

Title: **Tuesday, March 3, 1998**

Date: 98/03/03

8:01 p.m.

[Mr. Tannas in the chair]

**Subcom.C: Agric, Food & Rural Dev.**

**Subcommittee C – Agriculture, Food and Rural Development**

Tannas, Don, Chairman  
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Barrett, Pam  
Cao, Wayne  
Clegg, Glen  
Evans, Iris  
Gibbons, Ed

Klapstein, Albert  
MacDonald, Hugh  
Marz, Richard  
McFarland, Barry  
Smith, Murray  
Soetaert, Colleen  
Stelmach, Ed

Stevens, Ron  
Strang, Ivan  
Thurber, Tom  
Trynchy, Peter  
Woloshyn, Stan  
Zwozdesky, Gene

THE CHAIRMAN: Members of the subcommittee, we have before us for our consideration the estimates of Agriculture, Food and Rural Development, and to begin the evening we will call on the hon. minister. You and your compatriot have the first 20 minutes, or less.

MR. STELMACH: Well, thank you, Mr. Chairman. I'll make some opening remarks. Hopefully they'll be brief enough to allow time for questions from the members.

I would like to first of all take time to introduce a number of our ministry staff that are in the gallery. They will be listening to the comments and questions. If last year was any example, we need as many people as possible to write the questions that keep coming from the members across. They were firing them pretty rapidly last year.

I would like to say that as a rookie minister I've had excellent support from the ministry staff, especially in the first year of a ministry that, as the Premier said, is probably one of the most complex departments because there are so many various programs reporting to this ministry. It does take a fair amount of time to get a handle on all the various parts and components of the department.

It is my pleasure as Minister of Agriculture, Food and Rural Development to report to this committee that this ministry remains committed to the agriculture and food industry being one of the pillars of this province, as it always has been a strength of this province. We firmly believe that in the future this strength will keep increasing and become even more important to the continued prosperity of this province.

The agrifood sector continues to be a key contributor to Alberta's economic prosperity. Farm production is Alberta's largest renewable resource based industry as stated by the 1996 statistics, which revealed that the primary sector generated a record of \$6.4 billion in farm cash gate receipts. That represented about 22.6 percent of Canada's primary agricultural output. Alberta farmers continue to increase their farm cash receipts relative to other provinces as evidenced by statistics which reveal that Alberta averaged 20.1 percent of Canada's primary output between 1989 and 1993. Secondary processing, including the food and beverage processing industries, is Alberta's largest manufacturing sector. According to 1996 statistics Alberta's shipments set a new record for output with \$6.6 billion in sales, and now it represents 12.1 percent of Canadian food and beverage shipments.

Mr. Chairman, the agrifood sector offers significant potential for expansion in the years that lie ahead. The agricultural industry and this ministry believe there is a global market opportunity for Alberta's industry to grow to \$20 billion in value-

added shipments and \$10 billion in farm cash gate receipts by the year 2005. Achieving these growth levels would result in a sizable increase in primary production and in the food and beverage sector as well as contributing to the further development of rural Alberta.

This ministry contributes to the government's three core businesses: people, prosperity, and preservation. However, our primary focus is on the second core business: working with others to promote prosperity for Alberta through a strong market-driven agriculture and food industry and with the mission of enabling the growth of the globally competitive, sustainable agriculture and food industry through essential policy, legislation, information, and services.

If I may, Mr. Chairman, I would now like to briefly address some of the budget issues contained in the estimates before us. For the past few years the ministry has taken an active role in privatizing some of its services and allowing industry to take on the responsibility. This budget provides for the privatization of the brand inspection program, which will be turned over to the private sector this summer. This privatization is endorsed and supported by all major players in the livestock industry. As a result of this privatization it is expected that department revenue will be reduced along with the reduction of expenses.

As a result of increasing concerns about intensive livestock operations in the province, the budget provides for the establishment of a livestock development and expansion team to conduct research on intensive livestock operations and publishing a developer's guide for establishing and managing livestock operations. This is in addition to some other initiatives that have been put in place to ensure that growth in the agriculture sector is responsible and sustainable. They are the initiation of an environmental impact study, conducting technology transfer and education efforts to increase producers' knowledge of better environmental management practices, increased participation by agricultural staff and specialists to assist farmers and municipalities in siting, design, and overall management practices. The Alberta Agricultural Research Institute is to sponsor a number of research projects related to the management of manure. It also should be noted that the ministry itself has increased its participation to ensure sustainability.

Mr. Chairman, you will note that the ministry budget shows an approximate increase of about \$20.4 million from the comparable '97-98 forecast. Over one half of this increase is found in program 6, and that's agricultural insurance and lending assistance. The Agricultural Financial Services Corporation continues to increase and enhance its alliances with private lenders. These alliances will provide most of the funding used for syndicated loans to finance value-added production, initiatives which will also contribute significantly towards meeting the \$20 billion goal for value-added production by the year 2005.

One of the major initiatives in the '98-99 budget of the corpora-

tion is the reduction in interest rates to beginning farmers from 9 percent to 7 and a half percent effective April 1, 1998. This is in response to reductions in market rates and the concern that many beginning farmers are placing themselves at risk by refinancing their long-term loans over a short period to capitalize on short-term cash savings. These beginning farmers are not well enough established to withstand any significant increase in interest rates, reduction in commodity prices, or any uninsured production problems.

The farm income disaster program, which was implemented effective with the 1995 tax year as a pilot program for three years, is being extended for one more year to the 1998 tax year to allow adequate time for a complete evaluation of the program.

Mr. Chairman, that pretty well concludes my opening comments. I would be most pleased to answer any questions our colleagues would have. As I said earlier, if we're not able to answer all the questions or if we run short of time, just like last year, we'll make sure that everyone gets a written response who has asked a question. At this time, we're open to questions.

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

**MRS. SOETAERT:** Thank you very much, Mr. Chairman. I appreciate the minister's responses from last year and his willingness to do that again. I also want to thank the members of his department, who work very hard for him, who must roll their eyes every time I send a letter. I do appreciate their responses and their forthrightness.

I see some things in the budget that I want to ask about a little later. I'd like to start off with a few generalizations. You know that I'm new to this portfolio as a critic. Living in rural Alberta is quite different from understanding the industry, and I'm on a major learning curve, which I truly am enjoying. I am having the opportunity to meet with many people across the province, and that's good.

**MR. FISCHER:** We'll take you out to work on a farm.

**MRS. SOETAERT:** The hon. member is offering that I can work on a farm. Thank you. I have done that, and I found that was not one of my strengths. That's why I appreciate the industry, that they are much stronger at that than I am.

I want to get to a few things, because I know our time is limited to discuss this entire budget. One of the things coming up is privatization of brand inspections, which the minister has talked about to myself as well as the Member for Lethbridge-East, and I appreciate that. I see in the *Western Stock Grower* that in their question to the minister they were saying that all the industries are on side, but one of the questions they asked was – they had paid for a lifetime brand concept of \$200 each. Many producers agreed to the plan with the understanding that the \$6 million plus would go towards an improved brand department, resulting in lower cost inspection services. They found then to some dismay that the \$6 million has gone into general revenue, and this money is not to come to the new brand inspection company. So this current move by the government is questioned by the Western Stock Growers Association. I think their request was that the \$6 million be repaid to the new brand inspection agency. Now, the minister in his reply in this article has indicated that they may get some transition dollars. Have you narrowed that down? Do you know what it's going to be? How will that be allotted? If that legislation is coming through soon, I'd appreciate a briefer on it as you'd promised, and I appreciate that.

## 8:11

I met with a group of women from Women of Unifarm, and I'm sure you respect that organization as well as I do. They had some resolutions that I tabled in the Legislature. Now, I realize that their resolutions do not always pertain to your department, though they met with me to find out if there is some way they can raise funds for their organization working with the department. They're willing to do research; they're willing to do education programs. The offer was there, and I think my office has been in contact with yours to see if there is anything for them.

Their resolutions, interestingly enough, because we needn't think that just because people live in rural Alberta their issues are the same as all of ours, dealt with universal access to health care and transportation. I'm wondering within that transportation, Mr. Minister, because of so many of the rail lines being gone, we know that's going to be an increase in farmers trucking their product, and there is a concern about roads. In fact, one of the resolutions was that secondary highways be totally funded by – now, this wasn't the Women of Unifarm's resolution, but another one which I'll talk about later, the full funding of secondary highways because of the increased traffic that farmers will have.

One of the things that I believe is on the back shelf now is asking the farmers to licence their trucks as commercial vehicles. I believe that is on the shelf. That's what I've been told. I know that you must have got many calls expressing concern over that one, as I did.

