

## Legislative Assembly of Alberta

Title: **Wednesday, March 20, 1996**

8:00 p.m.

Date: 96/03/20

head: **Committee of Supply**

[Mr. Tannas in the Chair]

THE CHAIRMAN: Good evening. I'd like to call the committee to order.

As the hon. Member for Cypress-Medicine Hat has reminded me, I'm to let you know that we'll abide by the usual rules for the Provincial Treasurer speaking up and for the others that only one person stand and speak at a time.

For those that are in the galleries, just a reminder that this is the informal part of the Legislative Assembly. It's called committee stage. Members are allowed to move around and hopefully not talk loudly. So if you look at your sheets, the people are not necessarily at their desks. Only when they are speaking must they be at their appointed desks which normally they would tend to at the Assembly.

The members are also just reminded that we'll continue on, hopefully, with the agreements or the lack thereof of previous committees, that we will have the ministers speak and then approximately 20 minutes to each side to ask questions.

head: **Main Estimates 1996-97**

### Treasury

MR. DINNING: Mr. Chairman, good evening to you, sir, and good evening to all members and my friends and colleagues and all these other fine people in the Assembly, sir. I want to say a special welcome to a couple of people seated in the Speaker's gallery, Mr. Chairman. They are here for entertainment purposes, I'm sure, because virtually all of the other entertainment establishments in the city have been shut down for the evening because of the excitement that is here in the Legislature Chamber tonight.

We're joined by the General, who is here to oversee the wise expenditure of dollars and cents out of the department of Treasury. The Auditor General has been in his new responsibilities now 387 days by my calculation, and Mr. Valentine has made a very positive contribution in his first 387 days. I certainly value his advice and wisdom and gentle prodding. Sometimes I feel the benefit of his rather sharp elbows on certain matters.

He is joined by someone who has recently joined his office, Mr. Chairman, as his assistant, Miss Lorinne Shore, and I would ask Mr. Valentine and Miss Shore to rise and receive a warm welcome from members of the committee.

Mr. Chairman, as is my wont to do, I have answered virtually all of the questions put to me by the members for Edmonton-Whitemud, Edmonton-Manning, and Edmonton-Roper. There was one question I didn't answer the other night, when I was asked: what is the projection of savings on interest servicing of the debt because of the application of windfalls? Is it going to be anticipated more clearly what the anticipated savings are? I would refer the hon. members to page 36 of Agenda '96, wherein at line 5 we note that the debt servicing costs were \$1.535 billion dollars in '94-95 and that by 1998-99 they are estimated to be in the order of \$1.305 billion. I would also refer hon. members to page 3 of Straight Talk, Clear Choices, wherein it points out graphically, for we who need this kind of information to be displayed and portrayed graphically, that there is a saving of some \$230 million in interest as we follow the plan spelled out in Agenda '96 for your benefit, sir.

The Member for Edmonton-Roper asked questions. I believe as I am wont to do, I answered all of those questions succinctly and completely and comprehensively and possibly gave even more information than the hon. members might even have wanted.

The Member for Edmonton-Manning asked: would the Treasurer commit to being more accountable to Albertans and take a more proactive role in the day-to-day affairs of the Alberta Treasury Branches regarding their mandate? Well, Mr. Chairman, as all members of the Assembly know, today we had the opportunity of announcing the appointment of the Alberta Treasury Branches' board of directors, which is going to serve to provide the governance as recommended by the Auditor General in his '93-94 report, by the Financial Review Commission, by the Member for Edmonton-Whitemud, by a number of other severely normal Albertans who called on us to bring the governance structure of the Alberta Treasury Branches into the 1990s.

As one of my colleagues earlier said today, virtually every institution or any business of any size has the opportunity to have an independent board of directors oversee its affairs and allow management to be accountable to that and to receive direction and advice from a board of directors that is selected in any number of ways. We were very fortunate, Mr. Chairman, to be able to bring together a group of committed Albertans from virtually all corners of the province, some 15 who've agreed to serve following a process headed up by Edmonton lawyer Louis Desrochers and co-chaired by Dr. Mike Maher, Dean of the Faculty of Management at the University of Calgary. So, yes, Mr. Chairman, I think that we have taken that important step in accountability.

I would like to convey this message to the Member for Edmonton-Manning. Will the Treasurer take a more proactive role in the day-to-day affairs of the Alberta Treasury Branches? The answer is no, Member for Edmonton-Manning. I know the Member for Edmonton-Whitemud would agree that that is not the role of the Provincial Treasurer.

Now we have an opportunity for a board to be able to adopt policies on investment and lending practices that will ensure that the risks associated with the banking business at Alberta Treasury Branches are minimized as they relate to taxpayers and to depositors. Clearly banking is a risky business. If it were not a risky business, you, Mr. Chairman, might be in the banking business. The Member for Ponoka-Rimbey or the Member for Red Deer-North or the Member for Edmonton-Whitemud might get into the banking business. It is not a risk-free business. It is a risky business, and as a result, quite appropriately, we've put in place a system of governance that will take one further step, I believe, to doing a better management of that risk.

Mr. Chairman, I was asked a question by a reporter today, and I'll make this comment and then sit down. Will Treasury Branches be more forthcoming and more disclosing of its financial affairs as it relates to its clients and especially those provocative, attractive, media-attracting, magnating, big-hair kind of clients? Well, Mr. Chairman, no, Treasury Branches will not be more forthcoming about the financial affairs of its clients, big hair or otherwise, because were it to do so . . . No. I take that back. If you would ask any of the other large financial institutions in this country if they would reveal the affairs of their clients, the answer clearly is no, they would not. That relationship of confidentiality that exists between a banker and his or her clients is essential in this system in Canada, and we do not believe the Treasury Branches should violate that in any way. That is why it's important to have the Auditor General doing his due diligence,

to perform his audit and to look into the affairs of the organization, and now with the board of directors it will be better positioned in the marketplace to have that scrutiny that an independent board of directors can bring to an organization to improve its product, to improve the accountability of its management to the board of directors, and ultimately deliver better financial services that are secure for taxpayers and depositors alike.

So, Mr. Chairman, with those remarks I believe I've answered virtually all the questions put to me by members from the other evening, sir.

**8:10**

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

DR. PERCY: Thank you, Mr. Chairman. I would first start off by congratulating the hon. Provincial Treasurer on the appointments to the board. I think that the appointment of the chairman in particular, whom I have known and have seen in operation, is an outstanding appointment, and I think that chairman will bring to the Alberta Treasury Branches a very firm hand. Clearly he's a person of integrity, and I think that the board and operation of the Treasury Branches will reflect the character of that individual. So I have nothing but positive comments with regards to the chairman.

