

Legislative Assembly of Alberta

Title: **Wednesday, April 17, 2002**

8:00 p.m.

Date: 02/04/17

head: **Committee of Supply**

[Mr. Shariff in the chair]

THE DEPUTY CHAIR: We'll call the committee to order.

head: **Main Estimates 2002-03**

Agriculture, Food and Rural Development

THE DEPUTY CHAIR: For the members seated in the gallery this is the informal part at committee stage, so you will notice that there are members who are probably not wearing their jackets and probably moving around.

I shall ask the Minister of Agriculture, Food and Rural Development to lead with her presentation. The first hour will be allocated between the hon. minister and members of the opposition, following which any other member is able to participate.

MRS. McCLELLAN: Mr. Chairman, thank you. It's a pleasure for me tonight to introduce the estimates of the Department of Agriculture, Food and Rural Development. It's been an interesting year for our department, and there's no question that the agricultural industry in this province has gone through considerable challenge and considerable change. I think the budget that we're going to examine tonight will represent some very positive changes to the industry, but it also represents some of the challenges that we face.

I'm delighted to have a number of members of – well, some are leaving – my department in the gallery: I think most of you have met my deputy minister, Brian Manning, who I know just stepped out the door; Brian Rhiness, who many of you have met because of the major restructuring that we've done in the industry development branch; Les Lyster; Ken Moholitny; John Knapp; and I have somebody else up there I can't see because of the light behind me. I thank them for being here tonight to assist us in our deliberations.

The challenges that I mentioned in the industry, of course, over the last year began with the worst precipitation records that we'd had in a hundred and thirty years, which signified a major drought for almost the entire province, which is very unusual. Our province often experiences drought on a regional level but not to this extent.

The second thing that our industry faced almost immediately was a very major outbreak of foot-and-mouth disease in the United Kingdom. I want to say at this time how proud I am of the people in the Department of Agriculture, Food and Rural Development as well as the Canadian Food Inspection Agency and the ministry of agriculture for Canada for the very responsible way in which they managed the whole process which I believe led us to be foot-and-mouth free in this province. When you have an outbreak with countries that you interact with to the extent that we do in the beef industry, this was a major, major coup, I believe.

We also experienced falling grain prices again, and that certainly was a tough year, but you know, Mr. Chairman, again our industry came through. It showed its grit, and it came out strong with record numbers in farm cash receipts. Of course, we're very proud of our food and beverage manufacturing shipments and exports, and I like to remind people who are not as familiar with this industry that this is the single largest manufacturing sector in this province. We expect to continue to grow, and the changes that we've made in our industry development branch we believe will lead to that growth. We see 2002 as a year of opportunity. We see this budget focusing on support for those opportunities.

We're going to place a renewed emphasis on rural development.

We've had a sector in our department on rural development, but we're certainly recognizing that we need to move forward in this area. I believe that our rural development initiatives office, which is headed up by Glen Werner, who has a lot of experience in this area, will play a very key role in the evolution of a rural development strategy for our province. I'm pleased that the hon. minister Andy Mitchell of the government of Canada also supports rural development and has suggested to us that he wants to work with us on a strategy that his department could play a part in.

One of the other major undertakings of this year was the merger of the Alberta Opportunity Company with Ag Financial Services. This merger is going very well. Of course, the legislation is in this House at this time, and we think that by bringing those two groups together, we will offer meaningful and unique financial services that will better serve our communities.

We've almost completed the work on the agriculture drought risk management plan, which I've mentioned to you in this House before. This is a co-operative effort with the Department of Environment, PFRA, Prairie Farm Rehabilitation Administration, from the federal side, and these three groups have worked very diligently over the last year to put a drought mitigation risk management plan in place. As I indicated earlier, our province will always have some regional drought, and we think that by having a drought risk management plan in place, we will better manage those occasions when they occur. We think we'll get better and more timely assessments of drought impacts on our farm economy and that we will be able to have more timely and more effective measures in place. So I look forward to, in the next weeks, sharing that plan with you all.

We were disappointed that we were unable to continue the 30 percent discount on crop insurance. However, we were able to enhance our crop insurance program, not to the extent that we would have liked, but timing of managing a negotiation between the three partners in that program didn't permit us to do all that we would like to have done. Of course, the budget pressures that we face in our own province certainly wouldn't have allowed us to do it on our own.