So Women of Unifarm – their other one was on Transportation and Utilities, which I will bring up there. I know that you appreciate their work, and they were hoping they could do something with the department.

Mr. Minister, I've read some articles – I don't know how valid they are – about the assessment of farm property changing. Now, I realize that's a hot issue. I'd like to know what's going on with regard to that. Are there consultation processes across the province? What kind of input is happening? I'd appreciate knowing about that, because I get people panic stricken about: well, is the shed that holds my garden tractor going to be assessed? We're hoping it isn't. I guess it will be an issue of fairness, and I'm sure it's a hot potato out there, but I guess I'd appreciate knowing the status of that.

I have written to you about the FIDP program and what is happening with the farmers in the Peace River area and in the MD of Saddle Hills. In fact, just today I got information that B.C. is giving them some sort of compensation through an insurance program. I didn't have a chance to look at it. I don't know if it's different than ours. I'm surprised the member for – gosh, I'm running a blank here. Fairview. That's not right. Dunvegan. The Member for Dunvegan. He once called me the member from wherever. I do apologize. I'm sure he'll be asking on behalf of those farmers, and if he isn't, shame on him. I had to make it a bit contentious tonight, Mr. Chairman.

In all seriousness, I am very worried about these communities. If you lose 20 farmers to a community, you well know the impact on that community. It could well be gone. If we're looking at climate changes that have affected these areas, then maybe we should be as a government, as a department working with these farmers to find out what kinds of crops are sustainable up there. Maybe it's trees. I don't know. But if there is no hope for a decent crop, then I think we have to work with these farmers, because I would hate to see them just pack up and leave after 20 years of homesteading up there. So I would encourage the minister – I am very worried, and I think you know well the issues with FIDP and that they have to be addressed and that you

are addressing them, I'm hoping, soon. In fact, I want to ask some specific questions that I have written about them so I don't forget while I'm on this.

Vote 6.0.2, farm income disaster. This says \$67 million budgeted for '98-99 is a million more than last year's budget. I guess that's planning in advance for a disaster, which is sad to say. Last year's payments were \$11.5 million lower than anticipated. I guess that's good as it implies that we have fewer suffering from disaster. But I must say I don't find this program sufficient. It certainly didn't help the farmers up north. It does not help those in the Athabasca area or in the Peace area where there have been extremely wet conditions for two years or more.

I've asked this in the House: when are you going to revise the FIDP program? I'm hoping you can do it promptly, because I fear that it won't help those people. Under section 53(b) of the Ag Financial Services Act you have it within your power to help those farmers. I am wondering if there's a reason why you're not. That would seem odd to me, because this has been a disaster, when for two years in a row they can't even get out on those fields. In fact, I don't know if this is true, but I heard that they were scraping off the snow, sowing their crops before it even thaws because they're so sure it's going to be too wet. I don't know if that's true, but that is one thing I heard. I know the Auditor General has indicated that FIDP may not meet the concerns of the farmers, so I am just generally asking you how those farmers can be assisted. I fear very much for them and for their communities. I realize it's a difficult situation often, but I would urge the minister to try to address those farmers.

Agriculture services boards, their resolutions. They all met, and some of their resolutions were most interesting to me. I want to indicate some of them and ask the minister if he has read them, if he's acknowledged them, and how he intends to act on them. I'm just indicating a few of their resolutions from the ag services boards. One was that the province "encourage expansion of agricultural industries by reinstating 100% funding on secondary highways." Now, I realize that's not within your domain, but certainly you can put pressure on the minister.

Another resolution was that

the Minister of Alberta Agriculture, Food and Rural Development and the Alberta Association of Municipal Districts and Counties develop regular methods of communication between the Agricultural sector of Alberta and the Alberta Urban Municipalities Association.

I think that's very important. I know that when the announcement came out about the ag industries, Agricultural Impacts on Water Quality in Alberta – I commend the agriculture industry for doing this, for having the courage to step up to the plate and say: we are affecting water quality in this province. I think they're a great example for many other industries in this province, so bravo to them.

**8:21**

My question with regard to that, and I think it ties into that resolution, is that they got some bad press because they had the courage to say: we're not the best thing that's ever happened to water in Alberta. So working with the urban and the rural municipalities, they need some work there. I don't know where your role in that lies. I'm sure there can be a role there. Since I have this Agricultural Impacts on Water Quality in Alberta, speaking to it right now, I heard you mention a bit about it in your opening talk. When I read the resolutions, I thought: these are great resolutions. Now, how do we get them out to farmers? How do we get them on board? How do we share the knowledge that we have in this? If it's going to mean resources, I mean if you aren't going to let your animals water in the stream, are we

going to provide some sort of mechanism for pumping the water up or to get another water well? I see it as a dilemma. We've identified the problem. I don't know how we're going to get everyone on board working towards it. So I'm really pleased by this report. I'm pleased with their commitment to changing it, and I guess I want to know how the government is going to help implement that.

Another resolution from the ag services boards was to make a commitment to protect the citizens of the Province from damage caused by illegal drainage projects and to revise their policies and processes regarding enforcement of the drainage provisions under the Water Resources Act.

I know that crosses into Environment, but I think we know it's sometimes caused by the agriculture sector, so I guess there's always a bridge between Environment and Agriculture that I would assume you are a part of.

Another one that I just want to mention is "that the Alberta Department of Agriculture allocate more manpower, research and funding to help combat the problem of leafy spurge" and other noxious weeds. I'm interested in that as well. The department of transportation used to spray all the roads, and now they don't. For the life of me, I can't think of that weed.

AN HON. MEMBER: Scentsless chamomile.

MRS. SOETAERT: Yes, scentsless chamomile. Thank you. I asked a few people around me earlier. I couldn't remember it, so thank you.

I've had that issue brought up to me by some farmers in my area. I know there used to be a tremendously good program for making sure these weeds weren't all over the place, but with the privatization of highway maintenance I'm worried that we've forgotten about some of those noxious weeds. Obviously, if it's now a resolution by the ag services boards, I would say that it's a problem coming to their attention as well.

Also, another resolution on the same track was with regard to the railroads and who's responsible for herbicides on the entire right-of-way and the noxious weeds along the railway right-of-ways. Also, within this, interestingly enough, there was also a resolution "that the Policy Steering Committee for the Farm Income Disaster Program review the current program." So there is no doubt we have to redress that, and I would say the sooner the better.

Now, last year in estimates we had an Agriculture, Food and Rural Development revolving fund income statement, and that's not anywhere now. I know that the Auditor General had recommended that you don't have that. I guess I just want to know: what is that? If it's gone and he recommended it, maybe you did something good there, so I would compliment you on that. But I just don't understand it, so I guess I would appreciate an explanation of that.

I was speaking to somebody in my constituency who owns a big fertilizer plant. His concern was for farmers who cannot afford fertilizer when it's cheapest and the whole loan system with banks that they have. I don't know what role your department plays in that. He said that the farmers who need the best deal are the ones who end up buying it in the spring when it's very costly and don't seem to have the money when it's cheaper. So often fertilizer companies end up holding, you might say, the bag for farmers who virtually take out a loan from the fertilizer company, and they've been burnt. They also know that the one farmer may have three brothers who farm in the area, so one bad loan – you know, it's a bit of a dilemma for them, because when you live in the community, you know everyone. It's a little different from a

bank, that kind of distances itself and doesn't realize the realities of rural life.

MR. STELMACH: Is that Sturgeon?

MRS. SOETAERT: Yeah. Sturgeon Valley Fertilizers, excellent people, well respected in our community. Good people.

I have a few more questions before my time is up. I wanted to talk about 3.5.1. Maybe before I do that, I'd like to say that one of the things – communications under 1.0.10. The dedicated revenue is expected to fall slightly despite the fact that the total budget increases slightly. Why is that? That's under communications. Why is the relationship with the separate dedicated revenue line in item 1.0.14 – I'm trying to find that in my book. A few things are going here.

While I'm in this book, I guess I want to ask the minister – and pardon my ignorance on this – what is the livestock patrons' assurance fund? I'm sorry that I don't know that, and I didn't have a chance to ask some of our researchers before I came over. But I looked at that and thought I'd like an explanation of that, if you don't mind.

MR. WOLOSHYN: We mind.

MRS. SOETAERT: Pardon me?

MR. WOLOSHYN: We mind.

MRS. SOETAERT: The Minister of Public Works, Supply and Services minds. However, I know he's jesting, because he is a neighbour of mine and he would never do that.