With regards to the process I think it's very clear that it was an arm's-length, fair process and that the appointments are representative and should do a good job. So no complaints, none whatsoever with regards, then, to the ATB and some of the other appointments that have been made that I know of, the secondment, for example, of the former Acting Auditor General as chief inspector. I think that is also a very strong appointment that benefits both the Treasury Branches and the Auditor General's office.

Some of our concerns have been met, but the one fundamental issue that I do come back to is that this Legislature does have the right to hold the Treasury Branches accountable because of the fact of taxpayers insuring the deposits of the ATB and the fact that any change in the fiscal balance of the Alberta Treasury Branches influences the bottom line of the province. I think that so long as taxpayer dollars are at risk, so long as program expenditures could conceivably be driven by imprudent banking decisions on the part of the Alberta Treasury Branches, it is the role of the opposition to hold the government accountable.

With regards to the particulars, the big-hair guys who have managed to have been quite successful in using the Treasury Branches as their piggy bank, I hope that era is over, that people who go to the Treasury Branches will be assessed on why they need the money and their track record, not who they are. I think that in the past it has been the case that there has been an element of who you know and where you've been but not what you're going to do with the money and what your track record is that has determined who has gotten loans and credit from the Treasury Branches. I would think that with these appointments and the new structure in place that era is over.

If we do see any evidence whatsoever that the Treasury Branches will drive any expenditure decisions by this government, certainly the opposition will be holding the government accountable. Notwithstanding the fact that the board has been appointed, notwithstanding the fact that a superb individual has been chosen as chairman, it is still the Treasurer to whom the line points, and ultimately the buck does stop with the Provincial Treasurer.

Now, with regards to other issues, I would like to raise issues

with regards to tax reform. The Provincial Treasurer may not recall, but I do, his promise that when we in fact had a structural surplus, he would address in comprehensive fashion the recommendations of the Alberta Tax Reform Commission. There were a variety of recommendations from that Tax Reform Commission, and it was headed by a number of distinguished individuals.

I do recall, for example, that there were recommendations regarding a flat tax. I do recall that there were recommendations regarding a consumption tax. I do recall that there were recommendations regarding comprehensive tax reform as opposed to the piecemeal approach that we presently see. I do recall, Mr. Chairman, that there was a recommendation that the M and E be replaced but not done away with. They were very specific in suggesting that the changes be revenue neutral. We did not see that with the 20 and 20 on the education component of the machinery and equipment tax. The hon. Treasurer and others have always pointed to these various documents, but they've neglected to point out the fact that there were some restrictions on those recommendations. It was replacement not removal.

Now, the Provincial Treasurer has also gestured, positively I might add, that the budget does include tax reform proposals. Well, let me point out to him: they do not include the specific recommendations set out in the Tax Reform Commission regarding a flat tax or consumption tax. Although the Provincial Treasurer and others may view those as taxes they would not wish to implement, they are deserving of consideration and debate in this Legislature, and for that matter they are deserving and should have been put on the brochure.

When the Provincial Treasurer and the Treasury Department sent that brochure out to all Albertans, I think it was incumbent on them to put forward the recommendations that were set out in the Tax Reform Commission. That was a publicly funded tax reform commission. There was a commitment by the Provincial Treasurer to address the issues raised there. We have not seen that. We have seen a discussion that a component of the M and E is going to be removed. We've seen a discussion about the aviation fuel tax and other taxes. The Tax Reform Commission proposed comprehensive and not ad hoc changes to the tax system, and they proposed a package that was revenue neutral. Now, one can question whether or not it would be revenue neutral, one can question whether or not the recommendations ought to be passed, but I think Albertans had the right to see those recommendations on the brochures that were sent out.

So my first question to the Treasurer is: why didn't you do it? Why weren't the recommendations, or some of them, not just the aviation fuel and others – why weren't the recommendations regarding flat tax and other types of tax changes put on the brochure and sent out to Albertans? You could have justified it easily saying that these were recommendations made by an arm's-length commission and let's have Albertans debate these. As it is right now, the Tax Reform Commission has been put on the shelf. We don't debate it here. It's not being debated by Albertans. This was an ideal opportunity to do so.

My second set of questions relates to page 69 of the budget plan, rate changes and new charges. Every year there is this outline of premiums, fees, and licences, but it tends to be not comprehensive because most of the new changes that come out and the revenue that is raised in many instances come about by changes in regulation that lead to changes in these various fees, premiums, and licences. In many cases the government is aware that they're going to do that, but it doesn't end up in the budget agenda. Each year, Mr. Chairman, we go through and assess

what changes have been made in regulation, and in many instances the most significant changes have been done by regulation and we don't find them in here. We know that they're going to lead to additional revenue, but we never see that revenue accounted for in the estimates of user fees, nor do we see it outlined in this rate changes and new charges. This is a skimpy list at best.

My question to the Treasurer is: by what criteria are the items that go into this chart chosen? Is it just whimsy? Is it those that have already been imposed or been vetted? What criteria? In some instances I recall last year with regards to some of the changes in stumpage fees, those revenues really weren't accounted for in the budget itself. There was the debate on stumpage fees. The hon. minister acknowledged that those fees were going to be changed, but nowhere could we track down in the budget what the estimated revenues from those changes were to be. So all we ask is that if we're going to have this change of rate changes and new charges, let's make it comprehensive and let's make it as clear as possible what the anticipated revenue is.

The other set of issues I want to deal with concerns the alleged responses to some of the questions I asked, and I'll repeat one question I did ask. It dealt with risk analysis and particularly the potential downloading on the local jurisdictions of any potential deficit borne by the provincial government because of revenue shortfalls that absorb all of the cushions in the budget. I believe this is a fundamentally important issue, because while the provincial government has a greater ability to absorb those types of shortfalls – but it's chosen not to through the balanced budget legislation – it is highly unlikely that local governments can. They are locked into contracts that extend over the fiscal year. They have commitments to teachers and to students. Regional health authorities have commitments to nurses and doctors. It's just not possible for local government to deal with any type of cuts to those transfers within the fiscal year. Again, the budgeting process that we have adopted in this province makes that outcome possible although under present scenarios not necessarily likely.

To the extent that the Treasury Department and the people involved in Treasury have tried to be prudent in their revenue forecast and have tried to set out cushions, I think it also behooves them to assess what would happen if a worst case scenario emerged. What are the options? Change the legislation? Just bite the bullet and have local governments not operate for two months of a year in order to balance any shortfalls in transfers that they might absorb? So I think those issues are worthy of debate and certainly worthy of consideration by Treasury Department officials, because it's all right to put legislation in the books, but one has to assess what happens if the constraints in that legislation become binding and effective.

With those comments, Mr. Chairman, I'll take my seat.

**8:20**

THE CHAIRMAN: The hon. Member for West Yellowhead.

