

Legislative Assembly of Alberta

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Subcommittee C

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3:20 p.m.

[Chairman: Mr. Tannas]

Committee of Supply: Subcommittee C Agriculture, Food and Rural Development

THE CHAIRMAN: I'd like to call the subcommittee of supply to order. This is subcommittee C, and this afternoon we're going to be dealing with the estimates of the Department of Agriculture, Food and Rural Development. What we'll do is start off with the minister making a statement, then we'll have some questions, and whenever the minister feels moved to answer a series of questions, I guess we'll do that.

So I'd call on the Minister of Agriculture, Food and Rural Development to begin this afternoon's estimates discussions.

MR. PASZKOWSKI: Thank you, Mr. Chairman, and good afternoon, colleagues. First of all, I'd like to take this opportunity of introducing what I consider the heart of the organization and heart of the department. Agriculture is certainly one of the pillars of this province. It's always been a strength of this province. We feel that in the future this strength is only going to keep increasing, and it's going to be increasingly more important as far as the growth of this province is concerned.

I'd like to introduce my deputy, Doug Radke. Dave Schurman is the vice-president of finance and administration for Alberta agricultural financial services. Ray Bassett is the assistant deputy minister responsible for planning and development. Les Lyster is the assistant deputy minister responsible for field services. Mike Mylod is the executive director of the administration division. Larry Lyseng is the manager of the budget branch and financial services. Anne Halldorson is the budget officer in financial services. They're going to be listening to the questions and the responses as they come forward. I think it's important that they hear firsthand the concerns of all my colleagues as they come forward.

It's my pleasure today to report to the Committee of Supply that the Ministry of Agriculture, Food and Rural Development continues to find a better way to serve the needs of Albertans while strengthening them in the greater decision-making process. This better way is achieved by streamlining and improving our delivery of products and services; by building upon partnerships with other governments, agencies, and industry; and by focusing on our core businesses, particularly research in value-added development.

The ministry's mission is to enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy legislation, information, and services. The existing strong position of our industry is evident from the fact that only 9 percent of Canada's population lives within the province, but Alberta annually produces 25 percent of all of Canada's primary agricultural production.

In 1995 farm cash receipts, excluding program payments, amounted to \$5.7 billion, the highest ever achieved in the province of Alberta. Crops accounted for 48 percent of that, and livestock accounted for 52 percent of the farm cash receipts.

The latest figures for 1994 show that value-added shipments for Alberta food and beverage manufacturing sectors amounted to \$5.6 billion, also the highest total ever achieved by this sector. True progress in the making. The possibility of quadrupling that figure to \$20 billion in value-added production within the province within the next 10 years is indeed a very real and viable opportunity. We will do it with a leaner, more focused ministry and a stronger market-driven, value-added agricultural and processing industry.

Since the base year in 1992 the Ministry of Agriculture, Food and Rural Development, which is comprised of nine agencies and 17 divisions in the department, has decreased net expenditures by 42.5 percent, or \$219 million, by the end of 1995-96.

Full-time, FTE, staff positions have been reduced by 385, to 2,004, to the end of 1995-96. In the 1996-97 year there will be a further reduction of 42 FTEs, representing a 17.8 percent reduction in total staffing.

Do not conclude that service has declined proportionally, because it hasn't. Ministry staff have become more focused and more specialized because that is what our customers told us they wanted. The pruning and shaping helped the ministry tree bear the right kind of fruit.

Recently an *Edmonton Journal* article told of a company's decision to expand substantially in Alberta. A spokesperson was quoted as saying that it's a particularly good location, there's a highly experienced workforce, the materials are here, and there's a favourable climate. Mr. Chairman, it's very reassuring to hear the private sector concur with our view of what we call the Alberta advantage.

[Mr. McFarland in the Chair]

The number one priority of Agriculture, Food and Rural Development is to support the climate for growth through research: research in environmental stewardship, research in crop and livestock development, research in value-added processing. The Alberta Agricultural Research Institute is an example of our new approach to government involvement. The institute's business plan has already achieved impressive results in doing far more with less. Matching contributions for research projects from outside sources increased from \$1.9 million in '94 to \$3.3 million in '95. This represents an increase of 73.6 percent. The institute is working with the private sector to conduct needed research and relay the new technology back to the industry to speed up opportunities for prosperity. With Alberta's potential for value-added products largely untapped, the ministry will emphasize research in this area and prompt delivery of information to the industry.

Advances in research and technology enable the industry to produce high quality food, create jobs, sustain a clean environment, compete globally, and generate wealth locally. These aims are in line with the overall aims of the entire ministry. Getting technology to the agricultural industry electronically began in 1995 with project barley, a very successful initiative on the Internet. The project was so well received that the department has expanded its presence on the Internet to include all aspects of agriculture and value-added information through Roping the Web. Technology transfers by methods will continue to ensure all customers have access to current information. The ministry is confident the time is right for divesting itself of various operations that indeed can be more capably handled by the private sector.

Since the base year of 1992 the ministry's been involved in privatization of the Alberta swine centre, the artificial insemination centre for swine, Gainers Inc., Northern Lite Canola, six veterinary clinics, as well as the innovative delivery services projects already under way. In the coming years further operations will be put in private-sector hands, including the Alberta soil inventory, the pheasant hatchery, the central milk testing station, cattle management on selected public grazing reserves, and indeed the production of shelterbelt trees.

In line with creating the proper climate for the private sector to succeed, the ministry will do everything possible within the law to help wheat and barley producers have a choice of where and how they market their grain.

The ministry also has put major emphasis on the rationalization of safety nets for agricultural producers. In 1992 we've gone from spending \$288 million on a number of sometimes uncoordinated and expensive commodity-specific programs, which are vulnerable for trade action, to smaller, less costly trade-neutral programs that are indeed more effective.

In 1996-97 we expect to spend \$173 million on safety nets. The final shape of the safety net program will go from 10 programs to three in '97-98. The three programs that will be remaining will be the farm fuel, crop insurance, and FISP, the farm income stability program.

FISP, or the farm income stabilization program, is a creation of Alberta Agriculture, Food and Rural Development. It's clearly trade neutral. I should mention that we are looking at perhaps changing the name of that particular program. Because it is indeed a disaster program, there was a feeling that perhaps the connotation of disaster should be included in the program's name. It's truly trade neutral. It's the first program of this type in Canada that can be declared truly trade neutral. When you consider that nearly 65 percent of Alberta's agricultural and value-added products are exported, it's obvious why trade neutrality is so important and so critical to a safety net program.

3:30

Our trade with the United States continues to have vigorous growth, and we have to ensure that our practices are above reproach. The NAFTA, North American free trade agreement, and the World Trade Organization have opened trade opportunities in North America, in the Pacific Rim, in Japan, Korea, Taiwan, and China. The ministry will continue to work with our industry partners to increase our exports to these markets.

The Alberta Financial Services Corporation is implementing the program FISP. This cost-effective, whole farm income stabilization program provides disaster coverage for farmers starting in 1995. If their profit margin falls below 70 percent the previous three years, the program will trigger. The ministry allowed Alberta farmers to exit the revenue protection program without penalty in 1995. Since nearly 95 percent of the farmers had already withdrawn, the gross revenue income program, known as GRIP, will no longer be offered. To encourage participation in crop insurance, hail endorsement was reinstated in 1995. The Financial Services Corporation's '96-97 budget reflects expenditures under FISP and increased participation in the crop insurance program. Funding for the disaster program was transferred from the Ministry of Transportation and Utilities and is now included in the Agriculture, Food and Rural Development budget for '96-97 estimates.

The cost of lending assistance is lower in the coming year by \$8 million due to improved management of the loan portfolio. Improved management was assisted by lower interest rates and reduced provisions for doubtful loans due to better grain prices.

A new program being carried out with considerable financial input from the private sector is: growing more than food; growing Alberta. This public awareness program campaign is aimed at urban Albertans, because some of them are not familiar with how important agriculture and food processing industries are to the everyday lives and to the economy of this province. This awareness program will clearly show that agriculture is extremely important to all parts of Alberta's future, not just its past.

I've said this many times before, and I truly believe this. I'll keep saying it: agriculture is Alberta's future and not its past. By the year 2005, through diversification, primary agriculture could double in value to more than \$10 billion in a response to world demand. Value added could quadruple to \$20 billion because

we'll be processing an increasing proportion of what we grow.

Albertans in general will benefit from an ever strengthening economy, the creation of new jobs, and safe, healthy foods grown on our land, processed in our plants, and supplied to the tables of the world with an impressive reputation of quality assurance. More than 65 percent of the produce will be sold on the export market to ensure that the jeans jingle on a regular basis, and I think that's critical and that's important. We truly are growing more than food; we are growing Alberta.

I'd be most pleased, Mr. Chairman, to answer any questions my colleagues may have. If I'm not able to answer all the questions and for those we're not able to deal with should time not allow, we'll certainly see that there are written responses to each and every one who has asked a question.

At this time, Mr. Chairman, if I may, I would like to table the report of the Alberta Agriculture, Food and Rural Development Business Plan and Supplementary Information for '96-97 through to '98-99.

THE DEPUTY CHAIRMAN: Thank you, Mr. Minister.

Our next speaker is Lethbridge-East.

