you. Certainly that's an expression of true interest in the department. Just for your benefit we have the deputy minister, we have the chairman of Agriculture Financial Services, we have my executive assistant, and we have our financial controller present here tonight. So those are the four that are present.

Overall, as I mentioned, it's been what I would consider a relatively successful year in agriculture, and much of this is a result of the efforts and the combination of working together with people from the department, with people from the processing component, with producers, with the whole aspect of agriculture,

not only the direct agricultural contribution but areas such as the AMDs and Cs, the municipalities. They've come together to see that indeed it's culminated in a package and one that's come together in a relatively successful format.

Through the process we've also redesigned and restructured the department in a very significant way, but we've done it in a manner that has been producer friendly in that the major restructuring has taken place in areas of administration with less restructuring taking place that directly affects the producer. I think that's key, and I think it's important.

When we talk about ways of doing it, that's the one area that I differ from my federal counterpart. I don't agree with my federal counterpart's process of budgeting, because indeed we actually made more structural changes within the administrative area as far as downsizing is concerned and affected the producer less; whereas the federal government actually affected the producer more dramatically than the actual administration. I think that's critical, because with the regulatory changes that are coming about, the producers themselves are going to have to find themselves caught in a very major restructuring this coming year. With funding being cut back in the area of transportation, with some of the regulatory processes changing and yet not all, it's going to be a challenging year for the producers. It's our hope that through the process of consultation, we'll be successful with our federal counterpart as well in seeing that the regulatory changes that are necessary to make the process work and work effectively and efficiently will be completed before the year is done.

It's of some concern of course that we do the changes in a holistic approach. We've lobbied for that. We spent a lot of effort, as a matter of fact to the point where my particular ministerial budget is overspent in the consultative process, to see that the method of payment when the change came about, to see that the safety net programs when they were redesigned, were redesigned so that they were user friendly.

I can't honestly stand here today and say that we feel satisfied we were heard in the consultative process, and I consider that as unfortunate, because we really feel that had the changes been made in a process that we had recommended – and we had been out well in advance. As a matter of fact, a year ago at this time we had put together an 8-point program that would indeed be user friendly as far as the producers were concerned. It was our recommendation, and ultimately every farm organization in Alberta supported this process. By and large, the western provinces all supported this process. Yet when the changes came about, they didn't happen. It's unfortunate because ultimately we're now going to have to redesign our whole strategy and our whole structure to see that we can accommodate those changes that are necessary.

Mr. Chairman, as I had indicated, I don't plan on taking a lot of time because the hour is late and we'd like to see that as many questions as possible be asked tonight. So I'll sit down, and we'll try and answer as many of the questions as we can as time will permit, and if time doesn't permit, we'll certainly see that all of the questions are answered in some form.

THE CHAIRMAN: The hon. Member for Lethbridge-East.

DR. NICOL: Thank you, Mr. Chairman. It gives me great pleasure this evening to stand up and comment on the estimates of the Department of Agriculture, Food and Rural Development. I'd like to join the minister in thanking his staff for coming out. My neck isn't quite long enough to see them back there, but I'd just

like to thank them for coming out and spending time with us this evening.

I'd just like to begin my comments with a little reaction to some of the comments that the minister made as he began before I get into some of the issues that I'd like to discuss in terms of the specific line items in the budget. To start with, the minister emphasized quite strongly the idea that he's made changes to his budget that are on a producer-friendly basis. He talked about his consultation process and how he was making sure that his budget reductions occurred mostly at the top end of the level. He also made a comment that he overexpended his own budget during the past year because of all the consultation with the federal government.

I guess the question that comes from that, then, is: if those consultations are actually pretty well passed except for the final settlement of the issues that were raised in the budget, why is it that the minister didn't reduce his budget back to what he was expecting to spend last year? He left it at the level that he overexpended it for the coming year. In other words, if you overspend your budget last year, we'll give you the same amount this year. It doesn't seem like that's being what I would consider to be reactive and responsible, unless he foresees an awful lot of this continued consultation with the feds, which given the time line that the feds have indicated I don't expect would be justification for that kind of continued overexpenditure.

Also, the minister made reference specifically to the fact that he had consulted with a lot of the organizations and he had dealt with them from the perspective of getting their input to the adjustment in the budget. One of the things about recognizing organizations is the action of government policymakers and actually legitimizing those organizations once they're established. Even though I agree that the minister has done a significant amount of consultation, dealt with a lot of the different organizations, in many cases he doesn't seem to be providing them with what I would consider legitimizing action. He doesn't go out and say, "Okay; you now have been constituted to deal with issues."

Let's just use an example of one of the marketing boards or one of the grain associations like the Wheat Growers or the dairy producers. If you create an organization, if you help to put in place an organization, when you want to have an answer dealing with the impact that changes are going to make on those organizations, legitimize that organization by going and saying, "What do you think about it?" Then act on the response of that organization without then going and asking a whole bunch of other organizations plus a whole bunch of individual farmers if they believe the organization speaks for them. If you legitimize an organization, it speaks for them. If the farmers and the producers want to have their voice heard, they do it through that organization. Then you don't have to have this conflict that comes up by saying, "Who actually speaks for the groups in a particular area?"

9:10

So I guess in recognition of the consultation process that has gone on, I still see there are a lot of questions yet as to whether or not the government is ready at this point in time to really legitimize the organizations that they've created and that they've allowed to be established in the agricultural sector to speak on behalf of the producers of particular commodities or processes in terms of the value-added industries.

Mr. Chairman, that's basically what I'd like to say in response to the minister's comments. I'd like to now get into some of the specific issues that I wanted to raise on my own reflecting both

the budget document that was given and the government estimates for '95-96 and the business plans.

First of all, I want to go back and expand a little bit more on what I see as not necessarily following the minister's focus when he says that he cuts at the top. If we remember from last year's budget, the minister cut the department about I think it was 18 percent, but his own administrative units throughout the department went up almost the same amount. The minister has asked if I would give him the line items on it as well. If we go through and look, basically all of the minister's offices, the deputy minister's, the assistant deputy minister's, and the other line items are identified as being administrative, such as 2.3.1, 3.3.1, 3.2.1, 3.4.1, and so on through the budget. If we add up all of those that are just titled administration and put them with the minister's and deputy minister's and assistant deputy minister's offices, we find that, by gosh, there's actually a 4 percent increase in the amount of money spent on ministerial and administrative line items. Yet we're looking at a total budget that goes down in the department in the line of about 4 percent. So again we've got this actually almost offsetting like we had last year. The whole department goes down 4 percent; the administration goes up 4 percent. Last year we had it going down 18 or 20 percent. It was going up by the same amount in the administrative unit.

I guess I have some problems justifying in my own mind how the minister then can stand up in this Legislature and tell us that his administrative units are being cut. When you go through here and pick out the line items, they actually go up. They don't go down like the minister is telling us. So I'd like to have a little more of an explanation of that, and if the minister would like, at some point in time I can give him exactly the line items, through a memo, that I used to add up and get this calculation for him. I think I read most of them off into the record, but there may be a couple that I've missed. It makes it very difficult for us to in essence follow what the minister is saying when he's dealing with the possibilities of changes in administration.

We also look at such items as under the processing part of the budget where he now has the Canada/Alberta agreements on processing and marketing. All of a sudden we've got \$5.8 million coming in under this program, yet the administrative support for that section doesn't change. All of a sudden we now have a 200 percent increase in the budget for a section within the ministry but no increase in administration. What we end up saying there is, "Gee, all of a sudden here's a section of the ministry that's gone from about \$5 million to a little over \$11 million and no increase in administration." If they can be that efficient, Mr. Chairman, I ask the minister why can't some of the other sections of his department be equally as efficient and double their allocation of dollars to the user end of the scale and not have to have increases in the administrative overhead?