MR. VAN BINSBERGEN: Thank you, Mr. Chairman. I just have a few comments that are related specifically to the Straight Talk, Clear Choices pamphlet that the Treasurer clearly has put so much thought into. I also would like to start by commending him for making some very good appointments to the board of the Alberta Treasury Branches. One of my constituents was certainly in seventh heaven as he called to thank me for my help, shall we say. I told him that opposition members, too, sometimes have the ear of the Treasurer, believe it or not.

Nevertheless, Mr. Chairman, looking at this pamphlet, I would

just like to ask a few questions here. It says here, "We stopped spending more than we could afford." I'm once again struck by the conversion of the Treasurer from a high-spending red Tory as Minister of Education in the gray past to the axe-wielding Treasurer these days, a remarkable conversion. Not just 180 degrees, if I could point out; it's 360, I would say.

"We stopped the debt clock," very proudly was proclaimed in here. I'd like to remind the Treasury that it was of course the Member for Edmonton-Glengarry who first came up with that debt clock and pointed the way to salvation on that score. I'm glad to see that the Treasurer and his government accepted the path to rightness.

"We got out of businesses that the private sector could do and do better." I have a question for the Treasurer there. I'd like to know how he measures that in an independent way as to whether in fact the private sector is doing those businesses better or not. It's nice to say so. In some cases it may well be, but an unbiased check I think would be in line here.

"We stuck to the priorities of Albertans – health and education." It's a good thing that they were less severely cut than all the others, so it was kind of a negative sort of priority that was meted out here, I think.

"We actively promoted the Alberta Advantage to attract investment, business and jobs to Alberta." I think clearly that has had some merit in the sense that we've heard very much about the celebrated pending arrival of Union Carbide. Of course, we hope they will maintain a better check on their antipollution equipment than they did in India a few years back. It's probably easy to establish that indeed these businesses have been attracted because of the tax climate here, but how do you measure the other businesses, the other potential investors that are passing up Alberta because they do not like the health and education climate here? That's a challenge to the Treasurer to figure that one out.

MR. DINNING: Name one, Duco. Name one. You can't do it.

MR. VAN BINSBERGEN: Treasurer, I'll give you a chance to speak at a later moment there.

"Reinvesting in Alberta and Albertans." It's interesting. One pledge says, "We'll balance the budget and plan for surpluses every year." I think that's great; I think that's good. But I would like to know whether the Treasurer has the ways and means to deal with any acts of God. I know that he has tremendous power. I know he has . . . [interjections] Mr. Chairman, I'm coming up with very serious questions and the Treasurer claims he is God.

Finally, Mr. Chairman, I would like to point out that there is an omission in this pamphlet, of course, and that is that the Treasurer and his government clearly did not trust Albertans to cast their vote in the right way on the matter of the elimination of the M and E tax, and therefore they left that out. They just decided to do that without consulting Albertans just in case they came up with the wrong answer. So in that sense we still recognize the customary traditional smoke and mirrors that have always been part and parcel of the Treasury Department as long as at least this party's been in power.

Nevertheless, Mr. Chairman, I must admit that I have actually beaten the drums in my constituency on behalf of this pamphlet and asked people in Hinton, Edson, and Grande Cache to please, please take the time to fill out this pamphlet. With warts and all it still gives you somewhat of a choice. I've said to them: if you find the choices restrictive, feel free to add whatever you like; send them to me, please, and I will see to it that all these

pamphlets, after my perusal, end up in the hands of the Treasurer and the Premier. So in that sense I hope the Treasurer is gratified that I've taken the trouble to do that.

Thank you very much, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Calgary-West.

MR. DALLA-LONGA: Thank you, Mr. Chairman. I just have a few comments to make as well. Before I start, I too am happy to see the Auditor General here this evening. Being a former colleague of his, it's good to see him take in the proceedings here this evening. He'll note that everyone is standing on the edge of their seat listening intently to the proceedings. Who knows, maybe after witnessing some of the events here this evening and watching the budget process, as I know he's familiar with the budget process, he might even come up with some recommendations in his annual report as to how we could possibly improve the budget estimates.

MR. DINNING: Pretty tough.

MR. DALLA-LONGA: The Treasurer doesn't think it's possible, but don't give up hope, Treasurer, anything's possible.

The Treasurer talked about the Treasury Branches and went on at length. I feel compelled to make a few comments about the Treasury Branch myself. I don't know how long we've been looking for a board of directors for the Treasury Branch, but funny as it seems most of the directors were right underneath his nose. You sort of wonder why it took so long to get this board selected. I just hope they can act quickly enough to get the Treasury Branch back under control.

Understand, Mr. Chairman, that I don't wish to see bad things happen or worse things happen at the Treasury Branch, but either the Treasurer is ignoring the advice he's been given – and he has been given some advice. He's been advised to watch out for the loan loss reserve account this year because it's going to be a lot different than previous years. I think they're finally having a close look at some of the loans the Treasury Branch has, and they're going to be providing for them properly. We might have a surprise. I'm sure he'll have a good reason as to what's happened. He's probably back in his office drafting up the reasons for why the Treasury Branch has suffered these losses.

In any event I'm glad to see that the board is finally on board – pardon the pun – in that there will be sort of a buffer between the operational side and the governing side. Even though with great protest the Treasurer denies having any involvement, we all know, Mr. Chairman, that that hasn't been the case in the past. I just hope that we can get the Treasury Branch back onto its original mandate, and that was making loans to – are we out of time?

8:30

THE CHAIRMAN: You are, yes.

The hon. Government House Leader.

MR. DAY: Go ahead.

THE CHAIRMAN: Why don't you keep talking, Calgary-West.

MR. DALLA-LONGA: Okay. I don't have much more in the way of comments anyway. [interjections] I know that saddens you. We just try to stick to the points.

One of the other things I found interesting, Mr. Chairman, is

that the Provincial Treasurer said today that he talked to members of the other five chartered banks and they said they were very happy with the role the Treasury Branch is playing. I'd really like to know and maybe in private conversation he can tell me who he talked to, because that is absolutely diametrically opposed to anything I've ever heard about the other chartered banks saying about the Treasury Branch. Not that they have any problem per se with there being a Treasury Branch; it was just the role they were playing.

Getting back to that role, as I was saying before the little bell went off, I think we need to get the Treasury Branch back to its original mandate, that being making loans to Albertans in small business, Albertans in rural Alberta, to those Albertans that need those loans. And there's no problem, Mr. Chairman, with them making loans that possibly are a little out of the mandate of the regular chartered banks, because this, after all, is Albertans helping Albertans. But with what we've seen in the past with some of the loans – we all are familiar with many of them – I think this particular institution has gotten away on us.

With that, Mr. Chairman, as I go over the *Hansard*, I think we covered most of the departments. I would urge the Auditor General to have a look at some of the detail in these estimates. Maybe he could make some comment about some of the detail, because quite frankly it is difficult to do a proper review of the figures with the low level of detail – which sometimes I think is not done by accident – that's provided to the members of this House. We can't really effectively do our jobs until we have the kind of information that we require.