MR. STELMACH: What was the other question before that in this section: communications?

MRS. SOETAERT: It was on communications. The budget's down for that, so I'm just asking why. What was its relationship to 1.0.14. I'm trying to find that right now, and I can't find it here.

I wanted to speak for a minute about environmentally sustainable agriculture. That's increased from \$3.5 million to \$5 million. I would say that that's good. Imagine me saying something's good there. I know it's consistent with the Alberta environmentally sustainable agriculture program, that has allotted \$15 million over three years. So I guess I should compliment you on that. It was explained last year in May what that program was about. So I thank you for that.

I have a few other things, but they're not quite organized in front of me, Mr. Chairman, and I know other people are ready to speak on other issues. I can't believe my time is up already.

So with that, I thank you for the opportunity.

THE CHAIRMAN: Okay. The hon. Member for Drayton Valley-Calmar, followed by Edmonton-Manning.

MR. THURBER: Well, thank you, Mr. Chairman. I heard the minister speak about the privatization of brand inspections in this province, and it is a concern to me. I want to take you back a little bit in time to the early '90s when we actually repealed the branding law in this House, and some of you may remember this. We repealed the law that said you had to brand chickens, and it became quite controversial in the House here because there were a lot of things that depended on that law, but there were a lot of reasons for repealing it. For one thing, as any of you that have

been around branding at all will know, the traditional system of branding is that you rope something by a hind leg, you drag it out, you have people that rattle it down, and then you have other people that put a brand on it.

### 8:31

So with the repealing of this law we not only increased the unemployment in Alberta, because there were a lot of people that specialized in this, but what we were running into was that the modern day cowboy was having a lot of trouble figuring out which was the hind foot on the chicken to rope it by and to try and drag it out. One of the other problems was the rattlers. We were having trouble finding qualified people to rattle the chickens down, and it's a very significant expertise that allows you to handle those very small branding irons to brand the chickens with. So we did create some problems by doing this and also created some unemployment.

I'm a little concerned that this privatization of brands may lead in the long run to the repeal of any laws connected to branding cattle in this country. Certainly this is a growing industry now. People have gone back to a lot of the ways of the west in the early days, and there are more people branding cattle in the traditional way of roping them, dragging them out, and then having rattlers and people branding them. So I just wanted to ask the minister what he foresees in the future concerning the privatization of brands. Certainly I don't want to see a repeal of this law, because it's very recently, in the last few years, that we decided that people can buy their brands for life. So as you go to renew your brands – and I have a couple of them – it costs you a figure of \$220 for life. You don't have to pay any more for it, but if we're going to privatize it and then the brands are going to fade out, as did the chicken branding over the years, certainly I want to question the minister on this. I don't think we want this to happen because it's a tradition that's been long in place in Alberta, that you do brand cattle, and there's a certain process you go through to do it.

But the chicken branding thing – actually we thought it was a very minor thing because we didn't know there was anybody that did brand chickens. But by the time we repealed it in the House here, we found that we'd created some unemployment out there and that some very specific skills were no longer needed in society, especially in agriculture. So I raise that as a concern, Mr. Minister, and if you could answer that at some point, I'd really appreciate it.

Thank you.

THE CHAIRMAN: Mr. Minister, do you wish to speak now?

Okay. Then we're ready for Edmonton-Manning.

MR. GIBBONS: Thank you. I've done a lot of branding in my day, but I haven't branded any chickens. And we didn't grab them by the back legs; we used squeezes.

Mr. Chairman, Mr. Minister, I'd be very amiss – I don't know if the minister's wearing his "Save Our Elms" tonight. But under pest prevention, I thank you very much that after numerous questions in the House to the Minister of Environmental Protection, last year the department gave \$200,000. I'm not sure if they gave \$200,000 or \$180,000, but it was a lot better than the \$20,000 they actually started off with. Probably to answer a question as I was going around handing out the buttons, this is not just an Edmonton type of thing we're worrying about; it's provincewide. In the last few years the beetle actually has been found in Edmonton and Calgary. The fact is that we don't want to be like Montana or Saskatchewan. The outbreak that happened

in the past year in Saskatchewan was very big, and there are actually people working in provincial government departments who used to work for Saskatchewan that were very surprised when I told them of the outbreak there. But as to the question: does this budget include assistance to municipalities that are working to prevent Dutch elm disease?

My next one is actually under the processing industry, and that's food processing development centres. This is a \$1.3 million budget, similar to last year. My question to you, Mr. Minister. Noting the slight increase to the revenue, is there any further scope to increase revenue, as this is a partnership with industry?

Through the Agriculture Value-Added Engineering Centre and the Food Processing Development Centre, partner with industry to conduct research, produce information, and encourage the adoption of new or better value added processes.

Is the agriculture value-added centre that was set up with a \$35 million lump sum in December '96 now in operation? Is it now entirely arm's length from the government, or are any operating expenses budgeted in the '98-99 budget? If so, under which line are they included? I note that a December '96 news release said it was out there.

Under 3.4.4, food quality, my question to you, Mr. Minister, is: why is dedicated revenue expected to decline by nearly \$200,000 to only one-fifth of last year's? Isn't the intention to let industry make a larger contribution where possible? That's the next question to that. Is the reduction in revenue related to business plan goal 7, which states:

Subject to successful negotiations with federal and municipal government, transfer the responsibility for provincial food inspection to a Federal/Provincial Corporation.

Then I'd like to bring up and ask questions under 3.5, marketing services, administrative support. More than one-quarter of the total budget is being spent on administrative support. My question to you is: why is this? How much money is spent on promotional trips? Now, under the same area:

Advocate changes to marketing, handling and transportation operations to achieve cost reductions to farmers, accountability and efficiency.

Do costs for this work come from 3.5.1? Further to that, what actual plans are under way to improve transportation? Under 3.5.1 also, one of the questions I've marked under the line section here is: is one of the costs in this subprogram for provincial government participation in the national review of transportation of grain?

I'd be very remiss if I didn't ask another question. Is there something moving back and forth between transportation and agriculture to help municipal regions; that is, to generate revenue for secondary roads and so on? That is really one of the main things I'm hearing out in the country area: the fact that we don't have the elevators anymore; we don't have the railroad spurs going into certain areas. You know, the average farmer out there is a taxpayer. Are we regaining enough money of any other type, or can we generate some other kind of revenue to help on these secondary roads?

Is the government reviewing the planned closure of railway lines? I think there were meetings in the legislative House today with what's happening down in southern Alberta, Claresholm and that, with the CP closing down. With my farm background it means there's got to be a big expenditure out there on what's happening there. Might it be cheaper to leave some of the lines in? One of the things I was hearing when I was at the AUMA conference and the AAMD and C is the fact that if we are shutting down and pulling out the rail spurs, is it not better for future planning maybe to keep them instead of just selling them off? Maybe that's something you could negotiate with the

national – leasing them out but with the futuristic view that we might have to go back to that mode of transportation in the future.

Livestock marketing services under 3.5.4. There are a couple of items in there. In the budget debate last year we noted that the dedicated revenue exceeded costs by \$1 million. Yet this year net revenue is more than half, from \$7.5 million to \$3.5 million, and the net expenses are budgeted at \$1.7 million. Is the projected decrease in net revenue due to plans to privatize livestock brand inspection? That goes back to our Member for Drayton Valley-Calmor. Why have the gross expenses only declined by \$1.3 million when the revenue declined by nearly \$4 million? Then finally on this one: are there plans to increase revenue from other aspects of livestock marketing services?

#### **8:41**

Under program 4, field services, amortizing of capital assets, regional advisory services. This area here increased \$1.2 million, 8 percent compared to the '97-98 budget. What is the reason for the increase? What specific services are being increased?

Then under the business plan goal 2, which refers to "the results of the highly positive 1997 survey of district offices' services," we're pleased that the survey indicates satisfaction, but were there any critical observations that resulted from the survey, and are these being acted upon?

Now, one of the things that I want to ask and that I bring up in other ministries, in Environmental Protection, is: has the department considered providing advice for agroforestry? This can be anywhere from our loss program out there to putting windrows in on poor land, where we can think about teaching and educating that poplars are not necessarily a weed anymore in some cases and actually training and putting out pamphlets to let them know there is a market out there so they're not being dealt with by shady people.

Then down to the fact of select logging. Select logging is an item that I looked into and actually researched a lot prior to picking somebody to do my own land. There again, maybe it's between your department and Environmental Protection, but why do we have people that wait until the gravel trucks aren't moving anymore and all of a sudden they jump into another business? What they do to the land and what they do to the different areas is very scary. Myself, I went through nine different contractors. I traipsed between Drayton Valley and Smoky Lake to pick the one person that I thought was very capable of doing it. We have to educate. We have to make sure that departments still have the booklets out there and that somebody like myself is able to go in there and pick up those books.