DR. NICOL: Thank you, Mr. Chairman. I'd like to start off just with a few comments. I'd also like to kind of echo the minister's comments about the staff. I'm a little too short to see in the gallery up there, but I just want to convey my congratulations to all the staff of Alberta Agriculture. They're doing an excellent job. There are, you know, a number of individual actions and individual issues that always come up that different individuals see differently, but overall I really want to congratulate the staff on having responded to the needs that were associated with getting our budget under control and getting a balanced budget in place. So congratulations. I hope the members of the staff that are up here convey that back to the rest of their employees.

The minister began by talking about the general overview of the department, reflecting the \$219 million reduction in the budget, this amounting to about 42 percent. What I'd like to ask the minister is how this breaks down between actual field level expenditure versus the administrative expenditure. There's a number of times we go thorough the line items in the budget, and we keep looking at the administration components of the budget that are reported by line item, and we don't see very much change in them. The dollars seem to be coming out more at the program end than the administrative end. I know that's a lot of arithmetic that has to be done, so I don't expect an answer today, but at some point in time if the minister could give us a breakdown between what he sees as the program reduction and the administrative reduction. That's an issue that I hear raised on a number of occasions as I travel around the province; like, how much is coming out of Edmonton? I don't mean Edmonton as a city; I'm talking about Edmonton in the concept of farmers out there looking at that administrative blur that happens to be associated with Edmonton in their minds. So if that would be possible to be brought out.

I'd also then like to comment for a minute on the minister's next discussion on research. Again, congratulations to the minister on his focus on co-operative research, this idea of the matching dollars, bringing in the industry to work with it. The budget also shows that the actual dollars being committed out of Alberta Agriculture to research have gone down. When we hear so much of an emphasis on trying to get these new focuses for agriculture, I'd just like to question why the dollars in absolute value, even though I know they're going up in proportion to the total budget, seem to have gone down in the research component,

both the Agricultural Research Institute and the line item dollars within the ministry.

The other issue that the minister addressed talked about the electronic data services through the websites and other aspects of getting information out to Albertans, out to the rural community. On a number of occasions I've called the department and asked if some of the statistics they publish were available either through a website or through computer distribution mechanisms like a disk or whatever. In most cases, the answer comes back no. I would like to ask the minister if part of this shift over to the electronic reporting, electronic data and electronic communication is going to include putting some of their statistics out in a way that's available to the farmers or the researchers across the province. I know I've always had good response from the department of agriculture. Even when I was at the university before, they were very supportive in giving me the information I needed. It would just be nice if it was available in an electronic means.

The minister then began to talk about the divestiture of some of the activities of the department and went through a number of them. I guess the one I get questioned about the most often, I think, in terms of my residency in southern Alberta and the impact that it might have in southern Alberta is his reference to the pending privatization of the pheasant hatchery. There's always a lot of questions about how viable it's going to remain as a contributor to tourism and a contributor to the activity of the small communities if it doesn't maintain its pheasant release program beyond the five years that was requested in the prospectus that was put out. There are a lot of people in southern Alberta that are very concerned about that industry just disappearing after the five years, as the deadline passes, about sustained release by anybody who was purchasing that.

3:40

Many of the other divestitures that the minister spoke about I think I would support wholeheartedly, and I would hope most Albertans do. The one that I notice the minister didn't mention very much, or I didn't hear him mention: a couple of years ago when we started talking about divestiture and privatization, a number of phone calls came to my office concerned about the possible privatization of the field staff, the specialists. That's kind of died away now, and I hope that's a reflection of the change in the focus of the department. Many of the specialists really do provide a service to Albertans.

The minister then spoke at length about the FIS program, the safety nets, and I guess this is an area where, you know, there's a lot of concern being expressed in Alberta among the farmers. I congratulate the minister on the amount of time he and his staff have spent bringing information in from the farmers to participate in this. I guess the end result is going to be a matter of how the farmers see this operating. There was a statement given by the minister that this is going to be a real saving for the budget, for the expenditures of the Alberta government in terms of support for the agriculture sector. The questions that come out on this when I travel rural Alberta basically reflect the idea of: how is this program going to help in a sustained drought situation? We all recognize, at least those of us who participate in agriculture as producers, that in many cases one year of drought is not just a one-year, single event. We always go through cycles where we'll have three or four years of downturn in moisture associated with three or four more years following that of really good moisture.

The FIS program, as you get down into that two or three years of the lower yields associated with a sustained drought position – like we've had in the northeast now for a number of years and like we had in the mid-'80s in southern Alberta, where there

were, you know, three or four years of continual low yields because of lack of moisture – the margin that you're going to be calculating your potential deviation from, the three-year average margin, is going to drop down to essentially the drought level of margin. So farmers, in essence, if they're going into a two- or a three-year drought cycle, are going to be in a position to not have support from the FIS program. This is something that a number of farmers have asked me to explain to them, and I suggest they get involved in your information meetings so they can really understand how it works and work through some examples with the staff. Some of them come away, even from those information meetings, still questioning how this cyclical pattern is going to happen. I guess they see, you know, that two- or three-year cycle of drought as a disaster, not a single year where it's a new event that they hadn't anticipated. They end up seeing that as a disaster.

The other aspect the minister spoke about is his new effort at growing Alberta, and this I really commend the minister for, because it's a project that we have to spend some time on, getting the people of Alberta aware, really, of the role of agriculture in our community. I had the opportunity to attend the kickoff of this in Calgary, and it was really exciting to see the encouragement and the excitement that the business community showed in terms of their willingness to participate. I hope that continues along, and I commend the minister for his efforts to get business dollars involved in this rather than the public, taxpayer dollars, because it's to the sector's own advantage to make sure the public understands what they're all about.

You ended by commenting on the value-added component. There's been a number of questions raised, especially relating back to the FIS program about the role that value added plays, especially one part of the industry that we've had some discussions with, and that is the cattle feeders. They seem to see this as a subsidy potentially, and we talk about that. In southern Alberta it's very obvious that the cattle feeding industry has set itself away from what we normally consider to be agricultural production activities. It's almost become a quasi-industrial activity, and I think the minister should start looking at the possibility of dealing with feeding activities, the cattle feeding industry, maybe as a value-added component of agriculture rather than a base production component of agriculture. It would allow them to be perceived a little differently and treated a little differently. You know, they're now becoming so commercial that they almost are like a value-added activity, equivalent to any other process that changes or that improves on the quality of a product that's produced at the base level of production.

Mr. Chairman, if I might, I'll just go on to some of the other issues that I wanted to address in terms of the specific line items in the budget. The minister has been talking about changing the aspects of the grazing reserve programs. I'm going to shift my pages here for a minute. The program here shows that in line 4.2.2 there's a significant reduction expected in the '96-97 estimates on grazing reserves. Is this coming about because of the privatization or the management aspect into private industry? That's basically then going to become a service fee or a management fee charged back to the user so there'll be an increase in the monthly animal unit fee that they pay on these grazing reserves? Where do those dollars go in terms of trying to explain the disappearance of them from the public budget into the private budget and an expense for the user of those grazing reserves? That's, you know, one of the areas.

The ag service boards are also in that same program area, in the budget there, 4.3.4. I've had a number of calls recently, Mr. Minister, concerning how the dollars are being spent relative to

some of these agricultural societies, some of the ag service boards, and it basically surrounds the dollars that get used for the exhibitions, the livestock shows, the activities that are agriculture-promoting. The people that have called have been concerned that within the activities of their local exhibition or ag society or ag service activities they don't see the value passing through. They see these organizations, especially that are under the Ag Societies Act, getting involved in supporting garden shows and boat shows and all these kinds of things that they see very focused on the urban, nonagricultural component of the community. They see the dollars coming out of Alberta agriculture's budget and say, "Well, you know, this should be helping us to get a field day going or get a financial management seminar started," or these kind of things. They're expressing some real concern as to whether or not there's an appropriate auditing process by the department into how these dollars are being spent at the local level by the ag society. If the minister could possibly outline in a response to this how that audit or how that accountability is retained, then I'll be able to respond back to my constituents that have raised this. I would really appreciate that.

3:50

Now, there is one question I'd like to go back to on the farm income stability program, 7.0.2 on page 50 of the report, Mr. Minister. There have been a number of occasions either in the press or at meetings when discussions have been going on relative to the farm income stability program that the number \$30 million to \$40 million of public support comes out quite regularly, yet when we look at program 7, we see that there's a real significant increase in the farm income stability budget there, and it's well over that \$30 million to \$40 million. I've tried to track through some of the other programs which I know have been rolled into it, and I still don't come out with a number that approaches \$30 million to \$40 million. My calculations come out to more like \$60 million or \$70 million actually being involved that I can account for. So if we could see a better explanation of what FISP is really going to cost as a program in itself – you mentioned the three different programs in your introduction that we were going to have, that will remain. I know that farm fuel is back in another program, another line item. It would be interesting to see how they balance out there, or maybe I've been misunderstanding the \$30 million to \$40 million figure that keeps coming up in terms of public discussions.

The other question I'd just like to address right there on that same program is on crop insurance. You notice looking at the gross comparable 1995-96 estimate that we had \$53 million. For '96-97 we've got \$50 million. The actual forecast for '95-96 is \$34 million, \$35 million. I assume we had a below average payout year and that's why our forecast is so low. What happens to those dollars, the difference between the \$53.8 million that was estimated and the actual \$34.6 million forecast? Is there a pool that goes into so that some year when we're well above the \$50 million we've got those dollars we can take back out, or do they just go back to some other program where we don't have access to them under the crop insurance program? These are some of the issues that come up. So where is that carryover in the context of the budget?