Thank you, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Fort McMurray.

MR. GERMAIN: Thank you very much, Mr. Chairman. The Provincial Treasurer started this evening by commending the Auditor General and complimenting and congratulating him, and that's only, I want to suggest to the Provincial Treasurer, because the Auditor General hasn't been around very long. Once he begins assessing aggressively the Treasurer's books and his accounting practices, he will become, like all Auditor Generals, of concern to the Provincial Treasurer.

The Provincial Treasurer also spent some considerable time congratulating himself, as he's wont to do, complimenting his own ability as a Treasurer, encouraging that it just can't get any better than that. Well, let me tell you where I think the fat is in this department, Mr. Chairman. I want to suggest, by the analysis of the Treasurer's own budget documents, that the fat in the Treasurer's department lies right within his own office and that of the deputy minister.

I want the House to consider these particular interesting statistics. Let's look at the Department of Health, Mr. Chairman. The Department of Health claims responsibility for some 1,800 full-time equivalents. The Minister of Health operates her departmental budget with a minister's budget of \$339,000 a year. Her deputy minister gets away with, compared to this Treasurer, a relatively paltry \$336,000 a year.

Now, let's move down the road to the Minister of Education, who runs his department in a quiet and courteous and nonbellicose way. He gets by with a relatively small \$312,000 to run his ministry. The deputy minister in Education gets away with \$335,000. The Ministry of Education, by the way, claims to be responsible for 636 full-time equivalent jobs.

Now let's look at the Provincial Treasurer, the man entrusted

with calculating and counting the gold and saving money for the province of Alberta. His department is \$355,000, Mr. Chairman. Now, this minister theoretically does not have to do one iota of public relations. He doesn't have to put out one pamphlet with his smiling visage on it to convince people he's doing a good job. All he has to do is balance the books. He racks up a departmental budget of \$355,000. His Deputy Provincial Treasurer's office comes in with an astounding \$425,000 to run their department for their 662 full-time equivalents. If the minister really wanted to cut costs, he could start looking right there, at the top echelons of power in his department, and I'm sure he could squeeze out a dime or two of potential saving. I urge him to use that as a performance measure for next year, Mr. Chairman.

The minister has always talked about his other successful performance measures. Well, let's look at some of them. Let's look at the commercial rate that the Alberta heritage trust fund generates under his amazing supervision. While the total return for the Alberta heritage trust fund for the five years was 5.1 percent, it is of course interesting to note that 5.1 percent was the minister's return on part of the heritage trust fund, and correspondingly he takes great delight in telling us that the government spends about 8.73 percent plus some bonus points for Alberta risk in borrowing that offsetting money. I want to tell the Treasurer that if he has a hundred dollars in the bank in savings accounts, most banks will lend him that money at prime rate. The Treasurer does not seem to be able to borrow money at prime rate despite having money in the bank, and that would be an area that I think for the benefit of all Albertans he could look at.

Finally, this Provincial Treasurer takes a great deal of delight in telling the members of the House what a high-risk business the banking community is. Well, the main banks in Canada, Mr. Chairman, this year rang up massive profits while at the same time downsizing their staff and of course in Alberta foreclosing individuals out of their homes. So I want to ask the Treasurer if he will tell us exactly where the risk is.

For example, we spent \$150 million here recently providing assistance to a company that the government well knows, the Bovar fiasco, and under this Treasurer's name he came forward with a Bill to generate funds to pay off that company. Underlining that company was the Provincial Treasurer's guarantee of funds, guarantee of a loan risk to a chartered bank. I would like the Provincial Treasurer to stand up and tell the House how it is that the chartered banks in the province of Alberta, on certainly every single piece of business the government has ever touched a hand on or even cast an eye toward, get a guarantee in favour of the bank from this government, and how he would assess that banking industry as being a high-risk industry in this particular province.

I would suggest that before the Treasurer talks about the risk of the financial institutions, he consider and carefully analyze what more he could be doing here in this Legislative Assembly, Mr. Chairman, to protect the Alberta taxpayers. I want to tell the Treasurer, based on everything that I've observed of the chartered banks over the years, that they are more than capable of protecting themselves, and his obligation is to protect the taxpayers of Alberta.

So with those short comments, Mr. Chairman, I will take my place. They will give the Treasurer some food for thought, I'm sure. The Provincial Treasurer would do well to go back and read his Roman history. In the days of the Roman empire the gladiators, the community leaders, the money counters, and the bankers of the community would always have a poor serflike

individual riding behind them on the chariot to remind them all that they, too, are mortal. I know that the Treasurer will want to review that chapter of history before bringing his budget forward next year.

Thank you, Mr. Chairman.

SOME HON. MEMBERS: Question.

THE CHAIRMAN: Okay. The question is called.

8:40

Agreed to:

Operating Expense	\$32,417,000
Capital Investment	\$1,856,000

MR. DINNING: Mr. Chairman, when we rise and report, I move that the vote be reported.

[Motion carried]

### **Agriculture, Food and Rural Development**

THE CHAIRMAN: We have next for our consideration, then, the estimates of the Department of Agriculture, Food and Rural Development. We'll call upon the minister of same.

MR. PASZKOWSKI: Thank you, Mr. Chairman. First of all, I want to table the answers to the questions we weren't able to answer at the last session. I'll table five of the responses.

[Mr. Clegg in the Chair]

First of all, I want to thank everyone for the questions that were asked at the last session. I certainly appreciated the quality of the questions that were asked. They were fair questions, and for those that we didn't have time to respond to at the last session, we do have the written responses now, which will be delivered to all of those who had asked the questions.

Agriculture, of course – and I've said this time and time again, and I will say it again – I consider is our future and not our past. It's an industry that can continue to grow. It's an industry that's got tremendous, tremendous opportunity. This is an industry that we feel within the next decade will double its primary production to \$10 billion, and we'll have a multiplier of fourfold as far as value-added processing is concerned, indeed have a multiplier of four times, 1 to 4, as far as primary production to value added is concerned.

This is something that is significant, and tonight we had the opportunity of meeting with many of those people whom we feel are going to be the ones that are going to successfully drive this. The AFPA, the Alberta Food Processors Association, indeed plays an integral role in the future of this industry, and working in conjunction with the producers of this province, we feel that we can achieve a doubling of our primary production. There are many areas where we actually feel we can do better than doubling. For example, in hog production we think we can do a multiplier of three to four. In the beef industry we feel that we can do a multiplier of doubling. In things like the potato industry we think there's tremendous opportunity for a multiplier of tenfold. These are new ventures, new areas of opportunity. This is something that we're going to have to work through and work together on, as far as the development is concerned, through areas such as our investment, our Alberta financial services portfolio

that provides insurance and also provides lending. We feel that working hand in hand with the industry, we can indeed achieve these levels.