Food safety continues to be a very high priority for Albertans, and certainly our industry has been setting the pace in this regard. We're going to continue to work closely with our commodity groups. We have a little initiative called HACCP, which is hazardous analysis critical control points training, and that was designed so that nobody, including the minister, could say it. So we call it 'hassept.' This will help us to implement and support on-farm safety programs and training programs, and it will ensure that we have a place in the export community of high-quality, safe food, and that of course is for our domestic and export markets.

I've said consistently that farmers live off the land. They live in that environment. Sustainability is paramount to their future, and they are the most proactive people in this area. Our Agricultural Operation Practices Amendment Act, 2001, passed in this Legislature. The NRCB has been managing this since January 1, and it is a work-in-process for sure, but indications to this point are that it is working well. I give credit to our NRCB group for their efforts at getting out and speaking with community groups, with municipalities, with producer groups to ensure that everybody understands how it operates. What this will do is ensure that our industry grows in a responsible manner and that Alberta's water, soil, and air is protected. We will have our final reports in this year from our ag summit consultation. This will wrap up in the 2003 year, and we should have the 12 industry-led action teams' reports in place.

8:10

The other thing that I think is of interest and importance to you in

this Legislature is the new agricultural policy framework. The provinces and territories and government of Canada are working on a five-year strategy encompassing food safety, environmental renewal, science, and risk management. We're going to make sure that Alberta's interests are reflected and protected as this new framework is developed, and we should conclude that process, if things go well, in June. We have a meeting at the end of June.

I've tried to cover just some of the highlights of the department. The budget is I think quite straightforward. There are some decreases which are noted, but we must remember that we had an acreage payment program last year which is not in place this year, and I indicated that there are some crop insurance changes. So far we've had good response on that: the high-protein coverage for durum and red spring wheat, different coverage amounts for Polish and Argentine canola, and the introduction of a provincial lack-of-moisture insurance pilot program for native improved pasture. We know there are some challenges with that, and we're going to work with our producers. Also, we have the introduction of a cereal silage insurance pilot program. The Dairy Control Board, of course, is assuming the responsibility for milk delivery and co-ordination, so it definitely is a budget line that's quite significantly different, but the net result to us is zero.

Those were the main changes. I must say that this budget is based on some assumptions. We're assuming that commodity prices won't decline further, we're assuming that interest rates remain fairly stable, and we're hoping and assuming that we won't experience a disastrous year of claims under the farm income disaster crop insurance program. Having those assumptions means that this plan does have some risks, and it would only be correct for me to outline those for you. There could be issues in widespread crop production losses if we have bad weather conditions, including drought. A major disease in the livestock sector would cause certainly a risk to this plan and further decline in global commodity prices. Always the changes in the economy, increased interest rates, a change upward in the Canadian dollar would all have an effect on us. It doesn't appear right now that the Canadian dollar is going anywhere too rapidly, so that's probably not as big a risk.

There are some changes in revenue, Mr. Chairman. Our revenue is somewhat lower than last year. I've explained some of the reasons for that. Our federal transfers are reduced this year, but remember that last year we did receive federal funding for our farm income assistance program. We have discontinued the 30 percent premium discount, as I noted.

I think that wraps up my comments on the budget. I would look forward to questions from members. In the interest of time I will probably not answer all questions tonight and, as usual, will assure our members that they will get a full, detailed response from me before the House ends and at the earliest opportunity.

Thank you for your interest in agriculture, and I look forward to your comments. Thank you.

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

DR. NICOL: Thank you, Mr. Chairman. I just want to rise tonight to address the issue of the Agriculture, Food and Rural Development estimates. I want to begin by thanking the minister for the work she's done with me over the past year in terms of making sure that she keeps me informed of their initiatives and making her staff available, and I'd like to thank the staff that are in the gallery for the work that they've done and the openness that they've shared in keeping me up to date on a lot of the issues that they're undertaking. It's been great working with them, and I look forward to the next year as well.

I also want to kind of reiterate and recognize the minister's comments about, I guess, the debt that we owe to the staff of Alberta Agriculture and the Canadian counterparts in protecting Alberta in that foot-and-mouth epidemic in the U.K. in how it potentially could have spread here. They kept it under control, and they kept the world confidence in our meat supply at a high level so that we didn't have any trouble with it.