A couple more questions I'd like to just address in the context of your ministry vision statement, mission, and goals. When you define "primary clients" in the mission statement – this is page 10 of the business plan, so I think it's the little one that you just tabled with us, Mr. Minister – you say:

those people and organizations who are interested in and capable of contributing to a competitive and sustainable agriculture and

food industry.

I think what we need is a little broader definition of what you consider to be the operational role of some of these people and organizations. If I might finish my thought, Mr. Chairman, the issue that comes up is associated with the structure of agriculture, the family farm. There are a lot of people that ask me about: what is the commitment of your government to the family farm idea as opposed to an industrial farm idea?

With that, Mr. Chairman, I'll close and let some of the other members have a chance. Thank you.

THE DEPUTY CHAIRMAN: Thank you, Lethbridge-East.

Next up is Barrhead-Westlock, please.

MR. KOWALSKI: Thank you very much, Mr. Chairman. This afternoon we're dealing with the estimates of the Department of Agriculture, Food and Rural Development, and there are the three segments to it: agriculture, food, and rural development. I want to make some comments actually to the minister to let him know that I have very, very few questions to ask of him, so he doesn't really have to take his pencil and paper out. Whatever questions I have can be dealt with at some other time. I do want to make some comments about the importance of this entity and the importance of this industry in the province of Alberta on this day of March 1996.

I appreciate the fact that we're actually dealing with the estimates of this department during Agriculture Week 1996. The theme value added is a very important theme and a very significant theme. I'm also very pleased to see that the minister, at least in some of the written press releases that have come out under his name, has basically quickly come to the realization, as he always has, that agriculture is in fact not Alberta's past. Agriculture is Alberta's future, and it is the one great industry in this province that will continue to thrive, the whole landscape of this province, and allow some 350 municipalities in this province to continue to function and allow some 57,000 farm units to continue: a tremendous infrastructure of people.

At the outset, to some of my colleagues in this Assembly who in fact live in cities rather than in the rural area, I'd like to point out to them that there are in fact more people involved in the agriculture industry employed in the cities than there are involved in the agriculture industry employed in rural Alberta. A lot of people somehow seem to sway away from that realization and forget when they come into this Assembly and start focusing on some particular program or particular issue for them.

I think it is important to recognize again and again and again the importance of agriculture, food, and rural development in this Assembly. I listened to most of the budget speech that came out of Ottawa yesterday and then had a chance this morning to read it, and I'm hard-pressed to find the word agriculture anywhere in the budget speech that came out. Our budget speech in this Assembly came out several weeks ago, and the word agriculture was clearly identified.

That reminds of a former government in the province of Alberta before we formed the government in 1971 that in fact wrote a Speech from the Throne and forgot to put the word "agriculture" in it, and the then opposition party that existed from 1967 through to 1971, the Conservatives, made great mileage of that and ensured that everybody in rural Alberta recognized that the government of the day had forgotten about the most important industry in the province of Alberta, agriculture, in having that Speech from the Throne. Certainly it's something that we have not forgotten.

I do worry – I do worry, Mr. Chairman – that there are a fair

number of my colleagues in this Assembly who do not appreciate the importance of agriculture, do not appreciate the importance of food, and do not appreciate the importance of rural development. As we have built budgets and we have had debates in this Assembly in recent years, oftentimes this whole segment, this whole area is pushed aside for some other kind of issue that somehow seems to be the issue of the day. I'm not denigrating family and community support services or ECS or anything else, but if we spent as much time talking about the importance of the agricultural industry and the people who live in rural Alberta as we do about some of these other issues, then perhaps the whole understanding we would have as Albertans for this very important industry would become amplified.

So I want to make a point rather than asking a series of questions. Dealing with agriculture is a constant struggle in a province like Alberta, and I want to encourage the current minister of agriculture, who I hope will remain the minister of agriculture for a great number of years into the future, that in fact he never, ever forget that when he gets up in the morning and puts on that suit of his and puts on his badge, he's the marshall for Agriculture, Food and Rural Development in this province and he must go charging. Even if he may get down or get kidnapped by somebody for an hour or two in the afternoon, when he goes to bed at night and takes off his badge and puts his gun away, the next morning he slaps it back on with his boots and his badge and away he goes again to fight, because it is a constant, constant, constant struggle.

Alberta in 1996, again, has approximately 57,000 farms, fully functioning farms for the most part, economically viable farms. I guess the phrase word by some economists would be that the correction, that should take place with any kind of market perhaps in the area of agriculture, took place in the early 1980s, when costs of doing business were extraordinarily high for a period of time, interest rates as high as 20, 21, 22 percent, some commodity sectors going down in value, a plentiful amount of dollars, it seems, to purchase land, and constant numbers of bankruptcies that did occur in the early part of the '80s and then through the middle part of the '80s. But I think much of that is behind us now, and we've got a pretty stable industry for the most part.

4:00

Alberta is a huge geographical entity. We are in southern Alberta today where we stand. This is not northern Alberta. The geographic centre of Alberta is a hundred miles to the north and the west of us, and I find it of interest oftentimes when people say, "Oh, yes, we're living in the city of Edmonton, and this is northern Alberta." It is not. I make that point again, Mr. Chairman, because Alberta is huge, and within that huge entity there is enormous diversification. Simply because a program is important in one sector of the province may not necessarily require it to be of importance in another part of the province, because there is a euphoric approach in the marketplace with certain commodities that are grown in one part of the province that that wealth may not be experienced by another part of the province of Alberta, and on and on and on it goes.

When we make decisions in this Assembly, we have to be flexible enough to understand that no one program might necessarily have only one, quote, barnyard called Alberta, that there may have to be some distinctions and some differences within the province of Alberta. That diversification has led to the tremendous growth in value-added production that we've had in this province, but it's also been fostered, it's also been grown, and it's also been sponsored by the men and women of this Assembly who voted in favour of certain budgets in the past.

Let me just talk about some of this diversification, because I think we have to recognize the importance of it with respect to infrastructure. This is the Department of Agriculture, Food and Rural Development. Now, let me just focus on rural development. It's more than simply agriculture and more than simply food. If we want to maintain an entity that has 57,000-plus farms and see the number of farms in this province grow, we have to recognize that only one-third of the whole landmass of Alberta is in fact deeded land. The other two-thirds of Alberta is nondeeded land. One of the visions into the future is that we have to ask ourselves the question: should we move beyond the one-third part of Alberta that's simply deeded land? Should we increase the amount of acres that are available for agriculture in this province or for grazing in this province? Should we do that, and how will we do it?

We have in essence been in a kind of abeyance for the last five years or so. There's not a determined moratorium in terms of that, but we basically have said that there's almost a perfect balance that we have arrived at. I'm one Member of this Legislative Assembly who says that that's not good enough as we go into the next millennium, that quite frankly if we want to grow this industry to the tremendous potential the minister of agriculture has talked about, we also have to be prepared to basically see the amount of land in agriculture expand as we go forward into the future. That's something that you can't really deal with in these estimates this afternoon. It's a philosophic argument and a philosophic statement that I want to make to this particular minister.

When we decide to do that – and we must decide to do that – then we must also recognize the importance of infrastructure. I find it absolutely incredible in terms of some of the debates that have occurred in this Assembly in the last three years, five years, seven years that basically say that we've reached plateaus. We should do no more for infrastructure. We have enough acres under irrigation. We have enough miles of paved road in the province of Alberta. We have enough schools. We have enough hospitals. This is a vibrant, dynamic population that can expand if it has an opportunity to expand. The only way it can expand in this kind of environment – and I mean a climatic environment as much as a physical environment – is to allow them to move into new areas and to open them in much the same way that the pioneers of a hundred years ago did.

This government, this Assembly ensured that in the province of Alberta in fact we would try and reverse one of the major demographic changes that occurred in most parts of the world, and that is a rural to urban shift in population. Over the last 25 years, because of a tremendous number of programs, we have now arrived at a situation where virtually every rural farmhouse in the province of Alberta is connected with power. We take it for granted in 1996. Most agriculture jurisdictions in the world do not have power for even clusters of people living in rural areas. We have power available to virtually every farmstead in the province of Alberta. We have natural gas, a determined infrastructure program that the men and women of the past in this Assembly voted hundreds of millions of dollars to ensure could be delivered. It was only 1986 that this Assembly made a decision to basically say that every farmhouse in the province of Alberta should have access to a private telephone, and it really wasn't until about 1990 or 1991 that that actually happened. We're still making history. We're still evolving in history. We have to continue that evolution, and we have to continue that modernization as we go into the next number of decades, and we can never stop and say we've done enough.

I sense from time to time, Mr. Chairman, that there are a fair

number of members in this Assembly who basically say we should stop. We've reached a plateau. We don't have to do anything more for infrastructure. I'm making a plea today to the minister responsible for Agriculture, Food and Rural Development that no such plateau has been reached. We need to continue to expand the infrastructure of this province. We need to continue to develop the infrastructure of this province.

There's not one acre of irrigation in the area, the constituency that I represent, yet I stood in this Assembly over the years and was totally supportive of allocating over \$1 billion into irrigation infrastructure development for a certain region of the province of Alberta. I took the heat for five years through constant court battles – some still not concluded – on building a major water reservoir called the Oldman River dam with some nearly 400 million dollars in public infrastructure. I took the heat, and that doesn't help me one darn bit in the area that I live.