So I think the woodlot or agricultural forestry development is a very big portion, and I'm asking you whether or not that is part of your ministry. I also asked that last week. You can check with the Minister of Environmental Protection. I really, really think this is something where we can actually be there helping people out, due to the fact that we don't want forest fires but we want to educate people and so on.

I'm going to leave this, Mr. Chairman, and turn it over to anybody else that's going to speak.

THE CHAIRMAN: The hon. Member for Little Bow, followed by Edmonton-Gold Bar.

MR. McFARLAND: Thank you, Mr. Chairman, and welcome to the minister for this evening's estimates. Mr. Minister, I had a number of questions I wanted to ask and maybe a couple of suggestions, if I could make them at this point in time in your discussions, to share with some of your colleagues in Executive Council.

The first one dealt with the Alberta Wheat Pool. As you're aware – and it's been mentioned before tonight – many of their locations are being rationalized, closed down, and totally eliminated in many of our areas. Would it be appropriate for you or some of your department staff to contact the Alberta Wheat Pool on behalf of many of the farmers, not just in my riding but in many of the other ridings that have lost services, and ask if they would undertake at strategic locations to leave some of the scales intact when they're bulldozing the elevators? If they could work co-operatively with the community and leave the scale, I'm sure the agricultural community would be more than happy to come in and put a small scale house over top to protect the beams and enable all the users – the producers, secondary processors, alfalfa pelletizers, hay producers – to have a place where they could now at least weigh some trucks, some grain, and some of the produce in and out. Currently some are going to have to travel on average, I would guess, 40 to 50 miles to have the same service.

At the same time, I've been approached by the town of Vauxhall, which, as you're aware, is the potato capital of Alberta. They're subject to possible closure of a CP short line, partially due, I suspect, to volume, according to the CP anyway, and partially because of weight and speed restrictions because it is a light rail short line. They've asked if both yourself and perhaps the Minister of Municipal Affairs and Transportation and Utilities could undertake a study that would compare the costs to actually through a commission purchase such a short line and operate it for the benefit of the producers again but more so for the secondary processing industry in the potato sector.

They have presently one processor who ships, I believe, 25 semi loads a week of produce down to Taber simply because they can't get cars allotted on the short line. Their feeling is that if they could partner up with the grain companies, with some of the processors and the producers themselves and if then, as an example, they could purchase that short line and a locomotive for \$5 million – and this is where they're asking if you and the Minister of Transportation and Utilities could perhaps do a cost-benefit analysis – what would be the difference or what would be the advantage to purchasing the short line through a commission and operating it as opposed to putting \$5 million into highway construction or, in their case, perhaps putting as many as I believe 100 or 120 Super Bs a day equivalent to move the same process that moves out just from that one community on the rail? I thought that was a valid request. It wasn't asking us for money, but they need the wherewithal to do this cost-benefit analysis. Again, I don't know if you have the capability in the department, but if not, I'd ask that you work with Transportation and Utilities.

Thirdly, I know the Member for Spruce Grove-Sturgeon-St. Albert mentioned that there'd been some resolutions put forward possibly requesting that the province take over secondary roads, but I would really hope we'd take a gentle look at that one. I can understand where many of the municipalities are coming from in terms of cost sharing and their 25 percent affordability, those kinds of things. But I really personally wouldn't look forward to the day when we start getting lobbied for each and every secondary road throughout our riding, and then depending on population densities and the politics involved and all the other good things, is that the best way to decide where our secondary roads go? I'm not suggesting for a minute that if you're not in government, you don't get roads, but I know that sometimes there are pressures that aren't really understood either, whether you're around a large urban centre with lots of acreages. If you've got sheer numbers dictating where the secondaries go, I think ultimately a lot of the people in the really rural parts of Alberta would be the losers if we went to that. So I ask you just to share those comments along

with the comments the Member for Spruce Grove-Sturgeon-St. Albert brought forward.

#### 8:51

Fourthly, Mr. Minister, when we're dealing with water quality – and I know that your department and the department of environment have been very involved in some of the work that has been done, particularly as a result of the CASA report – we've got a unique situation. I don't know if your help in working with some of your colleagues could help address this, but with the elimination of funding under the rural water program, again falling under Transportation and Utilities, we've had a large number of carryover projects from I believe it's five years ago, when the funding basically dried up.

This is one that I feel is a very unique situation. We have a group called the north hill water users, and they're in a shallow groundwater area in the south part of the county of Lethbridge, not to be confused with the north county water association. These folks have committed themselves to 50 percent of the cost of an \$8 million project, but they can't find anyone to partner with. They attempted under your direction and other ministers' directions to approach the county of Lethbridge under the Canada/Alberta infrastructure program and were basically turned down because the county's main priorities were road construction. Transportation and Utilities have been unable to help because they don't have money in their program, but with the whole water quality issue in that feedlot area and associated areas, could you provide us with any direction to try to push them along in terms of matching up their \$4 million? Not too many groups in Alberta can stand up today and say they've got 50 percent in hand. These folks are getting a little bit frustrated. They're hauling water year-round. Those that are lucky enough to fill a reservoir off an irrigation canal can do so during the warm parts of the year, but for the rest of the winter they're in a bind.

The second last question, Mr. Minister, is related to intensive livestock operations and even to my question to you today in question period. Over the past few months there have been many discussions and a lot of meetings across the province, particularly in our part of the province, to do with the whole idea of intensive livestock operations: how they are going to work themselves out in terms of manure management, codes of practice, and developments. When I went through your budget, I didn't see anything specifically targeted to this area, so if you could identify where the funds for these issues that you were talking about earlier today on intensive livestock management are and how and where this money will come from in your department, I'd very much appreciate that.

I believe I've saved the last one, Mr. Minister. I believe it will be five days from now, although that's not a working day – I wondered if you could undertake to . . . [interjection] A working day for your staff; I'm sorry. I know that after the Member for Spruce Grove-Sturgeon-St. Albert goes to church, she spends the rest of the time in the constituency office returning phone calls. But perhaps on March 6, the Friday, which usually is a casual Friday in a lot of the offices, which perhaps would be more appropriate than the 9th, your staff in the department could have a special day to recognize their chief executive officer – I think he's called the deputy minister – for having achieved a very special day in his lifetime.

MRS. SOETAERT: Is he having a birthday?

MR. McFARLAND: Well, I'm not sure if it's a birthday.

MRS. SOETAERT: Or an anniversary?

MR. McFARLAND: No. It's probably one of those things that's kind of like a belly button. You know, there's only one, and after that the rest are useless. So it might be a birthday.

So, Mr. Minister, I thank you for that. Spruce Grove-Sturgeon-St. Albert, thank you for the good comment on the ASB resolutions.

THE CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you, Mr. Chairman. It's a pleasure to rise this evening and talk about Agriculture, Food and Rural Development estimates. Last year I had the pleasure of asking a few questions to the hon. minister of agriculture, and he and his staff were very gracious in the time of their replies.

Primary agricultural production in Alberta is the largest renewable resource-based industry that we have or ever will have, and sometimes we forget about this. As the province becomes more urbanized, we forget exactly the role agriculture plays in this province. Secondary processing, including food and beverage processing, is Alberta's largest manufacturing sector, and we all know that the manufacturing sector is growing in leaps and bounds in this province. But once again I have to emphasize, Mr. Chairman, how often we forget about the role of agriculture. There have been many, many changes in the province, but one of the problems I see – and we talked about it briefly last year – is the loss of good quality agricultural land. The hon. Member for Vegreville-Viking, the minister of agriculture, also addressed this, and I'm going to quote him.

We're losing a considerable amount to urban sprawl, and we're going to need the co-operation of this Assembly to ensure that for every inch of black soil used for purposes other than agriculture, we have some very good reason for that.

This is our largest resource. It's going to be here for our grandchildren, long after the oil wells are depleted and cemented in and, hopefully, farmed over. Between this and tourism, this is the future of the province, and if in any way I can help the current minister of agriculture or anyone in the future protect our farmland – you drive through the country, the rural areas, and you see. I worry about the pulverization of the soil. We have larger and larger machines, larger and larger cultivators. It's economies of scale, and I wonder about that. You know, I'm not advocating that we go back to horses and smaller cultivators, nothing like that, but we have to be very, very careful, because it's not two generations ago when a lot of the soil here blew away. We do not want to see this happen again, and I would like to hear about any initiatives the minister is doing to protect good quality agricultural land. There is no item in the business plan goals that refers directly to the protection of good quality land, and Alberta Liberals support the protection of good quality agricultural land and hope the minister will soon come forward with ideas so that we can co-operate with him.