Overall, we have to be very conscious of the regulatory process that we have in place, and we have to be very conscious of the trade restrictions that may be out there. The programs we design are indeed going to have to be programs that meet the needs of the everyday trade agreements we have in place now as well as change our regulatory structure and our regulatory process so that it's more in keeping with the growth and the potential growth of the industry. Again, we are going to have to work together with our industry so there is a clear understanding of what it is that we're trying to achieve and where it is that we're going to try and be at the end of the day.

We have done this through a series of consultations. We've had consultative meetings with our entire industry on an ongoing basis and will continue to do so. The most recent consultative process has been in the area of crop insurance in that we've gone out and met with farmers throughout each region of the province and then came back and had three other provincial meetings to try and redesign a program that's going to be more suitable and more in keeping with the needs of the producers.

This, of course, is a challenge in that what crop insurance really does is measure risk. The risk in agricultural production, in food production, is high, and if indeed you're going to be actuarially sound with whatever program you deliver, you're going to have to reflect that risk. Consequently, we have a situation where premiums are considered to be high, and producers are really measuring whether indeed they want to become involved in paying the high premiums that are out there to cover that risk.

What we've done is develop our farm income stability program. We'll be bringing legislation forward very soon to allow some protection to farmers from the threat of disaster. It's strictly a disaster program. It'll be nothing more, but nevertheless it'll also be something that we feel confident will not be countervailable. That's critical and that's important, because 65 percent of everything we produce in agriculture in this province is product that leaves the province. We are not going to grow that dramatically in population in the short term, so consequently we're going to have to be very conscious of the trade agreements that are out there.

We feel that research of course will play an ongoing role and will be of great importance to the development of this province, for the province's agricultural productivity as well as processing. We have to find ways of obtaining investment, we have to find ways of developing new products, and we have to find ways of maintaining our competitiveness. Those are all going to come about from new and advanced technology that's being developed. We want to have our agricultural community at the leading edge of that, whether it's transfer of information technology, as we're doing with our use of the Internet, whether it's new farm chemicals that are out there, whether it's new processing technology that's out there. We have to be in the forefront.

It's well understood that within the next 10 to 20 years, fully 50 percent of everything we produce in agriculture will no longer be used for food use. It'll be used for nonfood type of activities, and by that I refer to things like 'nutriceuticals,' pharmaceuticals, cosmetics, building materials, hydraulic oils, and those types of products. So we've got a lot of opportunity there, and working together with the industry, we feel that we can achieve those opportunities.

I'm not going to spend any time going over the questions that

were asked last time. We've circulated the responses. What I will do, though, is try and answer all the questions that come forward today. We hopefully will have time for everyone to ask their questions, and we'll make an effort to either respond directly or by written process, as we've done previously.

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

8:50

MR. VAN BINSBERGEN: Thank you, Mr. Chairman. I'd like to ask a few questions of the minister while he's here, and I would not like to deal specifically with agriculture. I don't have too many farms in my constituency, and certainly agriculture is not an area with which I'm very familiar. Rather, I'd like to focus on the other part of the minister's department: rural development. I didn't find in the estimates any mention of any planned expenditures to any nonagricultural activities. My question to the minister: does he consider the terms "agriculture" and "rural development" more or less synonymous? Can he clue me in on the subject of nonagricultural activities that any of his expenditures are being planned for?

Now, back to rural development in the farming area specifically, and once again I'm focusing more on the development aspect. I'd like the minister to know that in the last year, I think, I've visited quite a few constituencies, including his own, Dunvegan, Peace River, and Wainwright particularly, where it struck me that of course most of the activities are farming related there. The question that was put to me all the time by the people - who were most generous in their welcome in what is supposed to be Tory heartland of course, and I could see why when they explained to me their fears. They were wondering what was happening to their communities, Mr. Chairman.

They explained to me how over the last few years they had lost their banks, their liquor stores, their hospitals. Even though of course in the last election campaign they had been promised that that would not happen, lo and behold, they had lost their hospitals too in many cases. They had lost their senior high schools, and they were now fearful of losing their elementary schools, and they could see a steady drain on the population, sort of leaking away to the nearest larger centres. I felt very much sympathy for their plight, for their precarious position, because these people of course in many ways had lived there all their lives. So the question I have to the minister is: does he have under the rubric of rural development any strategies to deal with that problem? I don't know what the answer is, quite frankly, but I don't have the means that he has in his department. Does he have any strategies to deal with the gradual disappearance of rural communities? Of course, since they're so much part and parcel of the agricultural scene as well, I think it's a very important problem.

Those are my questions, Mr. Minister. That's all. Thank you very much.

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

MR. COLLINGWOOD: Thank you, Mr. Chairman. I'll spend a few minutes joining debate on the estimates for Agriculture, Food and Rural Development. I was listening intently to my colleague for West Yellowhead and the concern that was raised about the future viability and the future energy and commitment in the smaller rural communities, in the smaller towns throughout Alberta.

I guess it also raises the important question of the continuity of farming operations in the province. I think this is probably a chronic issue that the minister and his department deal with; that is, trying to find ways to ensure that families continue to stay on the farm and that the children of the family maintain an interest in the farming operation as the families, I guess, will attempt to try and prevent the lure of the big-city lights and keep the industry viable on a generational basis so that we continue to know that we are going to maintain a strong and viable agricultural community throughout Alberta. I'm sure it's something that the minister constantly addresses. I don't see any specific reference to it in the ministry's business plan. As I say, Mr. Minister, I'm sure that there are things that you do and look at to meet that challenge, and I'm just wondering if you might give us some way of responding to how you deal with that and how you see the future, with the continuous lure of the big city drawing people away from farming communities and from the family farm so that it then leaves the family in that very precarious position of wondering what's going to happen to the family farm after the next generation and so on.

I wanted to spend my time making some references to the area, of course, that the minister knows I spend my time in; that's in the area of environmental protection. We know, of course, that the Department of Agriculture, Food and Rural Development is involved in the shared stewardship program. The issue of course is still there, Mr. Minister, as you know. That's with respect to grazing leases, addressing the very important issue of revenue from grazing leases, addressing the concern that is often expressed to me throughout Alberta that we are indeed falling short on the potential that we could receive from grazing lease revenues in the province, which could have a very important and significant impact on the revenues that could accrue to the province of Alberta both in terms of the revenue on the per unit basis as well as the accrual of the revenues for land access for other activities on grazing lease land under those dispositions in terms of oil and gas access and so on. So I'd like the minister to give us an update on that. If he is prepared to acknowledge that there is some work to be done there, we could look at that. We could look at improving significantly what we're receiving to the province of Alberta, to the government, on the revenue side.