The point I make is that, again, Alberta is diversified, Alberta is huge. So when I make the plea and when members from my part of Alberta make the plea that there must be some unique thing for agriculture in our part of Alberta, I sincerely hope all the men and women in this Assembly will not respond by the reflection only of their constituency and only of their own backyard but will have the empathy to understand that in agriculture, that in food and in rural development other parts of Alberta may need unique things that other parts of Alberta don't need or want. But necessarily it's a need in the part of the province of Alberta that I have.

The actual on-site development that we have to continue is something that we must never stop doing. There is always another road that must be paved, hon. members. That there are those who will stand in this Assembly and say that it is ridiculous to pave a bunch of secondary roads – and nobody even understands what the heck a secondary road is – is absolutely nonsensical to me. There is always another secondary road that has to be paved. I'm not going to be chagrined to say, "Look, it's amazing to me that the back alleys in some of our large urban centres have pavement, yet there are clusters of people who live in rural Alberta that still are driving down dirt roads." Now, what is fair about pavement in the back alley and not having at least a minor secondary road paved in another part of Alberta? We need to continue doing that. We need to. The minister responsible is also the minister who's got to speak up on behalf of rural development, and quite frankly perhaps he should take the Department of Transportation and Utilities and wrap it under that particular department and keep going along with the whole business of dealing with infrastructure development in this province.

A major, major area of responsibility of this minister and this department has to be in the area of marketing and advertising of Alberta agricultural products. They cannot do it by themselves; they cannot do it alone. There's a very sophisticated value-added food processing industry in this province, that has been growing. I am not so sure that if 25 years ago there was no commitment from the men and women of this Legislative Assembly for assistance in that area whether in fact that industry would have grown to the degree that it has and have its place today in the province of Alberta.

You know, it was a pretty proud moment for some of us a few years ago when we found out that the statistics clearly said that the amount, the value of the, quote, value-added product had now surpassed the amount of primary production in the province of Alberta. That was a dream. If members of this Assembly go back to some of the speeches given in this Assembly in 1971 and '72 and '73, they would have heard our predecessors say at that time: that is our dream, to get value added to surpass primary

production. It took more than two decades to do it, but it has happened, and it has happened big time. We're big players now in the world market in terms of agricultural production.

One part of rural development that is very significant and where the minister must play a role – and I talked to his colleague the Minister of Municipal Affairs a few minutes ago – is that we must ensure the health of our 350 municipalities in the province of Alberta. It's one thing for us to deal with downsizing and reduction of certain budgets, but those municipalities provide the infrastructure. They're our door, our window, if you will, in various parts of Alberta, and they must be supported.

All of Alberta benefits from agriculture, Mr. Chairman. Not just one part of Alberta, the part that I might represent or the part that the members from Lethbridge represent, but all parts of Alberta benefit from agriculture. Again, I want to repeat where I started off. I said that the majority of jobs in agriculture are not in rural Alberta; the majority of jobs in agriculture and food are in urban Alberta. It's just incumbent upon us to constantly repeat that message and repeat it here in the cities.

I'm going to give the minister a speech that I gave a long time ago, and I hope my good friend the deputy minister of agriculture won't have cardiac arrest, but he and I used to work together in an office of the minister of agriculture going back some 21 or 22 years ago when we were both executive assistants for a certain minister of agriculture. I've always viewed and maintained and believed that the corporate head office for the department of agriculture should not be in a large urban centre. I know I get a fair amount of criticism from certain people when I say that to my knowledge there's not one cow raised within the confines of the city of Edmonton, not one pig, not one turkey, not one bushel of oats, grain, or barley in here. It seems to me that the best interface should be in rural Alberta. I could make a plea where I think that best place is, but I won't do that.

4:10

I do believe, Mr. Chairman, that it would make a lot of sense in terms of facing out. We've done a lot of marvelous things in terms of decentralization over the years: the agricultural food processing plant in Leduc; the Agricultural Development Corporation, now renamed, in Camrose; the Hail and Crop Insurance Corporation office down the road there in Lacombe; and a whole variety of other infrastructures. It must be maintained. The interface between people in agriculture and the bureaucrats in the minister's department must be continued. He must not allow the coming home to the head office in Edmonton. He must take those people who love the land, who love the soil, who understand the importance of water and want to breathe pure air, and move them out to all parts of Alberta to be right there where the problems are. God bless the fax machine and all the other fancy equipment, but you don't understand the world through a memo. You understand the world by being placed right there in the heart of the land. So I say that as well.

Mr. Chairman, I want to conclude by just saying one thing. All members in this Assembly are essentially part of the cultural right, but I honestly believe they're also part of the increasingly nervous centre. I want to amplify that for just a second. There are great things happening in this country these days. Tons of people out of work are marching in the streets in other parts of this country. There's concern from time to time – and it even includes one presidential candidate in America saying that he wants to close the boundaries of America. He won't win, but he will engender a feeling in some members of the American Congress and the American Senate. In fact, he probably will have part of his philosophy become part of the Republican agenda, and

I really believe that the Republican Party is going to win the next presidential election in the United States. If they fall into the trap of turning inside in America, that will hurt Alberta and that will hurt Canada. We have to make sure that the best efforts that we have are out there not only in America, which is our number one trading partner, but in all other parts of the province of Alberta.

So, Mr. Minister, I wanted to say those things. Actually, I have no questions other than the fact that I still hope you're going to come up with a payment for our forage producers under this new repayment thing. I think that was something that I certainly understood was going to be happening. I think you have to spend the rest of 1996 on the road. I think you've got to get out there and sell Alberta product along with the industry. In fact, I hope we won't see much of you in Alberta in 1996 other than the fact that I've said you should spend half your time defending the importance of Agriculture, Food and Rural Development and not only in this Assembly. You've got to be strong. This department is important. This industry is fundamental. People can talk about other industries in the province of Alberta; I know none that has a greater pervasiveness throughout all of Alberta than agriculture. Food is fundamental – high-quality food, too-cheap food – and the need for further diversification with respect to this.

If the Minister of Labour is giving you a rough time, you know, saying that we're spending too much money in agriculture, well, then just let some of us know. We'll talk to the Minister of Labour, because he has to be an absolute total advocate of the importance of agriculture in this province. It's fundamental to the community of Red Deer. There are more jobs in Red Deer that are dependent on agriculture than there are in any other part of the province of Alberta. He's waving his head in support of agriculture. We'll use that, his marker, later, and we'll ensure that it's indelibly written in here, Mr. Chairman.

So keep going. Don't stop. Be aggressive. All members of this Assembly should understand this is not a bunch of hayseeds that are talking. Agriculture is fundamentally the number one industry in this province. It's always been part of our past, but it's going to be our future, our absolute, total future.

Thank you, Mr. Chairman.

THE DEPUTY CHAIRMAN: Thank you, Barrhead-Westlock.

If you just have a moment, members. For those in the gallery who have come in, the reason there aren't many in here today is we have split the estimates committees into two. We've got one meeting going on here and one in another room. This is the estimates for the Department of Agriculture, Food and Rural Development.

According to the list that I have, our next speaker is Whitecourt-Ste. Anne.

MR. KIRKLAND: I think we alternate, Mr. Chairman.

THE DEPUTY CHAIRMAN: You should have put up your hand; should you not?

MR. KIRKLAND: No. I was up, Mr. Chairman.

THE DEPUTY CHAIRMAN: Go ahead. Next time I'd encourage you to put your hands up, please, so that I have an idea who's speaking.

MR. KIRKLAND: Okay. I was standing, hon. Chairman.

Anyway, I appreciate the opportunity, hon. minister, to ask some questions of the Agriculture, Food and Rural Development department today. I also applaud your department officials for

being present to listen to some of the comments and provide you with assistance. It's difficult to expound on the eloquence of the hon. Member for Barrhead-Westlock in his very poignant speech about how important agriculture is. Certainly we understand in Alberta that it is the most important. It'll be the longest lasting. The oil may come and the oil may go, but agriculture will always be the one that sustains us.

Now, having said that and having listened to the hon. member for Barrhead-Westlock speak about those 57,000 farms, Mr. Minister, I want to ask you some questions about protecting some of those farms. When I say that, I would like to take you to line item 1.0.5, surface rights and land compensation boards. I know that you have your finger on the pulse of the agricultural world, and I know that you are aware of a growing – and I will use the term – hostility towards some of the oil companies by the farmers in Alberta. Just to elaborate or frame that particular discussion, I would share with you a couple of quotes from the Surface Rights Federation, that protects and provides direction and guidance to farmers that are experiencing difficulties. In their newsletter that came out recently and that was distributed to me in Camrose last week when I attended their meeting to try to get a better handle on their difficulties and their problems, one of the sentences that struck me and that was rather key, I guess, was:

Most of the gains we achieved during the eighties are slowly but surely being lost. The first reason for this is the failure of the provincial government to hold the oil and gas companies responsible for contamination and environmental damages.

Now, having looked at that statement, I certainly realize, Mr. Minister, that this is one of those issues that crosses many boundaries and departments. I know that the environmental department is involved; I know agriculture is involved in it as well. When I was looking at line 1.0.5, I see that there is a reduction in that particular line item – and it's to be commended in today's world that we find reductions – of about \$300,000.

If I could just elaborate on this newsletter, I'll go on to relate a story.