I guess the next major area that I'd like to talk about deals with one specific line item, 1.0.6, finance and human resources under the minister's office. Here, what we saw was an estimate last year of a little over \$7 million being allocated to this and actual forecasted use of about \$3.8 million. Now, Mr. Chairman, as I understand this, these are the dollars allocated for retraining when people have to be shifted from one functional area to another, say all the ag specialists that were created when they moved out of the DA's offices. It would provide them with their retraining and also possibly things like early retirement for staff that were taken out. Why is it that after a \$7 million estimate last year and an actual expenditure of only \$3.8 million, now we're expecting \$5.7 million this year? Is there going to be some kind of program

change: a new focus in the human resource area that's going to give us, say, a higher sign-up level by the staff that are being affected; more of them are going to be volunteering for the retraining options; they now see that maybe they weren't as qualified as they thought when they took on a new responsibility, so they're now looking for some retraining support; or how is this going to be put in place? It seems that the minister was quite far off on that estimate list last year when he put out \$7 million and only spent \$3.8 million. How is he justifying the \$5.7 million for the coming year under the same line item with the same kinds of staff adjustments and staff problems to take care of, and how will that be dealt with in terms of the actual allocation and sign-up?

One of the other areas I'd like to spend some time on is just a little farther down in that same area, 1.0.11, the information network. Again, last year this is an area where we saw an estimate of \$800,000, a forecast actual of only \$450,000, and now what we're seeing is: "Gee, we only spent \$450,000 there last year. Let's give them \$900,000 for the coming year." What is it that the minister foresees happening here that is going to increase by twice the amount of dollars spent in that area? I guess this is one of the areas that when you look at it from the perspective of what's going on in the private sector, there are more and more and more sources of information available for farmers through the private computer networks, through the Freenet, CompuServe. I can go on, Mr. Chairman, but there's a number of them that are really starting to provide very economical access to a lot of information. I guess if we're really talking here about an information network in the same way that I would see it, I would suggest that it might be just as easy for the minister to sign up in one of these areas, get a data area allocated on it, and his ministry's information could be put out there without having to develop their own information network. So I would like the minister just to give us a little bit more of an explanation on that particular area.

[Mr. Clegg in the Chair]

I guess the big area that I think we all have to deal with in terms of the minister's budget for this year has to deal with the approach that we're taking to farm safety nets and all of the farm income support processes for the agriculture sector. The minister very rightly pointed out the fact that probably in the coming year we're going to see more uncertainty for farmers than we've seen in a long time, and that's not because of weather or anything else. It's because of the dynamics of what's gone on in the role that government plays in the sector. We've seen a lot of changes that have come about because of the new focus kind of forced on the ag sector and governments by the GATT. What we've seen now are a lot of changes that are going to have to take place as programs respond to become GATT friendly and end up being in a position where we can now support the agricultural sector and not cause problems under these new international trade rules.

9:20

I look at the minister's budget in the two areas, basically program 5, the total farm income support, and program 7 where we're dealing with ag insurance and lending, those two major program areas. I have to ask the minister what is happening there because I think most farmers were under the impression that the red meat stabilization program has pretty well terminated. Yet we're seeing effectively the same number of dollars, \$11.6 million versus \$12 million, being allocated for expenditure next year to a program that most farmers think has disappeared. So why is it that we now have \$11 million in there? This is also the kind of

situation that we see down under some of the other programs where there's the lag.

Again to go back to the red meat stabilization. I was under the impression, and I think most farmers, that that was effectively terminated last fall. The main issue now has to come about with the aspect of how the stabilization programs 5.2.2, 5.2.3, the NISA program 5.2.4, and programs 7.0.3 and 7.0.4 all fall together and wash out to give us what we now have taking on a new position in the budget under 5.2.6, the new farm safety net program. When we go through there, one of the main focuses of this whole transition period and the whole rationale for these new programs was that we were going to see a reduction in the number of taxpayers' dollars that were going to be going into supporting incomes of the agriculture sector.

If we take those specific line items that I just mentioned and we add them up, we come to, last year, \$165 million being spent on the agriculture sector. What do we have in the coming year? We still have \$165 million being forecast. This is even at a situation where it looks to me like the number of dollars are being allocated to the farm safety net probably is a little on the low side as farmers start to participate, unless the minister is expecting a very low voluntary sign-up on that. My understanding, from all of the discussions and talking with the minister and the farm sector groups, is that these new safety nets are going to be voluntary programs. So I think we have to be able to respond to the farms groups, especially such as the cattle producers, when they don't want to be brought into this. How can we go about negotiating with them a satisfactory set of programs that allows them to opt out? Mr. Chairman, we've got to be able to do that on a sector basis so that we don't have some farmers in and some farmers out. If the cattlemen want out, it means cattle as an industry are out, much the same way as I understand the dairy marketing board has been able to negotiate that dairy group out of the proposals for the safety net so that their group stays neutral. This is a good thing, too, because they already negotiate both their supply and their prices, so there's no reason that they should need to have participation in a safety net program. They control their revenues through their marketing board structures.

I guess what I'm asking for is a little more clarification from the minister on how all these numbers balance out and where we see this saving that was supposed to accrue to the taxpayer as we went through this adjustment. Is this balance we see in there from last year to the projected coming year just an anomaly because of the transition, or is there some other thing in there that I'm missing that would need to be brought out to give us a better explanation of why it seems we're still transferring the same number of dollars into the farm sector?

The final comment I want to make on that particular part of the budget this evening deals with the issue of: has the minister looked at, if we institutionalize through a safety net program a transfer of about \$165 million a year into the farm income program, what effect is this going to have on the capital value of the assets of agriculture? Right now, most of our programs have essentially been ad hoc except for the last couple of years, but because of the number of changes that have gone on in the GRIP and NISA programs, farmers haven't relied on them. They haven't had the time to build these into long-term expectations so that they become capitalized. If we put in place an institutionalized safety net program which may get attached to the farm tax filings or some other mechanism so that in essence it becomes stabilized, it becomes part of the planning process for farm incomes, how is it that the minister plans to keep this from

becoming capitalized into the asset base? I would like to have the minister try to explain that and give us a better feel for how this part of it works.

Mr. Chairman, I've got a couple more specific questions. One of the issues specifically is line item 3.5.3. The minister has actually reduced his expenditure on the Asia-Pacific export enhancement program, and I'd like an explanation for that.

Thank you, Mr. Chairman.

MR. McFARLAND: It's a pleasure this evening to speak to the estimates of Agriculture, Food and Rural Development. I know the minister has spent a good deal of time this past year promoting the Alberta advantage to people inside Alberta and outside Alberta for that matter. My particular comments this evening deal with the area of marketing services on page 48, as the Member for Lethbridge-East left off.

Again, I would like to maybe elaborate a little bit on what the Member for Lethbridge-East might have been asking but in specific direction towards Central America. Now, I know that you had an investment trip down to Mexico and mid-west U.S. in January. Perhaps you could give us some of the ideas you've come back with in regard to the support that we can see on our behalf going into Mexico and the reciprocal support that would come back from Mexico that would benefit our producers. We've had active participation in NAFTA, and I know the devaluation of the peso at the time you were down there was of great concern. My question to you would be: does Mexico offer any long-term potential for our Alberta exporters with the products that we're sending down to the country of Mexico and the numerous states therein? In light of their financial crisis, I know from talking with you and members of your staff that they were probably most appreciative of the fact that Alberta indicated strong support for them down there, and I think you did a phenomenal job in selling our Alberta advantage to them.