We will have and do have the issue of access to the grazing lease lands under disposition, the difficult balance there, of course, in terms of access that could potentially have a negative impact on a grazing lease operator: gates left open, damage done to the grazing lease, those kinds of things. The minister will probably know that I will be tabling or introducing in second reading a private member's Bill that deals with access to grazing leases. Hopefully, we'll have an opportunity to debate that at the time, but in the meantime I'd ask the minister to address that issue of access to grazing leases and potential revenue from the grazing leases.

In terms of other aspects of environmental protection the minister will be aware, of course, that the Alberta Cattle Commission has expressed some very serious concern about the oil and gas activity on the health of cattle throughout the province. As I understand it, the minister through his department has that report, will probably have some plans to address that, and I'm looking forward to some comments on that aspect as well.

I did note, Mr. Minister, in the business plan under Key Directions that there is reference to the Growing More than Food, Growing Alberta program, and you make reference in there to improving "the public's understanding of . . . the measures the

industry is taking to be environmentally responsible." Now, do you have the specifics of that? Is it in brochure form? Is there a particular program that your department is developing to talk about its move to become or continue to be environmentally responsible? Specifically, what issues are you addressing in that program that you identify as the Growing More than Food, Growing Alberta program?

I did note as I was perusing the business plan, Mr. Minister, that you have made reference in the business plan under Key Directions to further implementing "fees for selected departmental services, materials and programs where there is direct benefit to individual users." Now, you may have already dealt with this; I don't know. My apologies if I'm asking a question that has already been asked. Do you have the details on what new user fees your department is intending to introduce through the business plan, so the three different fiscal years, specifically under the criteria of direct benefit to individual users? I'd be interested to know what those are.

The other aspect of Agriculture, Food and Rural Development is always, I guess, the issue of investment in rural Alberta. We do have the local opportunity bond project to find one source of infusion of capital into rural Alberta. I understand that in other jurisdictions the farming community are and of themselves taking some very major initiatives. They are raising capital through their own securities issues for things like grain elevators.

9:00

These are obviously very entrepreneurial moves from the farming community, moving away from reliance on government to deal with those significant amounts of capital investment. They're finding ways and they're finding opportunities to essentially reinvest in their own communities with their own resources. I found that to be quite exciting, and I'm just wondering if the minister or the department is looking at those kinds of other programs as well where those who are involved in the community can take those kinds of opportunities to reinvest themselves back into their community through various kinds of vehicles, various kinds of tools or mechanisms.

So those are the questions I have for the minister, fairly broad-ranging. I think, as the minister does, that we need to look at agriculture, food, and rural development as the future, not as the past. Many exciting things are happening there.

Oh, I guess there was one other comment I wanted to make. We have in the past couple of years discussed in this Legislature issues or ways of maintaining good agricultural soil in the province of Alberta. My colleague from Lethbridge-East introduced a piece of legislation as a private member's Bill that dealt with the tool of a conservation easement for maintaining and protecting and conserving the important high-grade agricultural soils in the province of Alberta. As the minister will know, that did not move forward at that point in time, but some mechanism, some vehicle, some tool where we can ensure the protection of the agricultural soils in the province of Alberta – and there are again many varieties of ways of doing that.

I liked the approach of the Member for Lethbridge-East in that it would have been a legislated protection of agricultural soils in the province through that conservation easement process. We have dealt with this on a broader scale in matters that I brought to the Legislature in terms of a conservation easement that could have conceivably included land under agricultural use in the province but was really intended for ecosystems that were in their natural state, that were part of the white area. An individual owner could then say, "I would like to conserve this part of my

land" and have the best vehicle possible for doing it.

So, I guess, again to the minister, looking at the issue of conserving agricultural soil through some vehicle: is the department looking at that now, whether through a conservation easement mechanism or something else?

Mr. Chairman, thank you for the opportunity to make those comments to the minister. I hope that he'll be able to respond in some fashion, and I'll take my seat and let others make their comments.

THE DEPUTY CHAIRMAN: The hon. Member for Fort McMurray.

MR. GERMAIN: Thank you very much, Mr. Chairman. The minister will think back with fondness, I'm sure, to the great 28-hour debate of November of 1993, when one of the concerning issues was the issue about the department of agriculture's ability to grant loan guarantees to agricultural businesses that would use an agricultural product for the purposes of developing their plant and their equipment to bring that agricultural product on stream. I must say to all members of the Assembly that I had occasion to write to the minister recently about that program and was pleased to receive the update that the minister was able to provide, plus his assurance that more information would be forthcoming once it became public.

Against that backdrop, Mr. Minister, I'm always concerned about loan guarantees by this government, because of course the government is \$32 billion in total debt, and a significant percentage of that is as a result of loan guarantees, acknowledgingly not in the department of agriculture but loan guarantees throughout the industry. I noticed that this year you've budgeted \$4.2 million for loan guarantees compared to just over \$1 million last year for loan guarantees, that information being found on page 63 if I'm reading it correctly.

I want to ask the minister in his concluding comments tonight to deal with the concern of some members of this Assembly as to the department of agriculture's loan guarantee program. My understanding is that the government is moving slowly with three pilot projects. I'm wondering if the minister can tell us when further information will be forthcoming, how much of that \$4.2 million, if at all, is set up for reserves for those particular pilot projects, and whether the minister has thought further about the desirability or lack of desirability of loan guarantees to business. While it is easy to be sympathetic to a struggling rural agriculture-driven business, while it is fair to recognize that it is sometimes hard to attract capital into rural Alberta, every time the government guarantees any loan, it puts stresses on those other competitors in the marketplace that are operating without a loan in a comparable product. It also puts risks on the Canadian taxpayers in a general way and specifically on the Alberta taxpayers.

So my only comment, Mr. Chairman, tonight on the Department of Agriculture, Food and Rural Development is for an update and a revisiting of the minister's loan guarantee program under his financial services corporation Act. The minister will recall that that was a hotly debated item. Members on both sides of the Legislative Assembly debated that provision with some merit, and I know that there was some timidity on the part of all Members of the Legislative Assembly to go forward with any type of legislation that seemed to indicate that the government was in the business of providing loan guarantees.

So with that, Mr. Chairman, I think the minister is alive to the issue that I raised tonight, and I'll take my seat.

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

DR. NICOL: Thank you, Mr. Chairman. Just a few final comments on the Department of Agriculture, Food and Rural Development. I'd like to just again echo the minister's comments about the great feed we had this evening. It's a real sign that the good qualities of Alberta's agriculture are really prospering.