Business plan goal 6 talks about well site reclamation programs. Now, some of the hon. members in this group here represent areas where the oil industry has been existing since immediately after the Second World War, 1948, 1950, and in these areas the wells are going out of production. This is a very, very important program. I know we had a person from the Canadian Association of Petroleum Producers come and address our caucus. They came with a large map of the province, and it had each oil well identified on it. The dots were in red, and there were parts of the province that were just red. Now, red is a Liberal colour, but these were oil wells. They weren't Liberal polls; it's unfortunate. This is a program that must be looked at.

As I understand, they're going to “in partnership with Environ-

mental Protection . . . develop and implement an efficient, self directed Wellsite Reclamation Program.” I need to know from the minister how this will be achieved. Is the Alberta Energy and Utilities Board a partner in implementing this program? I have some concerns about self-monitoring. It doesn't seem to be satisfactory, and the hon. Member for Edmonton-Ellerslie has asked continually this session questions of the minister of environment regarding this issue. She has many valid concerns about self-monitoring, and I think the minister of agriculture should work with the minister of environment and make sure the reclamation of these well sites is done in a manner that is not in the future going to take this land out of agricultural production.

There was a recently published study entitled *Agricultural Impacts on Water Quality in Alberta: An Initial Agreement*. This is a good start, this program. It showed that streams and groundwater are being contaminated by agriculture. I believe there were 11 recommendations from the study. I think we should talk a minute about these. The recommendations were to educate farmers on better management practices, continue research to evaluate the effectiveness of current agricultural practices, study the effect of pesticides in water on the growth of irrigated crops, find out more about the specific sources of contaminants and how they move in the groundwater and surface water, examine the effects of water contaminants on human health, establish a long-term integrated water quality monitoring program to assess the impacts of agriculture on water quality. There's much work to be done here, and I'm keen to see how this study is analyzed further by the minister's department.

*9:01*

Now, getting on to the estimates themselves, I've been going through these and I do have some questions. In program 1, line 1.0.5, surface rights and land compensation boards, what are the administrative costs of these boards? How many people sit on them, and who are they? I'm curious about this. This is a \$2 million item, and I'm just curious about the administrative costs of this particular program.

Jumping over to program 3, support for production, processing, and marketing, reference line 3.2.6, research support. What research is going on here? I noticed in a column elsewhere there is a research budget of well over a million dollars. Whenever we think of research in agriculture, automatically Dolly, the Scottish sheep, comes to mind. I don't know why, but this is a significant animal. I understand from what I read there's also a holstein calf in the midwest of America that was created the same way. I'm wondering what sort of research support the minister has got going in his department here. What are we doing with this? Is it genetic research? I'm very curious about this, because we have to eventually in this House decide what direction we're going in. I know down by Olds there's some extensive work going on, but I do not know of any work that involves the minister of agriculture or his department, and I'm quite curious about this.

Now, also in the same program, processing industry, industry development, 3.4.2, this amount, 1 million plus dollars. This industry development, is this a subsidy to industry? What exactly is this? If the minister or his staff could tell me, I would be grateful. Above that I see line 3.3.7 in plant industry, new crop development, and this is something I would encourage for the minister and the officials in his department. I think a good place to spend tax dollars is on the development of new and improved crops. This is a very good idea. [interjections] Well, that's his business.

I want to talk about the 4-H club. Believe it or not, 50 percent of the candidates that are after the Liberal leadership are 4-H club

members. The first public speech they made in their lives was in a 4-H club public speaking forum. Over 50 percent. It may astonish the Member for Little Bow, but there are five members of this caucus . . .

MR. GIBBONS: Six.

MR. MacDONALD: Six members. Excuse me. I was corrected by the hon. Member for Edmonton-Manning. There are six members of this caucus that have a background in 4-H. Any time I see a small, modest increase in the 4-H club budget, I am pleased.

Now, getting down to program 4, line 4.4.2, grazing reserves, there seems to be a difference in numbers from last year to this year, and I would like to know why. What's going on here with the increase in the expense of that?

Over in program 6, agriculture insurance and lending assistance, farm income disaster, it looks like you're going to spend a significantly higher amount of money this year, \$13 million. Is this because of the heavy rain in the Peace River district? We all know, and many members on both sides of the House have talked about this, a lot of the farmers in Peace River are having difficulty making ends meet. I would like to know if this allocation of funds is going in their direction or where it's going.

Crop insurance has \$60 million allocated here, and last year there was significantly more. Why is it less? We all know that El Niño is causing a great deal of trouble with our worldwide weather patterns. So far we've had a wonderful winter in this city, but a lot of the soil conditions out in the rural areas, from what I understand from various members in this House, are very dry. I'm curious if there has been any thought put into this reduction. Hopefully we're not going to need this money, but this seems to be an unusually odd year as far as weather patterns.

Now, getting on to the business plan, the summary on page 54, the highlights for 1998-99. "Increase marketing choices for Alberta's farmers for all commodities." Well, that's a fine sentence, but in light of the fact that the hog processing industry in this city and in the northern end of the province is no longer a viable economic enterprise, I would like to know how the minister and his department plan to achieve an increase in marketing choices for Alberta farmers. Now, we all know that this time last year, whether it was a price premium from Fletcher's in Red Deer or Maple Leaf Foods here in Edmonton, hog farmers enjoyed over \$3 million extra in price premiums for their hogs. This winter they're certainly not getting that, and prices, I understand, have gone down. I would like the minister's comments on this, please.

Now, going down a little further, another highlight is to "continue to work with the management of AVAC Ltd. to encourage the long-term growth and development of the agri-food and fibre sector." Are the department and the minister directly involved in the enterprise out southeast of the city here where we're going to convert straw to paper? I see this on the news, I read about this in the media, and I think it's a fine idea. We all know that as the grain crops are harvested, the straw goes out the back of the combine and a lot of times it's not used. We all know that the forests here are very sensitive to logging operations. If we could use this as a developing industry not only to save our forests but to have another product from the farm, I think it's a very, very good idea. I haven't heard too much about it lately, but if the minister could fill in myself and other members of this House who have an interest in this, I would be very, very grateful.

## 9:11

Further along here in the highlights for 1998-99, I note a program for beginning farmers. Now, this program is "to assist more new farmers to enter the industry, become viable and increase primary production in Alberta." What is this program about, and how much does the minister figure it will cost? Is it going to be for the purchase of land or equipment? I'm very curious about this, and if he could answer this question, Mr. Chairman, I would be very, very grateful.

Now, the next highlight here is to "examine alternative means of delivering the Farm Fuel Distribution Allowance, including a review of potential misuse of the program." I would like to get from the minister and his department a solid indication if there has been misuse of this program in the past. How has it been misused? How much money is it costing the taxpayers? The Provincial Treasurer, I'm sure, would be interested in saving money, and if this program is being abused, let's hear about it, because obviously if you're going to have a review you must have some suspicions of abuse of this. I'm very curious about this. We all hear about – I don't know if you call it purple fuel or not, but certainly it would be interesting to hear about this in the interest of prudent spending of taxpayers' dollars.

My colleague from Spruce Grove-Sturgeon-St. Albert talked about the patrons' associations, and the highlight here is to "continue to work with Patrons' Associations to convert all Provincial Grazing Reserves to grazing management agreements by December 31" at the end of this year. What exactly is this program, and why are we converting here? Whenever I see this, my suspicions are aroused and I think: is this some form of privatization that I know nothing about? If you, Mr. Minister, or your department officials would be kind enough to guide a guy on that, I would be very, very grateful.

The agricultural sector is, as I said before, very, very important, and I encourage the minister, as I said before, to please look after and be a good steward of the soil so that this industry will be here two, four, six generations from now.

With those comments and those questions I anxiously await the minister of agriculture's response, be it tonight or in a letter later on. Thank you.

THE CHAIRMAN: The hon. Member for West Yellowhead.

MR. STRANG: Thank you, Mr. Chairman. My questions tonight are related to page 51. As you realize, a lot of my area is in the green zone, but I do have some east of my constituency that is in the white zone. A lot of times I get a lot of complaints on wildlife damage, but looking at the budget on 6.0.4, which is on page 51 of the estimates, the wildlife damage is virtually doubled for 1998-99. I was just wondering if the minister now is realizing that especially in the white zone there have been a lot of problems, and also, like I've stated, in my area I've got quite a bit of green area, and there is quite a bit of a problem there.