For those that aren't here tonight that may read *Hansard*, I think it's noteworthy that the minister, when he made his address to numerous governors and secretaries of state in the five different states in Mexico, constantly told them that he was there to help them in the good times and the bad times and hoped that it would be a reciprocal agreement. I think that's the essence of NAFTA. When we develop markets in the future, Mr. Minister, we have to look at reciprocal actions that will benefit our producers when the times get tough up here. So my first question, if I may repeat it, would be concerning the peso, the devaluation. What is the long-term potential for some of our exporters who are providing livestock, genetics, and other industries that will benefit Mexico in the long run?

9:30

The second question that I would have to you is: in your opinion what would some of the major issues currently facing Alberta exports to Mexico be? Trade relations? Financial obligations? I know that their support for the agricultural industry is far different than we find here in Alberta, where we're phasing out support for many of the agricultural programs. People in Mexico, in the last two years, are just becoming aware that they can own land. As I recall, they have some restrictions on ownership of that land and disposition of the same. I believe, if my memory serves me correctly, they had a restriction that the person would have to be 65 years of age and have farmed the land for two years before they can dispose of the land. Here's a country of wonderful people who've operated an agricultural industry for years and years, centuries, without ownership of the

land. Within the past two years they've enjoyed a privilege that we've had here in Alberta since we became Alberta, and in Canada for that matter. So I think they've got a huge challenge, and I for one would like to see your department help in any way possible to benefit Mexico on the import side, where our exporters will have new markets, and at the same time show good trade relations by bringing in import products from Mexico that we can't grow and don't grow here in Alberta. So, Mr. Minister, again to recap, if you could elaborate a little on the major issues that we currently face as challenges for our exporters to the Mexico market.

My last question might be a bit hypothetical, Mr. Minister, and it deals with: is Mexico the end of the line in terms of trade relationships going south, or is it merely a doorway to further markets south of Mexico? I don't have any firsthand knowledge, and I would appreciate it if some of our exporters could be made aware if there are other market potentials in Central America or South American countries for that matter. I think you've done a whale of a job, and I would like to commend all of your staff but in particular your marketing staff for the work that they have done in developing potential markets for many of our people in Alberta. It's unfortunate that a lot of people don't appreciate and don't understand just what's involved.

I believe one of the keenest things that a person could learn from firsthand knowledge is to know that the political system here is far, far different than a political system in a country such as Mexico, where, because of their involvement financially with the agricultural community, it appears that there's very much a strong impact on whether or not the political system approves of anything going on. I think our industries which are providing some of the equipment, some of the materials have the impression that they can make a trip to another country and perhaps just walk in, knock on an office door, and expect to be received with open arms and make a sale. Perhaps you could elaborate a little bit on the need to have our presence in not only Mexico but other countries who aren't as fortunate as we here in Alberta and Canada might be to have a real, close to pure, free enterprise system that's operational and allows people to buy and sell at will.

Mr. Minister, with those many comments and not too many questions I would look forward to anything that you might respond. Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Roper.

MR. CHADI: Thank you, Mr. Chairman. I get up tonight to speak to the estimates of agriculture, and I do so in pursuit of answers. If I may sound as though I'm going after answers in a vicious way, I'm not. I'm after some answers and only that. I respect the minister of agriculture in his interests in the department, and I know that he does the best job that he possibly can. I would look forward to working with him. Everyone in our caucus works with the department of agriculture and the minister of agriculture for the betterment of it. There is no intention on our part whatsoever to take anything away or to slight the agricultural department. So if my questioning sounds a little out of the ordinary, please forgive me. I'm trying to get some answers. If I'm wrong in an area, I'm looking for that answer and you to correct me, sir.

I feel that we already covered a great amount of this budget when we spoke to appropriation earlier tonight, Mr. Chairman. I note that 100 percent of the capital has already been voted on in second reading of appropriation and 20 percent of the budget

perhaps maybe has already been spoken to and will indeed be voted upon not only in committee but third reading. I suspect that that will go ahead far sooner than we conclude the estimates of agriculture, as we're speaking to them tonight.

Mr. Chairman, my first questions are going to be in reference to 3.2.7, and it's sheep and diversified livestock. I look at that line amount and it's \$1,012,000. It's about the same as was expended last year. I note that a million dollars is about the same amount that we're spending in the beef and dairy cattle portion of it – and that's 3.2.2 – somewhat similar to that. What I'm after here is the diversified livestock. I suspect that we're doing research in perhaps maybe the sheep area. That's understandable. But the diversified livestock: does that include things like ostrich and boar goats and . . .

MR. PASZKOWSKI: Llama, elk, deer.

MR. CHADI: Okay. There's a wide range then. What criteria do we use in this area to identify which livestock from around the world is probably best suited for Alberta? I know that in discussions with certain people within the agricultural sector and in the research sector in particular the suggestion was that there was a real demand for the boar goat and there was no research currently in place. I'm wondering if the department isn't looking at that or perhaps could look at that. I saw a program not long ago on TV where they showed that there was a worldwide demand for a product such as this goat. Apparently, it was quite a meat-producing animal, quite an expensive one as well, as I could imagine some of the other exotic animals that we currently undertake in the research area are.

Another area that I am concerned about – and I want to make it perfectly clear that I endorse this facility wholeheartedly, and I would like to see more activity within this facility. It's 3.4.3, under processing services, and it's the Food Processing Development Centre. I believe that's probably the Leduc processing centre.

9:40

MR. PASZKOWSKI: It is.

MR. CHADI: The expenditures there are somewhat similar to last year's, but the dedicated revenues are about the same, and that's what we expect to get, I would imagine, in income from this centre. My question: when does the minister think we could perhaps bring it to a cost recovery situation? I know that many people within Alberta are using or are considering using the Leduc processing centre, and I would hope that we could continue to encourage them to do so. In doing that, I would think we should do whatever we can to try to bring it to a full cost recovery. It seems like we're expending an awful lot of money there, and I'm not going to say needlessly because it's certainly needed in this province and it's a first-class facility. I haven't toured the Leduc facility. I've seen it on the outside, but I perhaps someday would like to go in there and have a look around.

Under marketing services, we've got livestock marketing services, 3.5.4, and the expenditure there is \$5,908,000. It appears as though the dedicated revenues are somewhat lower than last year's by 400 or so thousand dollars. I'm encouraged to see that that is in fact actually making money, but why is it that the dedicated revenues are down in this particular year over last year's estimates?

Another area is rural development and 4.3.6. I look at rural development and I see on the opposite page where it says that it

"provides assistance, service and advice on the development and use of land," et cetera. Yet we're talking about engineering services here with a very small amount of dedicated revenue. I'm wondering, when we're talking about going into a service that the government provides on behalf of Albertans that they would normally go out and get on their own, if we couldn't possibly come close to getting our money back in that area. It seems as though, to me, that for engineering services anyway, if it's not for the department or if the bulk of it is coming for the department, I could understand it, but if we're doing it on behalf of others, then perhaps maybe we should be considering going to full cost recovery. If in fact we are, please advise, because I know there are moves that are being made now that may not reflect only in this document as I see it in front of me. That's why, of course, I'm asking the question.

Another area that concerns me under public lands – and I've talked about this time and time again – is the grazing reserves. I note that we've made some changes this year from last year. Also the grazing reserves enhancement. Last year we looked at an expenditure of about \$4 million, but we had dedicated revenue of 3 and a half million dollars. This year the grazing reserves expenditure has gone to \$226,000. Obviously, a complete shift here. Something has happened, and I'm wondering what that is. It doesn't show any dedicated revenue whatsoever this year for the grazing reserves or the grazing reserves enhancement. That's even less than what we expended last year.