I'd like to begin just with a couple more questions on the answers that the minister provided me earlier this evening on the questions from our previous debate. Again, going back to FISP, the relationship between FISP and the crop insurance, in the response he mentioned that the '95-96 forecast for the farm income stability program is \$74 million while the comparable estimate was \$32 million. The additional \$42 million is funded by savings in both the crop insurance and gross revenue insurance programs in '95-96. Is that an indication that from this year forth we're going to be expecting an allocation of approximately \$74 million as the running requirements to maintain FISP as compared to the \$30 million to \$40 million that was talked about while the program was being introduced? If so, is it always going to be a subsidy out of the crop insurance program? I'd suggest that what we need to do if there is a surplus in that crop insurance program is give it back to the farmers in the form of lower premiums because that is a really critical expense for a lot of the farmers in how they deal with their decision-making.

One final comment on FISP is that I think it would be really a good idea if that were tied in with the crop insurance so that a farmer to participate in FISP must also carry crop insurance. We've got to have some kind of sign-up, some kind of a commitment made on behalf of the farmers that they're going to risk-manage in a proper way. That includes the idea of having the crop insurance as a first line of defence before we get into the disaster component that you're talking about in FISP.

Mr. Chairman, if I might have time for just a couple more short questions, and then we'll go on. The other issue that I wanted to bring up was on program 1, page 43, Mr. Minister. You have in there a dedicated revenue of \$50,000. I know that's not very much, but it shows up again also on program 2 under dedicated revenue. It's not assigned to any particular line except its own dedicated revenue. I'd just like some comment at an appropriate time as to what those revenues are. I know they're quite small, but they still are revenues that come in, and it would be nice to know where they're being derived from.

#### *9:10*

The other interesting fact is under agriculture financial services on page 63 again. You deal there with a very significant increase in other revenue contribution from the province. It's going up from an estimate last year of \$138 million, a forecast for '95-96 of \$167 million, and now you're dealing with \$190 million in the '96-97 estimate. Is the contribution from the province a result of the combination of transfers out of general revenue to support crop insurance, FISP, all of these other types of programs? That's the total that they add up to? Okay. The minister is shaking his head yes. I appreciate that response.

Also, under the expenses I'd just like a brief explanation of why the discrepancies in the estimate, forecast, and subsequent '96-97 estimate for indemnities. You start off at \$297 million, and the forecast drops to \$157 million, and then it goes back up to \$241 million for the '96-97. Why that much variation in those calculations?

I guess, in conclusion, Mr. Chairman, if I just might comment



that I appreciate the support that I get when I have to deal with the people in Alberta Agriculture, Food and Rural Development. Their commitment to the growth of the industry and the value added is really what's going to add a lot to our province. The target of the \$20 billion of value added by the turn of the century is really a good target.

When we look at the research component that's built into this budget, you begin to wonder how it's going to be focused in achieving that, because I see some changes in the research commitment that in my reading of it and my evaluation of it lead to some directions that I don't see really contributing to that value added, but if the minister might comment in a little more detail for me on how he's going to focus that research to achieve the \$20 billion of value added.

Again, I'd just like to thank the minister for the good job he's doing, and that'll be it for tonight.

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

MR. PASZKOWSKI: Yes. Thank you, Mr. Chairman, and thank you to all of the people that asked questions today. I'll try and answer some of them. Those that I don't answer, we'll certainly, as I indicated, provide answers for you as quickly as possible.

To the hon. Member for West Yellowhead, first of all. What expenditures go to develop nonagricultural activities? We're thinking in the area of development of things like pharmaceuticals, cosmetics, 'nutraceuticals', using straw for pressboard for the manufacture of things like kitchen cabinets and the likes of that. How are we going to do that? Well, we're looking at developing a facility that's very similar to the one we have in Leduc today that works on the compatible development of food products. We think we can develop a facility that can work on the development of non food use material. Ultimately, we've talked to some people that are in the process of fractionating oats, that are talking of fractionating canola oil, whereby a bushel of oats can be worth up to \$10,000 for that one bushel of oats. That's exciting. There are tremendous opportunities in not only enhancing the value but enhancing the quality of life for the people that are going to be benefiting from this.

In the particular oats fractionating I think there are probably at least 10 products that can be manufactured from that one product. Canola is much the same. Things for example that will lead to far fewer heart attacks, injections that can be given within the last two weeks of pregnancy that will eliminate virtually 99 percent of all stillbirths. Those are exciting new developments that are coming down the pipe and certainly ones that we want to be involved in in agriculture in Alberta. We want our industry to be able to benefit from that type of research that is out there. We want to be a key player in this. We want to be a partner in this, not an active player. We think we should act as facilitators and work with industry to allow this to happen, and I think we can do that.

What's happening in the communities regarding rural development? Rural development is really a result of economic development. I think that's really critical to understand, that you can't buy rural development. You can't go out and throw money around and be able to actually enhance the rural communities with that type of process. It is a direct result of economic development that comes forward with government policies that are developed that allow for the rural community to continue to grow and to indeed be a vital part of this province.

We see much of that happening particularly with the area of value added. We've gone through a transition now in that we used to ship raw product. The rural communities were basically built around the railroad station and the elevator complexes in the community that used to provide the gathering system to handle the grains that would come forward. That's changing. It's the fact of reality and it's the reality of life that indeed that is not going to be the future of agriculture in Alberta, in Canada, or anywhere.

So we're going to have to change with those needs and find ways for the rural community to become part of the opportunities that are out there. We think we can do that, because we think the rural communities provide a lot of benefits for the whole process of value adding to be located within their communities. The price of land - often there is infrastructure that's already there. The hon. member alluded to the fact that there are schools and hospitals in these communities. Those are the natural attributes that are required for facilities to be located in those communities. In many cases there is already infrastructure there, so it's far more cost-effective to develop in those types of communities.

I met with some food processors here just last week, as a matter of fact. We had an opening of a major food processing plant in Innisfail, and they told us that the work ethic of those people in the rural communities is the greatest possible ethic you could ask for. Their achievement levels are far greater. Every morning they show up for work, and they're willing to go to work. They don't have to be looking for replacements. They don't have to be looking for situations that happen in the larger urban communities. So indeed they were very pleased to locate in a community that has a rural background. The whole reason why they'd located there, they'd indicated, was because of the ethics and the work ethic of the people living around that community.

To the hon. Member for Sherwood Park - ways to ensure families stay on the farm: that's not easy. It's not an easy process and one that we spend a lot of time on trying to think and find ways that indeed allow for the regeneration of the farm family. For example, that's why we have the beginning farmer loan program. It's very, very successful. It has proven to be one of the most successful programs we have. It's unique to Alberta, and ultimately our agricultural industry in Alberta is doing better than our other provinces. For the first three-quarters of this year we were the largest agricultural producing province in all of Canada: the first time ever. It's a sign of significant growth and ongoing growth within the industry.