The other question. A lot of this wildlife and wildlife movement is under federal jurisdiction too, and I'm just wondering if there's any possibility that we can get any cost sharing on this, because I think it's important that it's for all of Canada.

If you could answer those few questions for me, I would certainly appreciate it. Thank you.

THE CHAIRMAN: Mr. Minister, do you want to speak now?

MR. STELMACH: I might as well try to capture everything.



THE CHAIRMAN: Okay.

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

MRS. SOETAERT: Thank you very much, Mr. Chairman. I had a few more questions for the minister, if I may. One of the things I had brought up earlier is the changing of the Municipal Government Act. The Member for Edmonton-Gold Bar had referred to it: the amount of acreages developed on good farmland. It seems like right now there is no consistent policy across the province. If you apply to a county or an MD and you want an acreage cut out of an 80-acre piece and then you want another acreage cut out of it, it seems like you can get it if you talk to the right people. I think I'd appreciate some consistency and some guidelines rather than just a hodgepodge across the province, because that's certainly what I have seen in my neck of the woods. It concerns me, because there are all kinds of acreages on the best farmland in this province, which I have indicated is in my constituency of course.

I appreciate the Member for Little Bow bringing up intensive livestock operations. I meant to bring that up as well. I'm wondering if the minister can respond to an issue in Thorhild. I don't know if those are rumours or if it really is happening that a huge intensive hog operation is coming to Thorhild. I don't know if that's true. There have been farmers phoning me very concerned about it. If it is going up there, what's the county of Thorhild doing about, you know, controlling the smell and the whole bit, all the things that come with intensive livestock operations.

I was visiting Olds College at one point this year and had a very brief tour and met with some people there, and I was most impressed. One of the things they're doing is looking at waste management. I'm wondering: is that under your domain or is that under Advanced Ed? What kind of partnerships do you have with Olds College? There are a few others. Fairview College, I believe. I guess I'd ask what role the department plays in that.

I heard earlier about the codes of practice, and my limited understanding of that is that it's out there for farmers to follow, but there are no teeth to it. They can choose to follow that code of practice, but really if they don't, there are no repercussions. So are you looking at legislating that, or how do you implement that? I'd appreciate some information on that.

I, too, as I was browsing through, saw more money spent on 4-H. Is this because there's a rise in 4-H members? And do we give per 4-H member for pledging 4-H'ers? I know the minister is interested in knowing that both of my kids won their public speaking contests the other night. Don't know where they get that from. Their mother was in the background cheering. I must say that I want to right here endorse the wonderful program that 4-H is. Many of us in here know that our first speeches were made because a leader forced us to make a speech many years ago, and for that I am ever so grateful.

I know that the Member for Drayton Valley-Calmar is in the middle of doing some – I'm looking for my page here. There we go: public lands, grazing reserves. I see that the revenues slightly exceed the expenses. This whole issue, I know, is very complicated, very complex, and we have people on all sides of this. I am just learning, so I'm asking kind of general questions just so my knowledge of this improves. And I know you're going to explain the revolving fund to me. I see that you have decided to spend money on this review the Member for Drayton Valley-Calmar is doing. Are the meetings going to be published? Will they be around the province? I'm sure they will be. The report of the meetings: when's that going to be published? Will there be any more opportunity for public comment on the preliminary report? I think that would be appreciated.

9:21

Some concerns were expressed last year about responsibility for long-term decisions on public lands as shared with Alberta Environmental Protection, but it is being conducted by Alberta Agriculture. That communication, I appreciate that. Do you assign someone from your department that actually works with the department of environment? I'd appreciate an explanation of that just because the workings of the department are interesting to me. Always being on a learning curve, I appreciate your comments on that.

I see the \$900,000 spent last year on capital investment for public lands management. What is the \$500,000 required for this year?

Program 5, agriculture research assistance. It's fairly constant at about \$8 million. I think that ties in with the Olds question. I know Olds was trying to get some private industry involved in some of their work and projects. I guess I'm interested in that. There's the agriculture research here in the city too. What kind of projects are they involved with? I know they've done a lot of good work here. I know some people who have worked there. I'd just be interested in knowing what's happening right here in the capital city.

Business plan, goal 4: "Conduct industry-driven analytical research to identify neutraceutical opportunities for potential Alberta products" – I can't even say that word, neutraceutical; I guess I don't even know what that means so maybe the minister could explain that one to me – and "facilitate the development and commercialization of plant biotechnology in Alberta." Now, is this part of the work that's being done at the Agricultural Research Institute? Could you maybe expand on some of their successful achievements and maybe some things they tried that weren't successful. I'm just interested in what's going on. Is there no dedicated revenue obtained by the Agricultural Research Institute, and will there be provision for industry to share costs in the future? If they're going to be benefiting from it, then are they going to be sharing the costs in the future?

Under program 6, agriculture insurance and lending assistance, there's an increase from \$17 million last year to over \$27 million, as I understand it, unless I read it wrong? Does this represent new additional lending? Does lending assistance include government payment to meet the difference between the current interest rates and subsidized lending rate given through the Agriculture Financial Services Corporation? Does the increase indicate that the government expects market interest rates to increase substantially?

I don't know how anyone even gets into farming unless they buy into their parents' operation. I'm not familiar with all the lending programs that are available to them. Is that within your department? What is out there for new farmers? I had one farmer call me, and he said: you know, if I want to expand my operation by 600 sows, I can get a government loan, but if I only want to expand by 200, then I can't. So that criteria and what qualifies borrowing and lending within the department I would appreciate.

Quite honestly the cost of new equipment nowadays is just prohibitive, though I hate to criticize that. That's how my father made a living, selling farm equipment, and I appreciate that he did. I guess if I could get some answers to some of that. Some of your answers may trigger more questions for me, but I've kind of hit most of the ones I want to. I don't know if my other colleagues had a few more.

I really appreciate that the minister has given us ample opportunity to ask several questions, much better than other departments

I've been in. Even though your people upstairs may be saying, "Speak a little, please, Mr. Minister," I appreciate the opportunity to get these concerns raised.

Thank you, Mr. Chairman.

THE CHAIRMAN: Calgary-Fort, followed by Edmonton-Gold Bar, followed by Olds-Didsbury-Three Hills, and then, Mr. Minister, maybe we might look forward to your comments.

The hon. Member for Calgary-Fort.

MR. CAO: Thank you, Mr. Chairman. In my constituency we have a large industrial park processing food and beverages and so on. First of all, I just want to commend the minister and his excellent staff in developing a very comprehensive plan. It contains a sound development strategy to the key sustainable economy of our province. I just want to say this. I believe this is a very ambitious program, but I think it's very feasible too. We are talking about a growth, I read in here, up to the \$10 billion, \$20 billion range within 10 years. I'm very pleased to see that you have the agri-development plans which contain the value-added change from production, manufacturing, processing to marketing with this technology research supporting it, and the beauty of it all is that it'll take place within our province.

So with that, what I'd like to do now is go into detail a bit, into the plan here. First of all, on page 49 in the thick book, element 4.4, which is public lands: what's just kind of curious to me here is that this is public lands management, grazing reserves, and all of that, and I'm thinking we should make money from that. Somehow we are spending money on it. So again my curiosity on that.

Also my second group of questions here is regarding element 6.0.1. In here I notice that the lending assistance is up by almost \$10 million from the previous year. So my question is: why? On that subject matter I want to know: what volume of loans and guarantees does the AFSC commercial division expect to do in 1998-1999?

Moving a bit to another sector, regarding the AFSC income statement, there's a line there, the farm loan incentives shown on page 64 of the estimates. Why are the farm loan incentives in the '98-99 budget only half of the amount of '97-98?

Also, regarding that AFSC income statement shown on page 64, my question is why the administration expenses forecast for '97-98 is about \$4 million higher than the budget for '97-98. I guess if the minister doesn't have time to answer tonight, then I would like to have it in writing.

Thank you very much.

### 9:31

THE CHAIRMAN: Hon. Member for Edmonton-Gold Bar, you wanted on again?

MR. MacDONALD: Thank you, Mr. Chairman. I have a few more questions for the minister this evening. On page 65, the income statement of the Alberta Agricultural Research Institute, for the beef industry development fund there's a substantial increase from one year to the next. What exactly does this development fund do? Is it for market research? Is it a program to direct consumers to beef products? Is there industry co-operation involved in this? I would be very grateful if he could explain this to me.