Under public lands the footnote on the opposite page says that it

provides funding for the redevelopment of twenty-one provincial grazing reserves in central and northern Alberta to maintain and/or increase the grazing capacity of these reserves.

Now, Mr. Chairman, the capital alone on these grazing reserve enhancements this year consumes a great portion, probably close to 75 percent of agriculture's capital investment for the year. It's around 2 and a half million dollars. On page 61 when we look at revenue, public land management, we're talking \$10.7 million. I'm wondering if in fact this wasn't some of the money, because I'm a bit confused here with respect to the dedicated revenues that have been dropped from public lands, from the grazing reserves. Is it embedded in this somehow, in public land management under revenues?

We have in Alberta, according to 4.4, the public lands category, 21 provincial grazing reserves in central and northern Alberta, and then under public land management it states that these funds and the expenditures are "to enable the management of 32 Provincial Grazing Reserves covering 750,000 acres." I'm wondering: how many grazing reserves do we have? Is it 32 that we have in total, or do we have 21, or are the 21 that are discussed under public lands just a portion of the 32?

My other area of concern is one that I want to have the minister of agriculture just advise us on. In terms of value added in agriculture, I know that the Lieutenant Governor in the throne speech mentioned that we are going to look at every avenue in that sector to see if we can't enhance the value-added component in agriculture. When I traveled the province, I started to really take a keen interest in what's happening, particularly down in southern Alberta, and when I spoke to the throne speech some time ago in the Legislature, just shortly after the Lieutenant Governor gave it, the Member for Cypress-Medicine Hat commented that in fact there weren't thousands of head of fat cattle leaving Alberta daily, but it was a number far lower than that. For a member being from southern Alberta and one that would see the cattle liners leaving this province every day, I thought he

would know more than I, but in fact it's not true with respect to how many cattle leave this province.

So, Mr. Minister, could you tell us how many cattle leave this province every day? When you look at, for example, High River and that facility there, they're killing somewhere in the range of 4,000 a day, I would imagine, and they're talking about doubling that capacity. Brooks is doing somewhere around 2,500 a day, I think, and they're talking about doubling their capacity over a number of years. So my guess is that we've probably got somewhere in the range of about 6,500 head of fat cattle leaving Alberta a day, somewhere around there perhaps. I don't know the number. I happen to think it's probably around there, but I'd kind of like to get your comments on that.

I'm encouraged when I see the High River plant expanding, and I'm encouraged to see that the plant in Brooks is doing its part. I guess maybe I'd like to see more of this sort of activity. I would look forward to your comments as to in fact what is happening in that area.

It wasn't so long ago as well in question period that I think a member – again it might have been Cypress-Medicine Hat – asked a question with respect to Alberta wheat that was being exported to the United States but then shipped back to Alberta as flour. I'm wondering: what are we doing to encourage plants in this province to mill the wheat here rather than to go to the United States and have it shipped back here? It seems to me that that would be one tremendous opportunity for our people, our growers, and our producers here in Alberta.

9:50

Mr. Chairman to the minister, I was in northern Alberta as well, and I'm going to mention this because I think it's an example of how we here in Alberta can capitalize on some of the products we produce by exporting them and being ahead of most other provinces or other countries around the world. This example was in Nampa when I saw what I think was called northern forage. I can't remember what the name was. They would cut timothy hay, and they'd bring these bales in and put them under cover before any rain came on the hay at all. Then they had this huge machine that would compact these large bales very small, say two by two, and they'd wrap that and put it on a train car immediately and ship it off to places like Japan.

You know, when I drive through the province and I see so much hay wasted, it's just a crying shame that we can't somehow come up with something to try to encourage the export of these products such as hay. Hay is a commodity that we take for granted, and I don't think that we should. I think there are other countries out there that just don't have what we have in terms of hay production. I know from my own experience that we could have hay from three, four, or five years, and it would be rotten before we ended up using it. I would hope to think that we could come up with something that would encourage our producers to sell it or to export it or to find some use for it. So I'd encourage the minister's comments with respect to that.

Mr. Chairman, those are my questions for now. I hope to be able to get up to speak to the estimates of agriculture once again because I'm not quite done, but I'm going to sit down now because I'm going to give other members a chance.

Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Lac La Biche-St. Paul.

MR. LANGEVIN: Thank you, Mr. Chairman. I'd like to first of all express my appreciation to the minister for the time that we

have this evening to discuss agriculture. Agriculture has always been the backbone of this province. I think it's one of our most important ministries in government, because it's a very stable industry and agriculture opened this land. I think we have a lot of other important revenue-generating departments, but most of them like oil and gas could be in a bust-and-boom situation. Agriculture has always stabilized our economy.

Mr. Minister, I'm quite impressed. Since I was elected in June 1993, you've done an excellent job with this department, and I want to commend you for that.

I have a few questions that I would like to express this evening. In the government estimates on page 42, program 5, farm income support, last year the actual figure was \$146 million, and we're dropping this year to \$113 million, a savings of over \$30 million. I'm wondering if that's going to reflect on the availability of funds to the farmer, or are they seeking some other insurance to insure their income? Is that something that has been looked after in another way?

Also program 7 on the same page, the insurance and lending expense. Last year actual expenditures were \$185 million and this year we're \$50 million less than that. Is that because we're doing less lending, or is our lending institution like ADC to the farm population lending at a higher rate, or do we have less to subsidize? That's a considerable amount of savings in one year.

If you turn to page 45 and look under the irrigation districts, this is a question that often comes up in my area of northeastern Alberta. In their own opinion, the farm population who have no access to irrigation, as you know, often look at that as a direct subsidy to a certain group of people. I understand that year after year you're now increasing the percentage that the irrigation farmers will supplement the fund, and I'd like to know what the long-term program is so that I can answer to my local constituents who have no access to irrigation and get concerned about the amount of money we spend in that area.

One of my greatest concerns this evening is on page 51, and it's in relation to grazing reserves. If you look at 4.4.1, a year ago we spent 4 point some million dollars in the grazing reserves, and this year it's down to \$226,000. Just a line below that, if you look at the grazing reserves enhancement, it went from \$152,000 to \$117,000. If you turn the page – again it's under grazing reserves enhancement; it's the same title – we went down from \$3.5 million to \$2.5 million in round figures. I would like to know the difference between the two titles grazing reserves enhancement. What is the difference between these two figures?

Also, I always have a question about grazing reserves enhancement. There's one in my constituency, and it seems to me that it serves a very, very small percentage of the farm population. Most farmers in our area and in most of Alberta have to buy their own land, or they have to lease public land where they will do their own fencing and supervising. They'll supply their salt, and they'll look after their own stock. But then when you get into the 32 provincial grazing reserves that the government is operating, it seems like in those instances the government is supplying not only the land but also the supervision, the salt for the animal, and in some instances I think even medication. I'd like to verify that and verify those figures, because I have a feeling that we are catering to a very small number of the farm population.

In some instances, I've had the complaint from some farmers that it becomes an old boys' club, because the people who are in the grazing lease and some that got in 20, 25, and 30 years ago are still members of the lease.

MR. PASZKOWSKI: Grazing lease or grazing reserve?

MR. LANGEVIN: The grazing reserve; sorry.

They have a quota, and they supply a certain amount of cattle to the reserve every summer, whereas a new farmer who's starting an operation and applies year after year is always turned down because there's never enough allocated in that reserve for him to become a member. It seems like the established farmers who had taken control or got in at an early date are guaranteed to be in for the rest of their farming operations, and I wonder if that's fair. I don't think it's fair to the farmers who are starting, the newcomers in the agriculture field, or somebody who has been in grain and wants to diversify to cattle. He has to go out and buy a \$50,000 quarter maybe to pasture his cattle. On the other hand, his neighbour is subsidized by the government maybe to the tune of 30 or 40 percent of what it actually costs. So I'd like some explanation on that.