That's one of the reasons we're not supportive at all of the NISA program, for example. NISA doesn't do anything for the beginning farmer. It doesn't do anything for the fellow that's trying to start up, because you've actually got to have a substantive amount of money in the kitty before you can really draw from it. If you have a disaster, how are you going to get that money into a kitty when you're starting up? When you're starting up, of course, you've got to reinvest and you've got to keep reinvesting. That's where your money flow is going to go. It's not going to go into a pot that's going to deal with disasters. That's what we like about our farm income stability program in that it doesn't really identify whether you're a beginning farmer or whether you've been farming for some time. That's one of the advantages, besides the fact that we have some grave concerns about NISA and its trade problems, that seem to be coming to be more recognized by our other governments. There seems to be an ongoing stronger recognition of the problems that NISA may have in the trade community.

9:20

Value adding is another way that we're looking at allowing for the farm family to continue. We think that is going to be something that can grow significantly. It can grow in various dimensions. It doesn't necessarily have to be a factory. The cattle industry, for example, is a typical example of actually taking the barley to a higher value. We think there are other ways and other opportunities we can work with to enhance the whole value of the product that's leaving the farm. I think that's really the key element that we have to work on and one that we're making some progress on. It's one that we have to continue to focus on as well.

Environmental protection is something that concerns us as well. It's an ongoing concern that we feel we have to address. We've developed a program together with industry. The CASA launch was last November. The hon. Member for Lethbridge-East was there. The whole idea is to become proactive rather than reactive. We think our industry can indeed deal with the environmental issues that are there, but I think the onus is upon us to deal with the issues before they become major, major issues out in the field.

So that's our objective. We're coming together as government, as industry to partner, to tell the story of agriculture: that indeed we're doing more than growing food, we're actually growing Alberta. We have a story to tell. It's a success story. It's a good story. We feel it's a story that has to be told by the entire industry. It can't simply keep being told by the members in the Legislature or the department or anyone else; it's got to be done by virtually the whole gamut of the industry. We are looking forward to it. It's a three-year program. It's one that's going to be going into the schools. It's one that's going to be going into the major media publications. It's one that's going to actually try to cover the whole field to tell the story of agriculture, to tell indeed how we are looking after the environment.

I can tell a bit of a personal story of our particular farm that I consider to be somewhat of a success story in an indirect way. When we first started taking soil tests, our first soil test indicated a 4.6 level of organic material. Organic material is really the measure whereby you measure the health of the soil. Our soil levels are now anywhere from 9 to 10 percent as far as organic material is concerned. Those are the types of stories that have to be told out there on an ongoing basis.

As far as the grazing leases are concerned, we are continually working to share the stewardship of the leases, and we're making tremendous progress. The industry itself has taken a lot of the control in this particular area and will continue to work in that area. They've volunteered. They're anxious. They want to become involved in this, and they're doing a good job of this. What we really want to do is share as much as possible the public lands that are out there. At the present time over 80 percent of the land that's used for grazing is also used for other purposes. That's a pretty good success. In some cases some of that land should not be shared. So when we consider some of that, I consider that to be a good record. It's never something that we want to stop doing. It's not a record that we want to be complacent about. We want to keep striving to achieve even higher levels. I appreciate the concern that was voiced by the hon. Member for Sherwood Park. Working together I think we can make it happen, because indeed it's to the benefit of the users of that land to make sure that the earth is healthy. If indeed we abuse it, the individuals who are using that particular portion of land are going to be the ones that are losers in the end.

The final Cattle Commission report has not been tabled yet, and

we don't have a copy of it. So we still are awaiting the report. My understanding is that the industry is working with some effort to have the report finalized and tabled. Obviously, when the report is tabled, it'll be public, and we'll all have to consider the findings of it.

I didn't identify the particular questions here. I've got some answers. What were the new user fees? They're basically for the production and sale of videos and new publications. Publications are something we hadn't charged for in the past, and there is actually a fair amount of revenue that can be generated from this. Some of our publications are world renowned, and we're getting orders from around the world. I guess it's really showing that indeed we are doing the right thing in charging for these publications, because they're used; they're used to a better degree and to a higher level. So I think that's critical.

The new ways of investment. I think probably the most important new way that we have is the community bond area that will be coming forward. Quite frankly, I'm excited about some of the opportunities that are coming about in the agricultural community. I met with a group that was concerned because our level of lending was capped at a million dollars, and we're going to be bringing that forward again for review through the Legislature here. We're not going to be exposing government to any other level. We're going to maintain that, but we're going to be bringing forward some opportunities so that indeed the industry can build within itself rather than go out and have government involvement or any other. Let the industry grow itself: that's going to be our objective.

The protection of agricultural soils is something that's important. We've got two primary problems in the province. One is soil erosion by water, and the other is soil erosion by wind as well as soil degradation. One of the major areas, also, is the area of soil salinity, which we have to deal with, and we've got a group that is working in that area. That's something we have to be particularly careful with as far as the irrigation area is concerned because water leaching of course brings up the salts, and we have to be able to manage that and manage it properly. Again, we feel that there is tremendous opportunity for agriculture.

Yes, hon. Member for Lethbridge-East, that is to cover FISP and crop insurance, as I had indicated.

How will research add to value-added? That is similar to the question from the hon. Member for West Yellowhead. We're looking at setting up a pilot plant for the development of non food use as well as an additional facility for food use. We've produced in this last year over a hundred new products that are coming forward on the shelves of stores throughout the world. That's exciting. That, to me, is one of the most exciting stories that can be told. So quite frankly, I'm excited about the agricultural commitment.

I seem to be distracted here. I apologize. Nevertheless, I think we have a tremendous growth opportunity.

Mr. Chairman, I would ask that we rise and report.

9:30

THE DEPUTY CHAIRMAN: After considering the business plan and proposed estimates for the Department of Agriculture, Food and Rural Development, are you ready for the vote?

SOME HON. MEMBERS: Yes.

THE DEPUTY CHAIRMAN: Opposed, if any?

SOME HON. MEMBERS: No.

THE DEPUTY CHAIRMAN: Carried. [interjections] Order.  
We don't need those kinds of remarks.

Agreed to:

Operating Expense	\$339,051,000
Capital Investment	\$1,789,000

MR. PASZKOWSKI: When the committee rises, I move that the vote be reported.

[Motion carried]

MR. EVANS: Mr. Chairman, I move that the committee rise and report.

[Motion carried]

[Mr. Clegg in the Chair]

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

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 1997, for the departments and purposes indicated.

Treasury Department: \$32,417,000 for operating expenditures; \$1,856,000 for capital investment.

Department of Agriculture, Food and Rural Development: \$339,051,000 for operating expenditures; \$1,789,000 for capital investment.

Mr. Speaker, I'd also like to table copies of documents tabled during the Committee of Supply this day for the official records of the Assembly.

THE ACTING SPEAKER: Thank you, hon. member.

All those in favour of the report, please say aye.

SOME HON. MEMBERS: Aye.

THE ACTING SPEAKER: Opposed, if any?

SOME HON. MEMBERS: No.

THE ACTING SPEAKER: Carried.

[At 9:35 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]