A Lacombe area farmer was told by the Surface Rights Board to use past payments received under Sec 39 to clean a site himself after the oil company stopped paying and left the site in a mess.

This was decision No. 95/0052 of the Surface Rights Board. Now, the Surface Rights Board has an integral and close connection with agriculture in that sense. Mr. Minister, certainly these individuals that are having difficulty are going to need more than one advocate in this area to ensure the fact that farmers who have spent years farming and arrive at a stage in their life where they would like to step back and/or retire do not get left with contaminated land that becomes unsaleable.

Mr. Minister, I would suggest to you and ask you if you can also be an advocate on their behalf. I know it is a push and a pull between the oil companies and the agricultural industry. I described the meeting that I attended in Camrose last week as one of hostility. Every time I attend one of these meetings, I see that there are more and more vocal and hostile comments being made about the oil companies not living up to their responsibility. I say protecting the farms, Mr. Minister, because if we don't arrive at a fair solution to this, there will be farms that do become unsaleable because there is an environmental caveat on it due to pollution or contamination. So my question, as I indicated, is: can we count on you to assist with the advocacy and ensuring there's a fair solution arrived at there as well?

Also coming out of that meeting, Mr. Minister, was information and direction that is being provided to the farmer. What that direction is indicating is that from the landowner position, the onus will be on him in 1997 to collect assessment on oil well sites that sit on his land. My understanding is that the municipalities

are stepping back and expecting the farmer – I see the minister shaking his head. I'm sure that farmers in fact would take some comfort in that, because it is a large concern that they should be put into a tax collection situation with the oil companies in light of their difficulties already with surface rights payments and the likes of that.

4:20

Mr. Minister, I'll take you through the document. You had indicated in your opening comments that there will be a major push on, of course, marketing and attempting to sell Alberta agriculture products and the likes of that. I'm looking at line item 2.2.3, market analysis and statistics. I see that there is, according to the document I'm looking at, about a \$115,000 reduction in that particular concept. In my own mind I wonder if you can perhaps provide an explanation as to how we can advance the products yet reduce some of the funds associated with, actually, the analysis and the marketing thereof.

Now, I would take you to the next page and line item 3.4.3. This is one, Mr. Minister, that you know I've stood up and spoken on every time we've had agricultural estimates. It's the Food Processing Development Centre. I had, when I arrived at this Legislature, indicated that it was not productive enough and if we couldn't do better, we should close its doors. I commend you that that Food Processing Development Centre in Leduc has almost arrived. Certainly, its productivity has increased considerably, and my compliments to the department and yourself for making that happen. What I couldn't determine looking at the particular line item, and as I went through the budget, was what revenue was generated through the use of that particular facility last year. So if you could provide that answer to me, I'd appreciate it.

Along that same line item. When I again look at the Food Processing Development Centre under the capital investment, it shows a \$61,000 projected expenditure there. Mr. Minister, I'd appreciate some sort of indication of what will take place in that centre that would enhance it to the \$61,000.

Moving along to page 47 and line item 4.3.5, agricultural societies and development committees. I have several agricultural societies within my constituency, from Hay Lakes to New Sarepta and several others, that are very active out there. I see that there is a slight increase of about, oh, \$30,000 there. Mr. Minister, would I understand that increase to be to accommodate Bill 9 and the five ag societies, Red Deer, Edmonton, and Calgary, that are in the process of being formed. Would that account for that increased expenditure there?

The hon. Member for Lethbridge-East asked you about line items 4.4.1 and 4.4.2, public lands: the grazing reserves and the grazing reserves enhancement. Now, I understand that this particular program is being privatized, Mr. Minister. Certainly, when I look at the expense of last year to maintain these as opposed to this year, that would appear to be a very sound decision. If privatization takes place, I would applaud you, and if it reduces expenses, I would applaud you.

I do have one concern, Mr. Minister, and I wonder if you can provide some sort of comfort to me. If we go into a privatization mode there, will there be in place some sort of standard that has to be met? Will there be a process where this would come up for tender, I would suggest, maybe biyearly or once every three years to ensure that in fact we're within market range and market value as far as the revenue that we can generate and the cost that generally is associated with the grazing reserves?

Now, I have on many occasions asked questions about irrigation. I am not from southern Alberta, and I'm not familiar with

that particular component, Mr. Minister, but I would appreciate your assistance and understanding on page 56 when we look at the irrigation district rehabilitation fund. It shows a 1996-97 estimate of about \$90,000 as far as the revenue is concerned. When I look at the expense on the same page under the same heading, it shows about a \$1.6 million expenditure. That would indicate to me as somebody who is not close to that topic or subject that there will be some major renovations there. My question, I guess, when I look at something like the Alberta Dairy Control Board being self-funded: are we moving into a situation where we're attempting to garner enough funds from the irrigation districts to ensure that rehabilitation moves more into a self-funding process, if I'm reading that particular situation correctly?

Moving along, I'll take you over to page 64, Mr. Minister, under expense, the beef industry development fund. This is a relatively new item, I think, in your budget. It shows \$1.3 million. Now, certainly I realize the beef industry's importance, but I've always understood that particular segment of the agricultural industry to be very much the entrepreneurial spirit of agriculture. As I look at this, I have to conclude it is for promotion of beef. Is this again something that the beef industry itself – and I know they contribute somewhat to the promotion of their product – can work more so into their cost factor, as any business does?

On a more general basis, I'll conclude my comments by indicating that I listened closely to the hon. Member for Barrhead-Westlock about rural development. We all have to be advocates for rural development, Mr. Minister, and the hon. Member for Barrhead-Westlock also indicated he would like to see transportation rolled into your department. Well, I wonder if you couldn't take on that particular role and assist with some advocacy for rural Alberta in the sense of this new bypass that is going to go around the city of Edmonton. The government has expended considerable millions of dollars to twin the bridge over the North Saskatchewan River in Devon in anticipation of that north-south corridor. It would seem that that has been forgotten in the last proposal with Alberta Transportation and Utilities, and I wonder if in fact you couldn't give some thought to nudging your fellow minister to look more closely at that. It would benefit, of course, such communities as Enoch. It would benefit such rural communities as Devon, Calmar, Millet, and the likes thereof. So I would ask you to keep that in mind. I think there's certainly potential to enhance it from that particular aspect.

With those few questions, Mr. Minister, I would conclude and I would state that certainly I view the agricultural industry as being a very key, critical, and important component of the Alberta mosaic. It will be here long after our oil wells are dry, so I applaud your efforts to ensure it gets its due respect.

Thank you.

THE DEPUTY CHAIRMAN: Thank you.

Whitecourt-St. Anne, please.

MR. TRYNCHY: Thank you, Mr. Chairman. I want to be brief, because I spoke the other night in regards to the throne speech and I outlined my thoughts there. There's another reason I want to be brief. When the Member for Barrhead-Westlock and I talked about this, we decided that we should keep it brief to let the opposition in. We got together and we made a vow that we would do one speech between us. What we did is we had a small debate and we flipped a coin. I was to write the speech, and the member was to give it, and I'll tell you, he did a very good job. I want everybody on both sides of the House to read that speech. He did deliver a good speech that I wrote, and I'm just so pleased with it.

[Mr. Tannas in the Chair]

Mr. Chairman, I just want to say that he did come out strong in regards to telling the minister to get out and talk to Albertans, and that's something we have to do, because, as everybody says, agriculture is our future. What I want you to do, sir, is go out into rural Alberta and talk about the livestock industry, the livestock programs. We have cow/calf operators that are really, really suffering, and they're asking the question, saying, "What can you give us, Mr. Government, that gives us some assurance that agriculture is our future?" I ask you to do that and take with you your colleagues wherever you travel, and let's make sure that the agriculture industry knows where we're going and why we're where we're at and how we can improve the situation for them.

4:30

Now, I have a couple of questions that I want to see if you can provide the answers to later, and that's the same question that the Member for Barrhead-Westlock asked in regard to the payout of GRIP and the disbursement of the Crow benefits in regard to those people that have their land in forage. I'm talking about those people that plant alfalfa for the alfalfa plants for pelleting, for cubing. They are on rotation, two to three years, but they happen to fall into that area where, the last two years, if you didn't have a crop of cereal grains, you did not qualify for the program. That's very upsetting to those people that take care of their land in the right way, yet they do not qualify. I understand we have some dollars. I'd like to know from the minister when these dollars will be available and how soon we can get them to the farmers, those that are suffering in regard to the low cattle prices.

So, Mr. Chairman, as I said at the outset, read the speech from the Member for Barrhead-Westlock because it has everything in there that anybody could say in this House. I say to you, Mr. Minister, you're doing a good job. Continue that. Get out and talk to Albertans, talk to the rural people, and let's make sure that we can convince them and assure them that agriculture is indeed our future.

THE CHAIRMAN: The hon. Member for St. Albert.

MR. BRACKO: Thank you, Mr. Chairman. Again I am privileged to speak to the estimates of the department of agriculture, and I too want to commend the department's staff for their hard work. The administration may be here today, but I know members of the department that work very hard, and I want to thank them for their hard work. Also I was at the agricultural service board's 50th anniversary in Foremost this last summer, and everyone I talked to said what a great job they were doing, how hard they worked to make sure that agriculture was taken care of. I did have the tremendous privilege to be at that 50th anniversary.