Now, on page 55 of our budget estimates I was looking at the Crow benefit offset program. Last year we spent \$13 million, and this year we're down to zero. I know that the federal government is terminating this program. Would you give us a short explanation on how this is going to affect our grain farmers? Also, is there some money for transition time?

On the same page under the whole farm safety net, last year we spent \$19 million and this year it's up to \$44 million. That's about two and a half times what we spent the previous year. I know that there's some movement there to change from the GRIP program to some other farm safety insurance for farmers. I would like an explanation on these figures and exactly which programs they affect.

The last item, Mr. Minister, is on page 59. It's program 7.0.3, crop insurance. Last year, according to those figures, we had about \$25 million in expenditure, and this year it's jumping to \$50 million. That's a 100 percent increase. I would like to know: are different crops or more crops a higher level of insurance, or why the big difference in the expenditure on the government side?

Those are all the questions I have, Mr. Minister. Thank you.

10:00

THE DEPUTY CHAIRMAN: The hon. Member for Leduc.

MR. KIRKLAND: Thank you, Mr. Chairman. It's always a pleasure to put forth some questions to the minister of agriculture. In the past he's been very forthright with his answers, and his answers have been very helpful in assisting me to understand the agricultural world, which I don't have the background in.

I would like to start by directing the minister to operating expenditures in vote 1.0.6 under finance and human resources. Now, just as I looked at that particular item, there was an increase from \$3.8 million last year to \$5.7 million this year. I note that when we do a comparison, the \$3.8 million we spoke about is only about half of what was really budgeted last year. I'm trying to get a handle on this situation because, as I understand the five-year business plan, there was an intention to abolish the district agriculturalists or agricultural specialists in the regional offices. I understood that the intention was to have them work on a cost recovery basis. Now I'm trying to understand why only half the money was spent last year. If my understanding is correct, there was a fair amount of dollars associated with retraining for this restructuring of the offices. When I look at that particular aspect and look at the dollars that were associated with it, I have to assume that there was a trading lag there. As a result of that trading lag, I would suggest that maybe some of the farmers are turning to private industry for more of their information. Not to speak disparagingly of the district agriculturalists, but I think

we're seeing more of an aggressive trend by the marketers of seed and fertilizer and feed and the likes of that.

Anyway, my understanding is that there was a lot less demand on the department than anticipated. If I'm correct – and I stand to be corrected by the minister here – that demand has resulted in the setting aside of fees that were intended to be collected by the district agriculturalists. So I wondered, if that is the case, whether we set the fees aside, because there is less of a demand and we do not want to further erode the service of the agriculturalists. That would lead me to the question, I guess, ultimately: if we see that trend at this point, is there room for government district agriculturalists in the field as such? Are we moving more into the private, and will we make an attempt to capture more of that in light of the government mind-set? I guess a follow-up question along that line would be: has the department looked seriously at a survey of some sort to determine whether the farmers are going to continue using this service? I know that sometimes we get inundated with surveys, but we're trying to get a handle on where we're going, and if we're to have sound five-year plans and the likes of that, I think some of it's critical.

Now, the next item I stopped at going down the line – and I usually listen to my colleague from Lethbridge-East very intently because he has a lot of knowledge to offer me. I think I missed his question on line item 1.0.11, and that was the industry information network. Now, there's a considerable jump of \$450,000 there. I guess if he didn't ask the question, I would ask the question: exactly what is it, and why do we look at such a large increase in that aspect?

The one item just above there as well, communications, I see that we have a dedicated revenue of \$220,000. If the minister could share with me how we generate that revenue, I may be able to better understand that communications budget item.

As I moved on through the budget, my attention was drawn to the irrigation and resource management section and 2.3.1, which is administrative support, and also 2.3.6, the Irrigation Secretariat. Now, I've indicated that I know very little about irrigation when I've been on my feet in this House before, and I guess I'm going to reveal some of that ignorance again with this particular question here. I look at those two items and I wonder if one or both provide support to the Irrigation Council, and if that's the case, is there some efficiencies to be gained by office amalgamation in this particular case?

Moving on down through the budget document, I stopped at one of my old favourites, and that was the Leduc food processing plant. Now, I pushed the minister at the last budget debates rather extensively on this issue. It was my belief that we weren't capitalizing on the asset in Leduc. I see that in fact it's addressed in the business plans, and I see that there's an increase in expenditures there, so I guess I'm assuming that perhaps he's taken some of my advice or my pushing or in fact has discovered that there's great potential in the value added here and this facility would become better used.

I see, again, the dedicated revenue of \$175,000. I'm struggling with the figure that I discussed last year. This seems to be about \$100,000 more, and I'm thinking of \$77,000 that I discussed in this House last year. I wonder if the minister would share with us – and I did read a document here recently about the increased numbers there – just a few of the new clients that are using that facility. If it's been broadened in its mandate or it's broadened in the number of customers they're bringing in, then I think that's a very positive undertaking, and I could commend the minister for that particular aspect.

I want to back up a bit here, if I might, just to line item 3.3.4, agroforestry. Now, I'm totally at a loss as to what this is, and I didn't see much of an explanation in the budget document. But it would strike me that we're into a bit of an environmental aspect here, and I wonder if the agroforestry program is co-ordinated with Alberta Environmental Protection somewhere along the line. What is its intention? Is it to assist with production of wood lots? Again, is there opportunity to eliminate some duplication if in fact we're dealing with that?

I stopped next in the budget document at marketing services. Now, I had the pleasure of meeting a professor from Hong Kong here about a month ago, and in a casual conversation with him he asked me the question why Alberta beef wasn't dominant and why they didn't see more of it in Hong Kong. I was at a loss to answer his question. When I look at the budget figure of last year of \$840,000 compared to \$455,000, it would strike me that that's a considerable reduction. When I look at page 6 of the business plan, it in essence indicates that we're going to be far more aggressive in our marketing of the Alberta product. Now, I find this a bit of a contradiction with the business plan. I wonder if the minister would explain – I'm looking at the Asia-Pacific market support – why there is such a reduction in that area. We know we have an extremely large market over there. If I could take him back to the comments of the professor from the University of Hong Kong, who said: why can't we get Alberta beef in Hong Kong? Is this an area that we're putting some energies into? Is there a reason we can't break through? Is it the Australian beef that's keeping us out, because my understanding is that we have a far superior product than they do.

I would move over, just one very brief stop. Having been involved with youth for a good percentage of my life – the 4-H group is not one that I participated in, but I know that there are many that speak very highly of that program. I see we have a reduction of \$200,000 and some change involved in that particular program. I wonder if the minister can speak to what efficiencies have been achieved there and/or what programs have been cut in that aspect.

10:10

Now, here's another area that I don't pretend to have a great deal of expertise in, but I'll ask the question so I'll become a wiser individual in this area. I'm looking at the program agricultural research assistance. As I read the explanation there – and there's a slight reduction – the institute's mission is to promote, coordinate, prioritize and support agricultural research ensuring transfer of the resulting knowledge for the benefit of a viable and sustainable agri-food industry.

I took note of the program delivery mechanism, which is a grant provided to the institute. Maybe the minister can clarify this for me. I'm assuming these are independent institutes that are approaching the agricultural world looking for a grant to promote or encourage a value-added product. I'm wondering if some of these independent institutes, if I'm understanding this program correctly, are ultimately coming back to spend the grant money in the Leduc food processing plant, for example. Not that I'm saying that that's bad, but I'm wondering in fact if that's how some of this process would work. Maybe if there's a list of some of the recipients of these grants, it would help me to understand it somewhat better than what I do today.