Also, above that, the matching grants program: there's close to \$3.5 million spent in this program. What exactly is this? Who is putting up the money, and who is getting the money? Is it the farmers? Is it the processors? What's happening with this

program? I would be very, very grateful if you could fill me in on this.

Now the business plan, Agenda for Opportunity, page 183, the key directions of the ministry. Going through this, there are several goals. Some of this is of course repeated in the budget document itself. But there are some goals in here, goal 1 in particular: "improved market access." In here it's noted that we're going to build on and support "the new open marketing system for hogs." Now, I thought we already had this. In research I've done since last summer on the hog industry in this province, I thought we had an economic incentive already, that the province of Ontario and certainly the province of Manitoba did not have, in that the hog marketing board here had been changed significantly. The producers had the opportunity to go directly to the processor of their choice, and this middle person had been eliminated. What does the department have in mind with "building on and supporting the new open marketing system for hogs"?

The hog industry has been something that I've read a lot about. I know that there's a new processing plant going to be built in southern Alberta, and eventually I would like to see one in the northern part of the province. When the Member for Grande Prairie-Smoky was minister of agriculture, he stated that there was going to be a dramatic increase in hog production, particularly in the north end of this province. I think he was talking of over 10 million head at one time, produced and processed annually.

We go on in this improved market access to talk about "feeder cattle movement between the U.S. and Canada." I would like to know if there are any studies the minister or his department officials have done regarding the movement of live cattle or dressed carcasses between this province and the country to the south. The feeder cattle movement from the U.S. into Canada is a very important movement. It's a transaction that has a lot to do with the exchange rate. We know the exchange rate and the dollar and what it means for exports. I think 78 percent of the beef processing industry in this province is foreign owned.

I'm quite concerned about this movement of feeder cattle between, well, not only Alberta. What comes to mind is Regina, where they have the satellite auction sales. In these auction sales buyers are coming from as far away as Iowa and some of the midwestern states, some of the corn belt states, to buy these cattle. Hopefully, this is not a sign that there will be no value-added processing going on in this province in the cattle industry in the future. I realize that we've built large plants not only at the town of Brooks, Lakeside Packers, or the Cargill plant south of Calgary, but hopefully these are industries that we're not going to lose because there is just going to be literally a stampede of cattle to the American states.

Now, going on to goal 7, "improved management of the ministry's resources." At the end of this month from this document, farmers are going to have to "make use of Environment Canada's weather forecasting services as a replacement for the Ministry's Farm Weather Line Service." As I said, Mr. Chairman, this is going to be discontinued at the end of this month. Could the minister explain what savings there are to his department with the discontinuation of this service? I know there are a lot of farmers that live in remote areas, and I don't know if Environment Canada - I know I was doing some research on rainfall and rainfall patterns in this province, and I was astounded at how scarce that information is. For instance, Environment Canada to my knowledge does not have any rainfall station in St. Albert. There's one in Villeneuve at the airport, and there's one in Stony Plain but not in St. Albert. I'm curious how this program is going to work.

Now, this is another government department that I believe is going to have computer problems at the turn of the century. Perhaps I've missed it in a fine line in the budget somewhere, but what is the 2000 computer change going to cost his department? I know in a previous department a significant sum of money had been set aside to deal with this problem. What precisely is going to be done in his department? What is going to be done with that?

With those questions, Mr. Chairman, I again anxiously await the response of the minister. Thank you.

THE CHAIRMAN: The hon. Member for Olds-Didsbury-Three Hills.

MR. MARZ: Thank you, Mr. Chairman. Many of the things that I will raise have been already raised, but I would like a little bit more clarification on them, not to waste time but to get a clearer picture. On page 51, 6.0.1, the lending assistance. I assume it's because of the disaster in the north that lending programs are being expanded. If that's not the case, I'd like an explanation of why the huge increase there.

The other one is 6.0.4, wildlife damage. It would seem that 1997-98 was one of the harshest winters we've had, and our expense that year was just over a million. Now we've experienced one of the mildest winters, and we've increased that \$1.8 million. So if you could explain that, I'd appreciate that.

9:41

I'm really happy to see the department undertaking a review of the code of practice. I think that will be appreciated by all Albertans, especially the industry, because the industry is having a very difficult time expanding this last year, especially in my constituency. They just are being appealed, even the small ones. I have a very small operation now that's being appealed by the public. The public is getting very militant about these hog operations. I think the industry needs some direction. That has to be provincewide direction. The municipalities need to have some direction from us as well. I think that will be appreciated.

The Olds agricultural college was mentioned earlier from across the way. I don't want to brag about that at this point in time, but they do have a composting program down there as well as other technology in place to handle manure and effluent from intensified operations of various sorts. I'd just like to pass on to the minister that they would be more than happy to work with his department. They may well be part of the solution in the future for the problems involved with the intensive livestock industry.

The minister alluded in question period today to not being able to have an army of pig police throughout the province, and I can certainly appreciate that. You also alluded, Mr. Minister, to involving municipalities through the ag services boards to be involved in this – I hesitate to use the word “enforcement” at this point in time, because I'm not sure if that's your intention. If it is, I'd like some clarification on that.

That also brings up a concern if that is the case, because on page 49 I see that the ag services boards' budget has not gone up at all. If they're going to play a role, that will need to be adjusted, I would think, to help them to afford to do that service.

The only other point I have is on page 65, quite an increase in the research grants and administered awards. I'd like some specifics on what types of programs those research grants would be going for and if that would include some of the solutions I just talked about involving the intensive agriculture industry.

Thank you.

THE CHAIRMAN: Hon. minister.

MR. STELMACH: Well, thank you, Mr. Chairman. I'll attempt to answer some of the questions that came up. For some of them I have answers right here at the desk, and others I might have to respond to in writing. The questions, of course, were very good, and I'll make every attempt to answer all of them. There's really nothing to hide in the department of agriculture. As many of the members have mentioned, this is a renewable resource with tremendous potential, and the decisions we make today, of course, are very important for not only the next generation but the generation after.

If you look at what's happening around the world, especially in the Asian countries, and take a country like Taiwan: 22 million people, about the size of Vancouver Island, a population still growing, mountainous terrain with limited agricultural production. That country will be looking to this part of the world for food production. In Japan, another country: 122 million people, only 50 percent self-sufficient in food, and that more than likely will be dropping. When we visited Japan in October, there were still signs of the Japanese using heavy-duty equipment, terracing the very steep hillsides trying to gain another few feet of additional area to grow vegetables. So there's no doubt that if we protect the environment, paying particular attention to the quality of air, water, and soil, we will be producing food.

[Mr. Fischer in the chair]

Now, with respect to the opening remarks and the praise that was paid to the department, I'm very pleased with the attendance of our people here to ensure that we cover every aspect. The reason I didn't introduce them earlier was that I thought I needed some special permission, but the chairman says: no, you don't have to get any unanimous consent. And this chairman agrees as well. So I'm going to start from my right: Brian Manning, CEO of AFSC; our deputy, Doug Radke; at the back Mike Mylod; Larry Lyseng; Krish Krishnaswamy. Is that close enough? I always call you Krish for short. It's even more difficult than a Polish name. Also, Les Lyster, ADM; another one, Ray Bassett; Dr. Yilma Teklemariam from the AARI; and in the back Barry Mehr, ADM. So I thank those that are here to help us, and I know a few just left a little earlier.

The first question, with respect to brand inspection and our plan for livestock inspection services. I'll try and answer your question and tie it in also with the questions that came from Drayton Valley-Calmar. Our intention here is to move ahead to look at what issues will be in the future, and the very main issue coming forward is food safety. What we want to do here is not to get rid of the traditional branding, the hip brand. Those will stay forever, as long as the industry wants them. The intention is now to try and track carcasses from the table back to the source, meaning that the technology will be developed.

We have an excellent opportunity to develop that technology in the province of Alberta, and we have the opportunity to sell that technology either to American states or other provinces. We are much further ahead than some of the other provinces. As you know, in Manitoba they don't even recognize branding, and they're going to be in a situation where they're going to have to track their animals. I think if we work co-operatively with the Americans, we will have a much larger economic region and one region where we'll be able to combat some of the trade blocks that we have, especially with the European Union, where they keep insisting that with the use of growth hormones and maybe antibiotic residue, they're not allowing us to enter a very potentially huge market in the European Union.

So I feel that we are taking the right direction. The industry has certainly matured, and we will work through some of the

various issues with the livestock sector and also with our staff. We're going to treat our people fairly and, without a doubt, work out a plan which is going to satisfy the interests of both the producers and our brand inspectors and our support staff as well.