I started out after high school spending two years down in southern Alberta. I spent time with the department of agriculture out of Lethbridge but traveled through southern Alberta, took soil samples on all the level land that they irrigated. I got to know southern Alberta, got to love it. Two of the best years of my life I spent in southern Alberta and learnt a great deal about agriculture and the workings of agriculture in southern Alberta. It was great to go back – I think it's almost 32 years later – and see what has happened in agriculture. Tremendous changes have taken place. The whole infrastructure: the roads are much better; where there used to be dirt roads, now they're gravel, some are paved. So there are tremendous changes, but what I found even more was

the entrepreneurship of the agriculture community, developing the secondary products, not just the primary but moving into secondary products and competing with production in the world community.

When I went, there was mainly grain farming, some sugar beets, and grasses were mainly through irrigation. Now, when I was at that service board meeting, it was interesting and an eye-opener for me to realize – they took us out to a plot where they grew different grains and different varieties of seeds, and there were 10 or 12 different seeds for a certain grain like canola: one that dealt with strong winds, that would stand up; others that may have more moisture; some that have less; the different varieties. You almost need a computer just to keep track of the seeds of one grain or one grass, this area. So it was a really excellent experience, and I feel very honoured to have been part of that.

Like yourself, Mr. Minister, I feel agriculture is very important, and the cities only prosper, only grow if there's a strong rural infrastructure, strong rural industries, agriculture, natural gas and oil, forestry. We know that oil and gas will run out eventually. We know that forestry could change because of the electronic media. The next generations maybe won't be buying the newsprint we have. We have to recognize and know that agriculture is the number one industry and will continue to be. So we have to make sure, as your department is doing, that we do everything we can to support it and make it grow, make it move forward as we move into the 21st century.

Again, as I mentioned, transportation is very important in rural Alberta. In some areas they still feel that they're left out, that they're not listened to. I can understand that maybe from the department's position there are only a few people there, the population is sparse in a large area, and that you need 200 vehicles to go through before they widen the road. But I think we have to look beyond that. What are the products coming out? We see the changes, going from the small elevators in town to the big condo units in centralized places. Now, instead of the railroads taking the abuse for the transportation, we see that the municipal roads, the secondary highways are being used much more. I guess my question is: are you communicating with the minister of transportation? Studies have been done to show how much more use these roads are getting. We can look at how much more they will in the future so that adequate funding can go to these roads and highways in different parts of the province. That's very important.

Electronic communication. It's coming into rural Alberta more than it has in the past, but it always seems to lag. The urban centres get it first, and it takes more time to get into rural Alberta. This is important for them to have. There are fewer numbers out there. They deserve equality of opportunity in rural Alberta, the same as in the urban centres. That is vital to keeping the population there also. We know that in St. Albert we have our junior high school that is done through the computer system, and it covers all of Alberta. We need to perhaps look even at courses where people can take it at home in the same way, so they can do it on their own time at their own speed instead of having to go to an urban centre. I'm sure a lot more of this could happen. It's going to happen, and it is happening in different parts of the world.

I want to just comment on the member from Barrhead. He gave an excellent talk, and he's very knowledgeable. I'm just trying to play catch-up in some ways to get some of his knowledge and information. To me rural Alberta is very important. He did mention that a previous government forgot about rural Alberta in the throne speech, and their government capitalized on this. Mr. Chairman, this is the same response I'm getting in different

parts of the province, that rural Alberta feels left out. And I'm doing this in a positive way, Mr. Minister, and to the government: they feel left out. In the comments that I've got – and I say this respectfully, not to incite – they have told me that the only time they hear the MLA come in is when the plane flies in and when the plane flies out. These are some of the comments I hear in different parts of the province, so I'd just bring that to the government's attention.

Again, you and our members need to be out there listening to what's going on and working towards solutions to the problems. We know that the towns are very fragile, because I've visited many of them, and they are the backbone of the farming communities. The closing of a grain elevator, the closing of a couple of businesses can shut that community down. Then again it can be public service jobs lost, and this can affect communities that are very fragile, that are coping and have coped through the years. I think, for example, of the special areas 2, 3, and 4, which have gone through tremendously hard times through the Depression and even since. They have, I guess, the true grit of our Alberta coming through, finding ways of managing the resources they have and doing it very efficiently. When you have 250 acres to feed one cow, they have to really be efficient and have to work hard at it. So when cuts are made, this should be taken into account: public service jobs, other jobs, and how they affect the smaller communities.

4:40

Again I will mention that when the town dies, many people in the town are affected who may have put their life savings into a home. In a community the prices of homes can drop from \$50,000 or \$60,000 to \$1,000, and they've lost their life savings. This has to be, again, carefully looked at.

We know another concern they had. Maybe I was naive, but I thought I wouldn't get much comment on the loss of kindergarten hours in rural Alberta. You know, I found the opposite. They were very concerned, grandparents and parents, about their young children losing access to full kindergarten like they have in the urban centres. They realize the importance of it, that if they're going to compete in some of these areas that are very tough compete in, special areas and other parts of the province, they need the same opportunity that the urban students have. So if that ever comes up again, Mr. Minister, I know you will fight for full kindergarten so they will have the same opportunity, so they can continue to build and develop rural Alberta.

I think everything goes in circles. We used to have lots of farms, quarter-section farms, and then a lot of people moved to the city. Now we're seeing, with the differences in technology, that there is more of a return to rural Alberta, so rural Alberta's going to be growing. The cities are the ones that probably will suffer. As we see, the downtown office towers are being vacated. People are doing their businesses in their homes. We can perhaps, if the cycle continues, see more people moving out to rural Alberta. So it's important that we make sure that it's looked after, with strong infrastructure, a high emphasis on agriculture and on rural development, as the Member for Barrhead-Westlock has said.

There are concerns that maybe more could be done for secondary products by both industry and the government working together. I was in the special areas, where they claim they grow the best durum wheat in the world, second to none. I believe it. They were saying they need to move on to secondary products like pasta and so on, in that area. They're not asking the government to put money into it; they're asking to work together with private industry.

I'll just give you an example. Right now Taiwan has the second highest amount of reserves in the world. They are going back to China after Hong Kong, from what I understand. China's been making naval tours and so on around Taiwan. There's a tremendous amount of money that can come into our province, yet I hear that it's not happening. I would ask, Mr. Minister, if you work with the Minister of Economic Development and Tourism, take that and maybe put more emphasis on it, where we can use the Taiwanese money, which will make the Hong Kong money look like small change, to develop some of the industries in our province in areas like the special areas, areas where we can grow the products and utilize their marketing skills. Someone from Taiwan or the Orient has a better chance of marketing their product than we do because they understand the thinking of the Orient. They understand how you do things. They understand the toughness of negotiation in these areas.

I even maybe suggest that courses be set up on the negotiation process. The Japanese go for courses, very tight, strict, strenuous courses so they develop their negotiating skills. If they don't pass the course, they lose face and they will not be allowed to advance in the company. So they take it very seriously. We don't do that here. We need to know that. The minister of economic development needs to work with part of agriculture so we can go in. This was on a tour we had; other members were with me when they mentioned that it's tough negotiating with the Japanese, with some of the others from Asia. A number one product goes to Japan and they'll say that it's not number one, that it's number two because they find a bean that might not be quite up to the first grade. They will argue, sit in the port there, and force our companies to sell at a lower price because of the tremendous cost of staying in the harbour or in the port.

Other areas we could look at. Instead of going into some of the big ports in Japan, use the Soviet Union. Some of the private enterprise working with government could be looking at this, where they would set up the warehouses in Russia, where it's cheaper, and then ship it over to Japan, avoiding the costly harbour costs that affect our businesses. We have to look at agriculture not just in Alberta but from a world perspective and see what's happening and see how we can become competitive and how we work hard to make sure that this happens.

THE CHAIRMAN: Hon. member, the hon. Member for Edmonton-Norwood is rising on a point of order.

MR. BENIUK: Yes, on a point of order, Mr. Chairman. There is no Soviet Union today. He referred to the Soviet Union. He suggested using the ports of the Soviet Union. I'm pointing out that there is no Soviet Union.

THE CHAIRMAN: A point of clarification.

Go ahead, St. Albert.

MR. BRACKO: Thank you very much, and I thank the member for bringing that to my attention. It's very scholarly of him.

We see communities that are upset because the government hasn't perhaps taken into account the full training. Ponoka is an example, where they have two doctors and a specialist and they closed a number of beds, which takes away, Mr. Minister, from the rural community for health care, which is very important. Rimbey: the same thing, with the Alberta Hospital and with the infrastructure needed there. So these decisions have to be looked at from a total perspective and not just from what's politically expedient at the time.

Another area in agriculture where I'd request that you work

with private enterprise, with the private companies in agriculture is to set up scholarships for international students so we can take our products and sell them with people who live in these countries.

Another area of concern in rural Alberta is cell phones and the towers. If you could communicate with the minister of transportation, they feel very isolated and they are very isolated. They would love to be able to feel safe with a cell phone. If they get into trouble through a storm or breakdown of their vehicle, they're just a phone call away from help.

Another issue is that they want 911. They want the fairness. With 911 being in the urban centres, it should be extended to all of Alberta. I believe this is one big way, as the Member for Barrhead-Westlock has said, to add to that infrastructure that's needed, a fairness needed to assist.

The other one is that ambulance services should be co-ordinated around the province. This is a concern for rural Alberta. This is one that will keep our rural communities growing and strong. It's because of this type of situation also.