Several members I heard speaking of the grazing reserves and the grazing leases. Now, I did have a document that crossed my desk here in the last few days, and that document indicated that the price that is paid to range cattle on the grazing reserves is

considerably less than the private market world. As a matter of fact, it struck me, if my thought process is working properly, that we were looking at almost \$2 a head less. Again, in light of the fact that we're moving into a cost recovery aspect in agriculture, as we are in all departments, I wonder if in fact it's not time to revisit that or, if my information is correct, if there's not an opportunity to improve the revenue side of grazing reserves or grazing leases, for that matter.

Now, on grazing leases, I will speak of this as being nothing more than rumour, but I will give the minister the opportunity to look at it and clarify it in my mind. As I understand it, in the past there's been a lot of timber cleared there and usually burned simply to open up pasture and improve pasture. My understanding is that today we have some of the leaseholders here actually selling that timber off their lands. I'm glad to see the minister shake his head. If that's the case, certainly I think he would share with me that those moneys, if any are generated in that sense, would come back to the public purse. I would just alert him to that, and again it would help me to understand it to some degree.

With those comments, I will conclude my questions for this standing, and I look forward to the minister's answers on those particular items.

THE DEPUTY CHAIRMAN: The hon. Member for Redwater.

MR. N. TAYLOR: Thank you, Mr. Chairman. I think we're getting near the end of the evening, or at least the shank, and I, too, want to congratulate the minister for looking quite well in the last year, although I do heckle him now and again. When he introduced the team of talent he had up there, I could see why he praised them so much, because indeed they must be quite talented to make him look good for the last year. Those are about the last nice words I'll be saying, because I've always recommended that we could get by with half the department of agriculture that we have.

I'm going to jump around a little bit. One is on strategy marketing. Before I get into that, I'd also want to congratulate the minister on seizing total farm income and going along on that. It's an old Liberal policy, but it had been with us for about five years, so that's a normal gestation period for it to transfer over to the Tories. I think you deserve a compliment, though, because I think you're one of the first agriculture ministers in Canada to really come down solidly on the total farm income concept. I introduced it a number of years ago. I call it negative income tax. I guess that's why it didn't sell, Mr. Chairman. I thought negative income tax sounded pretty good, but now it's total farm income. Nevertheless, it's going. I don't want to be at all querulous about taking over by the other side, because the mark of every good idea is that it gets taken over by government. Somebody once said that a good idea has a thousand fathers; a bad one is an orphan.

You do have in your votes 3.5.2, marketing strategy, reduced from \$489,000 to \$322,000. Well, in this day and age when we're moving forward from GRIP to total farm income and we have that state of flux out there that you've talked about and described so well, although you blame it all on the Tories, I think mainly it's really just the end of the 20th century coming up. There's quite a transition in agriculture. It seems to me that strategy marketing, which would be in 3.5.2, should be something we should be increasing rather than decreasing, Mr. Minister, because we're going to have to do a lot of looking and changing in order to keep up with adjustments and freight rates, total farm income, and so on.

Also, I'm a little puzzled by another vote. It's 4.3.8, rural co-ordination. Well, that came from zero a couple of years ago up to, it looks like, \$53 million I guess. Zero to \$12 million actual last year and then to \$53 million. I'd just be interested in knowing what rural co-ordination is. Whenever I hear the government talking about co-ordination, it makes me suspicious. It's like one of those buzzwords, you know, "Will you still love me in the morning" and that type of thing. I get a little bit concerned when the government starts talking about co-ordinating.

Also, we never did get an answer as to why – this goes back to Bill 8, of course – the minister would want a hundred percent of the capital budget for agriculture in the first few months. Just what that project would be maybe he could enlighten us a little bit on.

Rolling on, my Member for Leduc has already mentioned that he would think there would be room for privatizing a great deal of agricultural advice. I'm not suggesting that you literally disinherit your support staff up there, but maybe you could put them in the private sector and then they could turn around and bill the farmers for the good advice that they're now giving you for half salary. There might be some way of moving them from the public purse to the private purse, because I think farmers have reached that educational level and that access to information from everything from Internets to computers so that maybe the old-fashioned thing of going out there and pointing and saying this is a plow and that's a weed isn't necessary anymore. I know they are much more advanced in their advice than that, because occasionally I have had it from them.

Irrigation raises an intriguing one, 2.3.7. I notice the Member for Little Bow isn't here. It's just as well because he could have had a heart attack if he heard me.

AN HON. MEMBER: Barry is here.

MR. N. TAYLOR: Oh, he is here, is he? Well, I think he ran out. He's not part of that bridge club and mutual admiration society in the back row that's making all that noise. He's around here somewhere.

I'm just wondering, now that we're taking away EEMA and telling the northerners that they can't get subsidized energy any more, maybe the northerners have a right to say that the south shouldn't be getting subsidized water anymore. I was just wondering if there's any long-term plan for food producers using water to pay the costs; maybe even move private enterprise in there a bit, the same way as has now been suggested to the farmers of the north, that they should be paying full costs for electricity. My own critic for agriculture is giving me a fishy look, too. I'm not necessarily recommending this, but I just wanted to know whether the minister is working on any long-term plan of having water subsidies start to come off the farmer.

I think your effort in the water hearings that was chaired so ably by our present chairman here on water rights – actually I think everybody in the caucus over there, if they ever have a chance, if they do light any candles in the evenings or say prayers or anything else, should be glad that the Member for Dunvegan chaired most of those water hearings, because if ever there was anybody that used charm to disarm a lynch mob, it was the Member for Dunvegan. A lot of those farmers were not too happy. As a matter of fact, I went out a number of times hoping to see something, but by the time the hon. Member for Dunvegan had finished, they didn't know whether they were coming or going and they were quite happy about everything else. If there's

a prize for diplomacy and for somebody that's famous for putting oil on troubled water, it would have to be the Member for Dunvegan. I congratulate him on it, because he had been given a really tough job to sell and he stickhandled his way out of it. I suspect that the whole water rights thing will die, at least not till the election comes over, and then, of course, if we win, it'll still stay dead.

10:20

While we're on votes, I'm also bothered a bit by the marketing councils in vote 3.1.2. There again this philosophy: can't we make these more self-financing? But before we do that, shouldn't we set up a system where they can be elected independently rather than being appointed by the Crown or by the minister, if we have any long-term plans of having these marketing councils set up? They are in grave danger of becoming what the British call a quango, a quasi-autonomous nongovernmental organization that is responsible only to God. Most of them are atheists anyhow, so you really have a problem. It looks as if the marketing councils may be overhauled, and if we're working in a direction for self-financing, I think we've got to have some system of controlling them, or the producers do and by voting.

Agroforestry I always find very interesting, because the price of fibre is now rising in the forest so fast that maybe the farmers can take that over, turning out fibre. Maybe they could invent something like a kochia weed that doesn't spread. It just grows. They can outgrow a tree. I would think the minister is onto something there. I notice a slight increase in agroforestry, and I compliment them on it.

Also, before that, program 3, the marketing councils again and marketing in general. I read in the paper the other day where a proposed Alberta-financed malting facility to sell malt to China seems to have folded. I was wondering if they had the same – not literally guarantees. I remember the former Minister of Agriculture had a very tortured way of describing it, but it seems to me that the malting people down around Tees or Stettler or somewhere in central Alberta had some sort of financing made available to them. I can't recall exactly how it worked out. My memory's a little . . .

MR. PASZKOWSKI: It was a brewery the pools were considering building.