The issue of some transition funds. I did sign off a \$200,000 transition fund to the livestock identification group. There are six or seven associations that are working together. They have appointed a board, and they will use that seed money for negotiating. Once we've worked through that, then we'll start drafting the legislation. When that legislation is drafted, I will sit down with you and go through it. We have this opportunity to do it. You know, I'd like to see the legislation passed. We can proclaim it at a date when we have either regulations in place or we have good comfort in the industry, but it's easier to do it now within our budget than to wait another year.

The other thing is that time is of the essence. These days other countries around the world, especially South America, are not sitting still. Uruguay, Chile, Argentina are moving ahead in their beef production, and we don't want to lose any markets to them because we're sitting behind and debating what's the best system.

### 9:51

Farmers and trucking, the value of secondary highways. There's no doubt that we're seeing considerable change on the prairies. That change is the result of the elimination of the Crow rate, and we are going to be moving more product by road as opposed to railway. Hopefully, a lot of that product will not be in the raw commodity form; it will be in value-added. The reason I say that is you can convert at least six pounds of grain to one pound of beef. That will reduce the volume of grain moved and also the raw commodity.

Some interesting statistics from 1980. Raw commodity exports have only risen by 8 percent while value-added in that same period has risen by 132 percent. So very clearly the markets there are really for the heat-and-eat value-added products, and as a result we're going to have to pay close attention to value-added and pay close attention to that through additional research.

Marketing and transportation. Transportation is important. For secondary highways there's quite a significant change in the funding by having the municipalities participate with 25 percent, but I do believe that it makes for better decision-making. All that municipalities had to do before, when I was on the other side of the fence, was to designate a secondary road and then lobby the provincial government to pave it. Well, today we do have some roads that don't really lead to or tie in with any particular areas. Now with significant expansion in huge inland terminals, we find that we're going to have to build additional roads to get to those inland terminals because some of the roads don't lead there. It's unfortunate that the industry doesn't give us some advance notice in terms of their plans. That's something that we have to work out. Overall it's been recognized that our infrastructure compared to the neighbouring provinces is good, and certainly talking to potential developers in this province, they recognize that.

[Mr. Tannas in the chair]

The other thing is that the more roads we pave – it's one thing to get the road paved, but I tell you, the big dollars are in maintaining. It's much easier to maintain a gravel road than it is a paved road, because once you start repairing it after three, four years, you're out there every year sealing, and then eight, nine years later you're in there repaving it. So there's got to be a balance. Let's build the roads that are absolutely necessary and maintain those roads.

There's a significant investment in the Canamex highway. That's extremely important to get our value-added products down south. We do about a billion dollars a day with the Americans in trade. In agriculture we have a little bit of a gain. It's about \$17 billion. We do 10 and they do about 7, so we're ahead a bit there. That's also creating some discussion over some of the trade irritants that were mentioned earlier.

Commercial vehicle licensing. That issue is dead. I don't think it was going anywhere to begin with. This is something that came up from the trucking association. If we were to agree to allow farmers to license their trucks, they would then have to buy commercial insurance. They would be in the trucking business. Farmers sometimes have a reputation of working for nothing, and the first thing they'd be doing is taking business away from the commercial truckers. So we would have had a whole bunch of commercial truckers there twiddling their thumbs because they wouldn't have had the business.

When it comes to hauling fertilizer, hauling grain from point to point, I'm quite sure that a farmer would pull into the Alberta Wheat Pool elevator or Pioneer and say: "Well, I'm doing business with you. Why can't I haul your grain from this point to wherever or haul your fertilizer in?" The farmer would have got that business, especially during the winter months. So I'd like to put that issue to rest and keep it there. It maybe ran as a bit of a political issue for a while, maybe sold some memberships for some of the farm groups, but it's gone and it's off the table.

Assessment of farm property. There is a review in Municipal Affairs, but I just wanted to comment on it. There has been some discussion, especially with intensive livestock operations, saying, well, look at the use of this road. Look at all this truck traffic, all this grain that's coming to the feedlot or all the grain that's coming to the hog barn development. Well, all we essentially did is change the direction of the flow of that grain. That grain is no longer going to a country elevator point because that country elevator point is now closed. It's gone. So to say that we should start assessing intensive livestock operations only because there's more use of the road is unfair.

But another question comes up. If we are to proceed with some sort of a policy on assessing intensive livestock operations, how do you define what "intensive livestock operation" is? Is it one with 300 hogs? Is it one with 3,000 hogs? And if it's 3,000, what happens to the person that only has 2,999? Do they get their buildings assessed? As you would know, there would be a lot at 2,999 hogs and hog barns. So I think it's something we have to pay attention to, because the next flag that's going to be raised, if someone like a ConAgra or a large feed company builds a couple of hog barns in the province, is: do they have the same tax freedom as the smaller operator? I think that in the interests of fairness if you tax one, you'd probably end up taxing the rest. So I think we'll see how that develops over the next year and see what report the hon. Minister of Municipal Affairs will be bringing forward, hopefully in the very distant future.

With respect to FIDP, this is a program that we are very proud of. The reason we are very proud is that it's now been picked up and emulated in many ways by the province of British Columbia, and we are going to be administrating that program and delivering it in that province. The program is SCAP friendly; it's trade neutral. It's something that we have to pay attention to, but as you had pointed out, does it respond to some of the particular circumstances that came up in the Peace River area and Athabasca-Boyle?

Now, I have some very early information. In the Peace River area – and remember this is just the first week of March – we've had seven FIDP applications that came through. One has already

been paid, so we're moving on these as fast as we can. One of the problems as well – and that's to go back to the notes – is that the present program does provide some of the back-to-back help for disaster situations. In addition, the program I believe works well if we tie it in with crop insurance. We also have to keep in mind that we do have participation by many of the grain producing farmers in the farm pension plan, which is – what in the heck did we call it? – NISA. When we were up in that part of the world, many farmers that were experiencing financial difficulty – and I had asked them that question because we were at two public meetings in Athabasca and one in Fairview – at that time had not cashed in their NISA accounts. Now, that's not to say that they haven't since then, but NISA was designed to allow farmers to draw on that account when they were experiencing some difficulty. I also believe that the introduction of the farm disaster loans in that area by deferring interest for the first two years of payments and then reamortizing it for the balance of the 10-year period to eight years has put some cash flow into the operation.

#### 10:01

Our recent statistics are that there were 36 requests, and that's in region 5: 11 were approved, 16 were declined, nine are pending. So we are on a one-to-one basis dealing with many of the farmers there. What we are doing is also providing counseling services, and we've had 138 farmers approach our counselors there. We have also increased the number of staff there on a temporary basis to deal with the requests. We've had meetings as well in that area – over 250 producers have attended – trying to communicate to them what services are available and how we can help them out in the future.

The one thing that we have to do is communicate not only to that area but to others: please, give serious consideration to crop insurance this coming year. Unfortunately, crop insurance participation in that area was very low. Now is not the time to criticize the farm management practices pertaining to farmers, but I think that when you have one really bad year where you have crop left over to the spring, I suggest it would be a wise decision to insure because you not only have to take off your crop in the spring, but you also have to put your crop in as well. Unfortu-

nately, participation was low. Remembering quite well that crop insurance will recover the input costs, there still is difficulty. Grain prices are low; we have to agree with that. I'm not going to argue that there's a substantial return today. They have been depressed, and there are some difficulties. Most farmers have really retrenched, and they're looking at what amount of capital they're spending, maybe not replacing the machinery or buying machinery that's more suitable for their operation.

Now, during 1997 about \$17 million went to Peace River farmers under FIDP. Remember, it's not all of the Peace River area that was wet; it was just the area around Saddle Hills and Cleardale.

Okay. ASB resolutions. I believe you mentioned the discussion document between the AUMA and the AMD and C. There's no doubt that we have to work with everyone. What we want to do is bring everyone in on the basement floor. We want to bring the AUMA and the AMD and C, all the livestock organizations, like I said, in the basement floor, bring everyone into the same room and start developing a plan. We're going to communicate that to all Albertans, because we want to draft this document once and do it right.

I would like to move that this committee rise and report, and I'll get back to some of the other questions. Really what I'd like to tackle is the water quality, because what's in there is not necessarily all agriculture related.

Thank you.

THE CHAIRMAN: Okay. The hon. Minister of Agriculture, Food and Rural Development has moved that the subcommittee rise and report progress. All those in support of this motion, please say aye.

HON. MEMBERS: Aye.

THE CHAIRMAN: Opposed, please say no. Carried.

[The subcommittee adjourned at 10:06 p.m.]