Let's see; I think there are one or two more things. Some of the countries are not hearing about Alberta and our agricultural products, the Middle East especially. I have friends and have met others who are from the Middle East. Our products do not seem to get there. They're not heard of. We need to do more there, and also in certain parts of Asia. We need to move forward, make sure our products get in, get seen, known, and marketed much better than they are now.

Another concern. It's important that communication takes place between urban and rural Alberta, working together, understanding what each other feels in the province and the concerns. I believe every member here should go into rural Alberta, if you're from an urban centre, and vice versa. Spend time, understand, so we can bridge some of the miscommunication and understand each others' problems, so we can work for solutions that are very important here.

In Saskatchewan some of the gas companies and energy companies are setting up in locations in rural Saskatchewan. Arcola is an example of one of the big companies. It's using the infrastructure, adding to that community. We need to do that here, not just in urban centres: move them out into rural Alberta, throughout the infrastructure. If Saskatchewan can do it, Alberta can do it and can do it as well or better.

4:50

Another concern in agriculture, farming: there are ups and downs in the cycle of prices in agricultural products. Sometimes spouses have to go to work. They may not want to or they may wish to. However, they want the same access to day care funding in rural Alberta as we have in urban areas, and this is very important to bring them through maybe tough times if they can go and find a job. Sometimes it's just part-time, but it gives them enough to survive and move on to the next area.

Lastly, as I conclude, again I've pleaded with the government: coterminous boundaries for different areas – health, agricultural boundaries, education, and so on. I'd like to impress on the minister to speak with other colleagues on the front bench and backbenchers, to realize that there are efficiencies in doing this, that it's very important.

Thank you.

THE CHAIRMAN: The hon. Member for Little Bow, followed by Spruce Grove-Sturgeon-St. Albert.

MR. MCFARLAND: Thank you, Mr. Chairman. I have a few

brief comments to make to the minister. First of all, I'd like to compliment his staff for the great work they've done this past year in helping rural Alberta with all the programs and the adjustments they've had to make throughout the regions and to you, Mr. Minister, for being out there – the first of many of the departments anyway – two years ago in the roundtables where you consulted with agricultural and producer groups, probably a forerunner for the other departments within government here today.

As a representative for a riding that is probably 95 percent reliant on agriculture, some of the comments the Member for Barrhead-Westlock made were most appropriate. I don't think there are many of us in this Assembly that can match the quality and the eloquence that he has, the ability to come across with the points. It is with a lot of pride that many of us have unique situations as the Member for Barrhead-Westlock did talk about, and some of those are directly attributable to the irrigation. I stand here as a member for an area which has greatly benefited from irrigation, to the point that one of our communities, Picture Butte, which is in the very south end, is known as the livestock feeding capital of western Canada, and on the east side of the riding is another small community called Vauxhall, which is the potato capital of Alberta, little known facts to many of the people in larger centres, but small communities of 800 and 1,500 respectively can indeed do a great deal of service to the communities.

When I hear some of the comments made about downsizing in small communities, the fragility of the existence of these communities is in fact a real concern to members who represent rural areas. It's also a fact of life. The matter of elevator closures is one item. As sad as it is to see it happen, it is something that can't be blamed on government. These are privately owned and co-operatively owned companies that have for the past number of years experienced their own difficulties in replacing costly structures that are 70 and 75 years old. I don't think they've pulled the wool over anyone's eyes the last few years in indicating that they did have to downsize. Being from a small community myself, I dread the day they come in and close the doors on the last elevators, because as happens in many of the communities, these elevator companies contribute anywhere from 20 to 50 percent of the local tax base for the municipalities, but I think that's something we'll have to adjust for. I know that Transportation and Utilities, for instance, are looking at the infrastructure which will be required should some of these small communities lose their loading capabilities on track as well as some of the small branchlines that exist in Alberta. I hoped I could ask the minister if he will keep the farmers informed and the agricultural producers themselves of what we can expect in the medium to long term for changes which will help the agricultural industry adapt to new ways of marketing their grains or moving grains to marketable positions.

I also have another request, Mr. Minister, and that deals with the export of primary products and our value added. I know that you've made sufficient and credible headway in a number of the Mexican states, and if you could through me or directly through some of the commodity groups and farm organizations perhaps explain what you see as the process in the future for farmers to readily access information that will help them to make contacts with potential clients outside of Alberta and Canada, particularly in Mexico – I know that you and your staff have done a lot of work in that direction. Perhaps that's one of the areas that will allow those that are faced with the not too great prospect of remaining within a single-desk selling agency, if the federal government chooses to throw up the walls against that kind of

setup that we presently have – that's the kind of information that we perhaps need in the rural parts of the province.

We've talked in here and out of here, Mr. Minister, about a number of different issues, but the member previous to me for St. Albert talked about durum. I do know that in the southern parts it's climatically advantageous to grow a quality protein durum, which perhaps will enable us to somehow attract more than one pasta plant. If you have anything in this coming year's budget that will allow some further communication, I'd appreciate that as well.

Two other points, Mr. Chairman. When we hear about quarter-section farms, it's refreshing to hear another perspective from another member who's maybe 30 or 40 years from a farm himself. I hope he doesn't take this as a personal putdown, but having been in the business myself, I doubt very much, unless a person is on an irrigation quarter, that it's even close to being economically viable to have anything today in terms of a quarter-section farm. Just for those that might be interested to know, in our part of the country you can buy a quarter-section farm with existing pivot irrigation equipment on it for about \$1,500 an acre. On a quarter section, that's a substantial amount of money. There are combines on the market today that start at \$220,000, so I don't think the feasibility – and I'm not proposing that every farmer does or should go out and expect to farm a viably economical unit with brand-new equipment. I think the reality is here. We have to do more in terms of diversifying the farms we do have, or we have to grow more in terms of output. The third alternative is to have larger farms.

As a personal observation, Mr. Chairman, a family farm has always been one of the most important things in my lifetime. My children are fifth-generation Albertans, and hopefully one of them will be able to carry on the proud tradition of farming. That's something that I think we have to really work towards through your department in rural development: facing the facts that, yes, some of the communities will be losing some of the amenities that we've become accustomed to in the last 50 or 60 years in terms of elevators, in terms of high schools in every community. The fact of the matter is that many of the small communities, at least in the area we're from, downsized, centralized, call it whatever you will, 25 years ago, and we're lucky if we can sustain an elementary school in many of the small areas.

5:00

So although this might be stepping out of your bounds as Minister of Agriculture, Food and Rural Development, I think there is an opportunity for your extension people to become actively involved in distance learning with the regional school boards. While people are throwing various suggestions that aren't within your department, from day care to coterminous – well, not coterminous boundaries but ambulance services for sure, Mr. Minister – I have one that I could throw out to you as well. That would be to work with the ministers involved in actively exploring joint ventures with yourself, the Minister of Education in particular, on pushing to have a compulsory aspect to an agricultural course for all of high school or at least an introductory course in junior high. The Member for Barrhead-Westlock talked about many jobs in the city being utilized directly or indirectly through agricultural food products. Well, if we take that one step further, Mr. Minister, I think the best way to invest in education – and I think the Member for St. Albert would agree with me in his comments that rural and urban people have to interchange but urban people have to get out a little bit more other than for recreational activities – one of the best ways that I see for our young people, especially in the larger urban areas, is to maybe

have an agricultural course. I don't think it's that foolish compared to some of the other courses we have.

By the same token, I know that a lot of the kids in our communities, because of sheer numbers, don't have access to a lot of the programs that children in the larger schools have, and I strongly recommend that perhaps some of the small schools, either through distance education or some other program you might be able to work with the Department of Education, would address that of a business education course for a number of our students that presently may not have access to it in our rural schools. Again, Mr. Minister, I think that's outside your department's direct responsibility but a suggestion anyway. I know you've got the attitude, and I know that you have the strong, proud representative skills for the department of agriculture – I've seen you in action – but I do also know that when you think of agriculture, you'll think of rural Alberta, and you'll also think of some of the kids in the rural schools that could benefit from some of these programs.

A little bit longer than I anticipated, Mr. Chairman, but thank you very much.

THE CHAIRMAN: Mr. Minister?

MRS. SOETAERT: I have some quick questions.

MR. PASZKOWSKI: Are you short?

MRS. SOETAERT: Yeah, I'm always short.

THE CHAIRMAN: Okay. Thank you, Mr. Minister.

The hon. Member for Spruce Grove-Sturgeon-St. Albert.

MRS. SOETAERT: Thank you very much, Mr. Chairman, and thank you to the minister. I will make my comments brief. As you know, a good third of my riding is rural, and I come from the rural part of my riding, of which I'm very proud. Though I could stretch on and wax eloquent about how wonderful my riding is, I will make this brief out of respect for the minister.

First off, the FIS program that is coming out: I've talked to some of my farmers about it, and some have said they would like more information. Now, I know there's a 1-800 number on it, but I have a crew out there that I could actually physically deliver the papers to, if that would be possible, and get it directly to them if there is some supplementary information that I could get to them. They're having a critical look at it and seeing how it will help them, if it will, if it's better than the past crop insurance kind of plan. So I would appreciate that from the minister.