MR. N. TAYLOR: Yeah. I was just wondering if we are being fair to this other group that tried to do it in China. Were we offering them the same type of deal? No? Well, I can hear the minister shaking his head, so I guess he'd see it too. I don't really follow what went on there. It would not be too good if another group from Alberta wanted to put malting together that didn't get the same deal as the present malting group did. Now, I recall at that time that the established malting companies from eastern Canada that were malting in Alberta were quite cheesed off that this new group in Alberta got some sort of a financial break. My argument is that you should treat all your children the same. Okay?

We come to 4.3.3, home economics, just that title, \$570,000. Mind you, I'm old enough to remember that the home economist in any rural district was always the nicest and prettiest date in the whole country. I was quite upset last year when you appeared to cancel them all. Now, does this mean that you've changed it around, or are their functions now being called lifestyle persons, and it's just a different name? I'm just wondering what's happened there, because here I was sitting, quite depressed about

the fact that they had disappeared from the rural scene, and now they appear to have come back under another name.

The other area, rural co-ordination and rural development. I don't see where I would find it in here. Maybe it's possibly missing, but the whole fact of community bonds, that was another item that we sat on for about three years before the government moved over and hatched that same egg. We're quite proud to see it coming out. We hope that you don't strangle it coming out of the shell, but we'd like just a little more detail on what you're using. If you're using exactly out of our red book in the last election, it's all right. You don't have to say any more. Just say yes, and we'll take some pride in knowing that a good idea was adopted, but if there's something different from what we had suggested, we'd like to know.

Chairman's Ruling Decorum

THE DEPUTY CHAIRMAN: Hon. members, we just continue to get a little louder at times. I was very interested in his remarks earlier, and in case he wants to say some more nice things about me, I'd wish you'd just be quiet so that I can hear. Seriously, just keep it to a dull roar so that the hon. member can hear.

MR. N. TAYLOR: The Chairman says quiet. You've got to handle them roughly. This isn't a crowd of farmers looking for water rights, you know. You just step out here and . . .

Debate Continued

MR. N. TAYLOR: I'm drawing to a close fairly rapidly. [interjection] I don't blame you for doing that. Sometimes I get tired of myself. The other area was with respect to grazing lease revenue. It seems to me that we're doing two things wrong in that area. One, we're giving long-term leases to people which are largely hereditary, as the Member for Lac La Biche-St. Paul said, just when we should be thinking of opening it up. It may well be under cash bids, like oil leases; for a four- or five-year grazing lease it may be cash bids. We are tying up those grazing leases by the agreement we make in that they can have up to 10 years by improving the lease, and they get part of their money back by reduced rates. I was just wondering if the minister has any clause in there where he could buy out their five years, 10 years, or whatever is left there and throw it onto the open market. I think it would probably be a financially stronger scheme than waiting eight or 10 years for the grazing lease to get paid out.

Secondly, while I'm offering free advice – that might be all it's worth. Nevertheless, I'll give you another one. Why don't we use the Saskatchewan system where all right-of-entry permits and damage payments for oil and gas well locations on a grazing lease come to the government? The government, in turn, then reimburses the grazing lease owner for what they have lost in grass, and as you know, that's very, very cheap. So what we have is a system that's working the other way around. As a matter of fact, the other day I met a gentleman – and perish the thought; he was at a Liberal convention – bragging about getting \$22,000 a year in oil and gas rentals from his grazing lease that only cost him \$7. With that kind of return I thought the least he could do is be a Tory, but somehow or another you weren't even appreciated for it.

10:30

AN HON. MEMBER: Who was he, Nick?

[Mr. Tannas in the Chair]

MR. N. TAYLOR: I'm not going to mention his name.

Why aren't we taking the \$22,000 in and paying out just what he's losing, which would be only a fraction? I think that's a loophole that bothers a lot of people. It's not significant compared to what the Treasurer handles every day. He spills more on his bib every day than what we would gain on the grazing leases; nevertheless, it is important. It is a chunk of money that looks like it's not being handled properly.

That's it, Mr. Minister, and thank you for bearing with me this long.

THE CHAIRMAN: The hon. Member for Spruce Grove-Sturgeon-St. Albert.

MRS. SOETAERT: Thank you, Mr. Chairman. I just have a few short concerns that I want to express to the minister this evening. Of course you know that I'm a great advocator of 4-H. I went through the 4-H program, and so are my children. I think it's a very valuable program for young rural Albertans. I have some real concerns about the \$25 user fee that has been charged to each 4-H member. My husband has worked bingos and just everybody around our community has worked bingos so that those people don't have to pay the \$25 out of their own pocket. Of course, I don't agree with it, but if that \$25 is coming in, I want to see where it's being spent. On the line where it says dedicated revenue, there's nothing there. I would consider that \$25 from thousands of 4-H young people as a revenue, but if you could explain to me where that money is being spent, I would at least have some peace of mind about that.

I've also noticed in the business plan that we're to fully implement the key leader program for 4-H and recruit more from the private sector. Just lately in one of our local papers there's an article about key leaders and their roles. I was wondering about that. If it is the plan of this government to get out of 4-H, I am concerned because I think some of the finest people in our province have come up through that and 4-H programs have certainly enhanced our young people. So if that is the plan, what steps are going to be in place so that this doesn't phase out? I see that this is a two-year volunteer appointment position. I don't know how long volunteers will keep going on this, but I do flag that one for the minister. I have grave concerns that we're going to lose valuable 4-H programs.

The second one is 3.2.5, animal welfare. Now, those dollars have more than doubled, and I'd like to know why. What has happened there? What monitoring is going on? Is it because different cases are going to court? Is that where the money is being spent? I just wanted a clarification on why that has more than doubled in the estimates.

My last point is 3.4.5, which is Canada/Alberta processing and marketing. That's up from \$250,000 to \$5.85 million. Now, I know that is a federal and provincial cost-shared program, but I just want to know where the administration for that program is going to happen. The administration numbers didn't go up, but this program did. I'm just wondering if you're shuffling people from other areas and putting them in there. If that's how you're going to spend the money, and if it is going to be spent on administration, then I'd like you to be upfront and honest about how it is being spent. If it is going to administration, then tell us where.

Those were my main concerns for this evening. I realize that it's getting late and you wanted to make some comments, so thank you very much.

THE CHAIRMAN: Okay.

The hon. Minister of Agriculture, Food and Rural Development.

MR. PASZKOWSKI: Thank you, Mr. Chairman. Certainly I appreciated the questions that were asked tonight, and I have to compliment everyone who was involved in asking questions. They were good questions. They were forthright questions – ones that were good, honest, and earnest – questions that were well worth asking and will require a response, and we will respond accordingly. There were a lot of questions asked tonight, and with the time available I won't be able to answer them all verbally, but we commit that we will respond to every question in written form. I'll try and be fairly brief here and give a bit of an overview, but I do commit that we will respond in written form to each and every one of you.

Lethbridge-East: consultation, safety nets. Why are we allocating more money since we overspent last year? Last year we basically met on two major items. One was the WGTA and the other was safety nets. This year we still have the safety net issue to deal with. We have the whole issue of the regulatory process, and that is a major one that's very key and very critical and very important. With the WGTA change that's come about and without the regulatory process, the hon. Member for Taber-Warner, who had a private member's motion on changes to the Wheat Board – certainly these are going to take some consultation here, and that's going to take a fair amount of funding again. We were hoping and it would have been our preference to have been able to do the whole process and the whole change in a holistic form. That was our approach and that, I still maintain, would have been the better way of dealing with the issue, resolving all the issues. The farmers have made the change and they can go to work in the morning knowing that indeed the changes are complete and that's how they can manage for the future. Without that type of a process, it's going to be very difficult to manage, because we're going to be going through the continuing process of ongoing change, as we keep going through.