Another area of concern particularly in my riding is the lack of regional planning for use of land. I think my area around Villeneuve and Rivières Que Barre – well, certainly around Villeneuve – has some of the finest soil in Alberta. I say that totally unbiased. [interjection] It is. I am really worried about the developments coming up everywhere, and without the regional planning board I see our farmland being eaten away by development, and I am worried about that. I'm wondering: is there anything that the department of agriculture can do before an alternate to the regional planning board has been set up? I mean, there are acreages upon acreages popping up, eating up farmland, so I'm worried about that.

One of the goals listed by the Minister of Agriculture, Food and Rural Development was “improved access to domestic and world market opportunities.” Maybe through you I can get to the minister of transportation about highway 794 from Westlock to 16X. That is in dire straits. There are no shoulders on that road.

There are a great deal of farm trucks and gravel trucks. It's a danger. You can't even change a flat tire on that highway. I'm sure the Member for Whitecourt-St. Anne will agree that 794 is just dangerous.

MR. PASZKOWSKI: What's the number?

MRS. SOETAERT: Highway 794. It's just a danger, and I'll make a plea for that again.

I want to congratulate you and your department on the fine work you do with 4-H. That's one of my pet projects out there. My children are all involved in it. Within that group there's been a group of people that have come forward about a equine industry liability Bill that they've gotten from the States. I was talking to the Member for Three Hills-Airdrie, and she said that maybe this is something we're looking at. I mean, just by the nature of having horses on your place and people coming out to ride and all the risk elements with that, they're very worried about being sued, and this is a Bill they were wondering if the department of agriculture is looking at. So that's another one of my questions.

I've been to a lot of farm women's conferences, and one of the factors that seems to be common is the factor of isolation. I know that the past district home economists were very good about co-ordinating and organizing those farm women's conferences. I don't know if that is within your department or under the women's secretariat. [interjection] It's under your department. I'm wondering: now that communities are having to organize themselves, is there some assistance that the department is giving to make sure those continue? I was up in the Peace country, a wonderful conference up there. I just see them as very, very valuable to our farm women, and I would like to thank the minister for his past support and encourage him to continue that.

I am worried about rural busing. I realize that's not within your jurisdiction, but I know that you have influence on that. And the 911 issue certainly out in my area.

The last point. I think the hundred-year plaques for farmers who have been farming the land for a hundred years – their families – are a wonderful idea. I have already had three. Whose idea was that?

MR. PASZKOWSKI: Gary Severtson.

MRS. SOETAERT: Oh, you mean I have to compliment the Member for Innisfail-Sylvan Lake? Then I will. Good idea. Excellent idea. I have already presented three: the McDonnells and the Belangers in my area, and I'm sure there are some Soetaerts and Sheehans coming up too. My question about that – it's a \$250 plaque. The money comes out of my constituency office. I put the Premier's name on it and your name – with all due respect, that's wonderful – and then mine, so I'm wondering if we could cost share that plaque. Just a suggestion. I'm sure the Member for Innisfail-Sylvan Lake would agree with me on that one. I think it's a very valid question since my name is on the bottom and yours is above mine and the Premier's above, so maybe it could be \$100, \$150.

With those comments, I thank you very much for allowing me this opportunity to ask my questions in the short time we have. Thank you very much.

THE CHAIRMAN: The hon. Member for Edmonton-Mayfield.

MR. WHITE: Yeah. Thank you, Mr. Chairman. Just ever so briefly to the minister. Before the Member for Little Bow departs, I'd like to tell him that as a city boy, I would have loved

to have been born and raised on a farm and been able to live my life on a farm. Unfortunately, there's just not enough farmland to go around. It's one of those things that we city folk just have to put up with, that we just can't all be farmers.

5:10

His suggestion – and I'm quite sure it's not in the minister's portfolio, but in the way of rural development it perhaps could be. The member mentioned that he thought some agricultural courses for the city people would be in order. Quite frankly, being the father of two sons, one in particular could be very interested in those courses in either junior high school or high school, and I'm sure they wouldn't be very difficult to develop, at least part of a program.

Now, on to specifically the department, Mr. Minister. There was an answer earlier today in question period. You decried the fact that of the total production of the province of Alberta only 3 percent of that was value added. In light of that, how is it, then, that the support for production, processing, and marketing has had a cut of some 6 percent in its budget? I would have thought, particularly with the WGTA being canceled by the feds and some money being put aside for other purposes, that one would be able to assist the farming community through this branch of your department, particularly the secondary and tertiary production, by moving some of those funds into those areas in order to access some of the federal funds in order to get into pasture production and those other kinds of areas that you and your department know well. I wondered why that would be. This particular member doesn't know a great deal about that area – I have to read – but it is an area that does concern me somewhat, particularly when we see the ADM office expenses either stay level or increase in that same area. That does concern me most particularly as the government has said a number of times they want to cut out some of the administration and kind of get down to getting deliverance of some service there.

In view of the time, sir, I will hold my questions to some other time. I know the minister wants to do some responding. I thank you for your time, Mr. Chairman and Mr. Minister.

THE CHAIRMAN: The Minister of Agriculture, Food, and Rural Development.

MR. PASZKOWSKI: Thank you very much. I'll deal with your last question first here. I did say that I've been told that about 2 percent of the wheat in Alberta is value added. I also pointed out that the problem of value adding wheat to wheat is the regulatory process. It's the regulatory process that inhibits us from being able to value add wheat and barley on the prairies. That's why we've got to change the process that the Wheat Board operates under. That's what I'm encouraging participation in, to change the process that the Wheat Board operates under so that it will allow for the value adding to happen. Beef, canola, oats, you name it, have got tremendous percentages as far as value adding is concerned right here in Alberta. Wheat and barley are very poor largely because of the regulatory process, and that's what we've got to change.

I don't have a lot of time. First of all, I want to thank my critic. I appreciate the way he operates. He's got a concern, and we're able to sit down and discuss the concerns in an agricultural friendly way. I appreciate that, and I appreciate the way he continues to operate. He has operated very favourably for the industry, and ultimately it's the industry that wins. So thank you to the critic.

Thank you to all the members that participated in the discus-

sions today, because I found the questions to be agricultural friendly, and that's what we're all here for, to see that the industry is better for our participation and the work that we do. So I want to thank each and every one of those who participated today.

I think we have without a doubt the most dynamic industry operating in this province. It's the people within the industry that make it happen. It's the people in the department. It's the people that are legislators. It's the people that wake up early in the morning, go on the tractor, feed the livestock, work from morning till night day after day after day with high risks and difficult circumstances in many cases. We were alluding to the areas that have extended periods of drought, for example. It's not an easy process after three years of extended drought and frustration and stress to wake up in the morning and feel like you want to go back to work, yet this industry maintains that vibrancy, an ongoing vibrancy. That's why we've got to work with the industry, to see that it can continue to grow and to prosper, and we will do that. That's our commitment. Certainly all those who spoke today have shown that dedication, and I appreciate that very much.

How much time do I have, Mr. Chairman?

THE CHAIRMAN: Keep going.

MR. PASZKOWSKI: Just keep going. Okay.

There were two main themes of questions that came forward. One was transportation as it applies to agriculture. Yes, we recognize the need, because we're going through a change in agriculture. We're moving from the bulk commodity movement that used to take the grain from the farmer to the elevator, the rail moved it, and the boats took it away. We're moving now to value added, which is going to take a new process to move the product. So we're going to have to build a new infrastructure and highway network. We're going to have a need for more substantive roads. That's one of the reasons that we're looking at twinning a north/south trade corridor that's going to take us right from the northern part of the province – it's a very high productive area as far as agriculture is concerned – and move the product right through down I-15 all the way through to Mexico, because all the way down we have markets and huge market potential.

We're also looking at finding a better way of getting our product through to the coast where our largest potential market exists. Certainly the Asian market has been exhibited as the largest future and the largest potential. At the present time the

United States is our largest export market: 65 percent of everything we produce in agriculture leaves the province of Alberta. So obviously whatever we expand, whatever growth we're going to have – and we're looking at a multiplier of four; we're looking at doubling our primary production – those are things that we're going to have to be really finding markets for. We're not going to increase our population that dramatically here in Alberta unless something changes along the way, and that's not too likely.

So obviously with our tremendous multiplier effect as far as production and value adding is concerned, most of that's going to have to channel to the export need. The world demand is there. It's increasing at a very dramatic rate. Population is increasing at a very dramatic rate. Key areas of the world are actually becoming more prosperous, and they're going to be able to buy the products that we can produce. We have to be competitive, and we have to produce a class product. That's key, and that's fundamental. It'll use all our thought process. That's why we've got a Leduc food centre, and that's why we're looking at expanding that whole processing ability. That's the key. That's the key of research and development, that we have to focus on.

The other question that was asked several times that's important was on forage payment. We feel confident that forage payment will be in place, hon. Member for Whitecourt-Ste. Anne and hon. Member for Barrhead-Westlock. We are in negotiations. We hope that we're into the final stage of those negotiations and that there will be a forage payment for rotational forage. I think it's important because we are the largest forage producer in all of Canada, and it's a major, major critical part of our rotation.

So those are two questions that were major themes. I look forward to an opportunity of answering some more of your questions. Any of the questions we're not going to be able to answer, I commit that we will do so in a written response.

Thank you.

I move that the subcommittee adjourn and report.

THE CHAIRMAN: The hon. minister has moved that the subcommittee do now adjourn and report. All those in support of this motion, please say aye.

HON. MEMBERS: Aye.

THE CHAIRMAN: Opposed, please say no. Carried.

[The committee adjourned at 5:20 p.m.]