I do have some concerns about government leading industry, and it doesn't matter what the industry is. I really feel that whatever changes come about must be industry driven. I think it's very critical that industry must be in the lead, and government should act as a facilitator. Government should allow for the process to happen and only be there where necessary. Mr. Chairman, that's one of the problems that we have today. We've got ourselves in a situation where government has created regulations that are really inhibiting the prosperity and the potential of agriculture. I think it's very critical that we work together in getting government out of the business of being in business, which means agriculture as well. We've been in this too long. We've got to get those regulations out of there that really tie one hand behind the farmer's back. I feel very strongly on this issue. I think agriculture's going to have some difficulties until we get through that process and allow the farmers to manage their abilities and use their ultimate management skills as well.

I've made a lot of very short notes here. Reference 1.0.6 came about as a result of severances and staff retraining. That's where the major changes come about there.

Reference 1.0.11 is the information network that we've got and placed in our three-year plan. That's where that money is being allocated. That's a process that we're just building. I think it's important that we understand that if indeed we're going to be restructuring the network that's out there, there is no free lunch.

Someone is going to have to pay for that restructuring, and as we build, we're certainly going to restructure.

Reference 5.2.2: that money is for the industry development fund. That's the money that we've been paying the beef and pork industries for their industry development fund. I think that last year it was something like \$8.2 million to the beef industry, \$3.4 million to the pork industry, and something like \$56,000 to the sheep industry. So that's for their industry development fund. It's not for safety nets. It's not for the tripartite program, which we've withdrawn from.

The specialty crops stabilization program, 5.2.3. We just had a vote last week, I understand. The honey industry has asked to withdraw from the stabilization program, so indeed there are adjustments that are coming about and there will continue to be.

10:40

Item 7, the additional funding that's coming about. I think it's important that we spend a moment, because this question was asked by several members from across the way. We're actually spending more money on crop insurance. I think the hon. Member for Lac La Biche-St. Paul asked the question: why are we spending actually more money on crop insurance? Ultimately we're spending considerably less money on safety nets, so what we're doing is enhancing the crop insurance program, making the crop insurance program stronger through a process of insuring to higher numbers in certain crops and adding certain areas for allowable insurance but also adding the hail endorsement, which wasn't there for the last two years. So there's more money being allocated to the crop insurance. There's considerably less money being allocated to the safety net program that we had, which is GRIP and which we anticipate the majority of farmers will be withdrawing from.

I personally agree that we need a whole-farm program. I think it's critical that we maintain some sort of component. As I've mentioned before, I will continue to be a strong advocate for the future of our agricultural industry: our youth and our beginning farmers. I think we have to recognize that the banks indeed are not that willing to lend those people leverage money on an ongoing basis. So from my perspective, at least, that's a satisfying role that government can play, to see that the beginning farmers are there to keep the industry rebuilding and to allow the youth to participate in that rebuilding process. That's where the vibrancy comes from. That's where the entrepreneurs come from: the youth, the people who are building for the future, those who know they will be there for the future and for many years to come.

I know I haven't dealt with all your questions, but we will, and I promise that.

To the hon. Member for Little Bow and his questions regarding Mexico. Two-way trade has increased 24 percent during the first full year with Mexico in NAFTA. That's a very significant amount, and certainly it's an indicator that the NAFTA is working and will continue to work. As far as opportunities, the major issues that are currently affecting Alberta's exports to Mexico, when we were in Mexico we dealt at some length with issues such as barley quotas. We've got a 30,000-tonne barley quota in Mexico. That normally gets filled by malting barley, and that's good, because it's at the higher end of value-added and will continue to bring us a higher return.

We also have tremendous potential for marketing feed barley in Mexico, yet we don't have quota to allow for that feed barley to enter Mexico. Because of the large cattle industry that they have in Mexico, everywhere we went, they were asking for regulatory changes in the negotiations. So we met with the federal Mexican

government and with our own federal counterparts, requesting that in the discussions. We received assurance from both groups, as a matter of fact, that they were going to allow for increased levels. That in itself is very encouraging, and that's opportunity that's there.

We've got opportunities in seed potatoes, for example. We have opportunities – and this was a group that was accompanying us, the pedigreed swine producers – to market pedigreed swine in Mexico. There's a huge potential there. We haven't really been as successful as we should be in those areas, because the Mexicans, of course, are not able to produce high-quality seed material. They're buying their seed potatoes because of the incidence of disease in Mexico, so those are opportunities.

Mexico is a significant market, and we have to appreciate that it has 85 million people, a middle class that's larger than what we have in Canada.

MR. N. TAYLOR: Don't we sell them beans too?

MR. PASZKOWSKI: We sell them beans, yes. The bean plant that's being opened in Taber, very shortly as a matter of fact, is designed to be marketing most of that production into that particular area.

We're also looking at an average age – 50 percent of the Mexicans are 20 years and younger. That in itself is a very significant number. Thirty-five percent of the Mexicans are 15 years and younger, so we're looking at a very, very young age element. As far as a country is concerned, tremendous potential for us.

To the hon. Member for Edmonton-Roper, and I think someone else had asked the question as well: why are we spending the money up front? By the nature of agriculture and just the way that agriculture operates, the first quarter of course takes us to the end of June. Really, with the first quarter what we do is do all our grazing reserve enhancement. All that type of development really has to happen, because once we get past the second quarter, the production opportunities are all gone. So what you try to do is do your enhancement work, try to do all your capitalization at the very front end, and that's why we ask for a hundred percent of the money right up front. It's just the nature of the industry and the nature of the portfolio. That's been that way in the past. This isn't something that's unique or different. It's something that will continue.

As far as diversification, a good point on the goat production and one that we're looking at seriously. The problem we've had is that there really hasn't been a lot of interest and a lot of enthusiasm in goat production in Alberta in the past, but there is now. There is a fair amount of interest, to the point where we actually had some goat producers come forward and suggest that perhaps they should be establishing a goat commission. Unfortunately, there just aren't sufficient numbers to legitimize a commission at the present time, but the interest is there, the enthusiasm is there. With the ethnic market that's out there, the goat industry I'm sure will prosper in Alberta and will continue to grow, and it's one that we are working with, by the way. We're working closely – in fact, I've met with the goat producers on two occasions. They're a good, enthusiastic bunch, unfortunately not a large bunch yet but they're coming, and they are growing.

Food Processing Development Centre, 3.4.3. I think several members asked about that, and I'm really excited about what's happening there. For those who are really interested in seeing what's happening as far as the Leduc processing centre is con-

cerned, on Friday at 4 o'clock there's open house at the Leduc centre. For anyone who's genuinely interested in seeing firsthand the operations and what the facility has, I think that's a wonderful opportunity for people to come and see what those opportunities are. Leduc has been a facility where the use is growing very dramatically. We're now finding that we're having difficulties in allocating time properly, so it's turning into a true success story. We're getting considerable interest, to the point where we're probably going to be running out of time here as well. I think that in itself is a tremendous success story.

Livestock marketing services, 3.5.4. That's the area of brand inspections, brand registrations. They're difficult to predict, so that's one area where we have been off a little. Nevertheless, it's difficult to predict because we had made some very major changes.

I think the question was asked several times about our agro-forestry and what that was all about. What that's about is that we're looking at various options of usage of fibre, of shrubbery, of potential growth along the way. It appears that there is a lot of potential out there. [interjections]

There appears to be some uncertainty as to whether I'm really providing the information that's needed at the present time or not.

So at this time I would ask that the committee rise and report, and we will see that you get all of the information.

[Motion carried]

10:50

[The Deputy Speaker in the Chair]

THE DEPUTY SPEAKER: The hon. Member for Dunvegan.

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

THE DEPUTY SPEAKER: Does the Assembly concur in Dunvegan's report?

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

[At 10:53 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]