I guess I'd like to make another response to the minister's initial comments. I want to just relay to her that I had a chance last week to attend a meeting where Dr. Bietz from the NRCB was talking about how they were going to apply the new intensive livestock, or confined feeding, operation guidelines. He did an excellent job of both discussing the program and responding to the concerns expressed by individuals in the audience. I hope that the minister will convey that to him, that she can have confidence in what he's doing.

The other issues that come up in the context of both the budget and the business plan – I think we have to look at kind of the overall mood that's out there right now in rural Alberta. I think the last two or three weeks have helped an awful lot in terms of regaining some optimism, especially in the production sector. The moisture that we're seeing now is basically going to give in most of the province a fairly optimistic outlook, at least through seeding, but we need some more yet. The southern part of the province is getting some more snow this week, and it should be able to really upgrade the snowpack estimates so that there might be less concern about irrigation water availability. These things all work together.

I guess this leads into kind of the ongoing concern that the farmers continue to talk about. What type of programs will be available? How will they get support? The minister mentioned the fact that the crop insurance premium reduction is disappearing this year. The acreage payment programs are disappearing this year. I guess if any of them have been consistent in the questions that get asked of me by farmers or by people in the rural community, it's: what about the acreage payment program? [interjection] Not the pasture payment program but the cropland payment program.

They saw it not so much as a drought program as a counterbalance to the international subsidy programs, that are depressing all prices around the world. So what in effect they are asking is: will there be opportunities for that same kind of support for our agriculture industry this year? Because it doesn't look like there's going to be any relief from the interference in the marketplace by the European and American governments. You know, if we follow the movement of the new ag bill through the U.S. Congress, it looks like they're actually going to increase their involvement and their interference in the marketplace, and this would further hurt Canadian producers. I guess they're kind of concerned that we had a program in place last year to help them in that international disequilibrium that's created by these programs, and they'd like to see something this year that would allow for kind of a replacement or a continuation of that kind of recognition, because they felt that the trade negotiations that are going on right now don't seem to be very promising. They're very concerned. You know, this was expressed to me, Mr. Chairman, as late as last night, a meeting that I was at, where one of the farmers was very concerned about this and wanted to know why the dollars weren't at least being tentatively considered to provide a program similar to that one that they had in the past.

8:20

I guess the other issues, while we're on kind of the farm insurance programs, are the issues that come up when we look at the farm income disaster program. A lot of farmers still feel that, you know, this is a good program that works when you have a one-year

deviation from a base price. Again, this is why they feel that the acreage payment kind of brought them in line with what was a fair price. We still need to start looking at whether or not the farm income disaster program can be redesigned in a way to more closely reflect the appropriate cost of production coverage as an insurance rather than a guarantee or a program which sustains past depressed incomes. I know that Alberta Agriculture has been looking at some of these options, and I guess the questions are: how far have they gone? Will they be available soon for the producers to look at? They see the price side of it as totally different from the issues that are being addressed now in the new drought risk management plan that's coming into effect or that is being developed. So they'd like to see some reflection in that area as well so that they can deal with the idea of some kind of international parity for them.

I guess the other question that comes up within the context of what we're looking at here in terms of the farm insurance programs is the possibility now – and the minister spoke about it in question period this week – of what may happen with the chronic wasting disease. Will there be dollars available? Will those all be federal dollars that come into the issue of if we have to deal with herd reductions to compensate for those kinds of potential control activities?

Mr. Chairman, with those comments kind of falling out of the end of the minister's comments on the farm safety nets, I'll start again at the beginning.

When you look at the numbers that are in the budget and compare those to the business plan, you know, it's interesting that additional revenues from outside the general revenue fund account for well over half of the expenditure part of the budget. We're only, in effect, voting for a small percentage of the budget. The rest of it is coming from the revenues that come in through Ag Financial Services, the transfers from the federal government. This seems to be fairly consistent with where we've been going in the past, so it's an indication that there's stability in that part of the ministry.

The minister spoke a minute ago about the revenue side. Under line item 1.0.8, the agriculture information division, there's a \$225,000 revenue listed there. Is this from the sale of access to information? Is it the sale of databases? What kind of information would be available for sale out of the ministry's central office under agriculture information, or would this just be revenues that come from the sale of government publications? I would have thought that those would have shown up in some of the other line items where we see significant revenues coming into the ministry.

If we look at the next part of the budget, which is in the planning and competitiveness area, I guess the question that a couple of farmers have asked in the last year – and I keep talking about a different role for them. What they want to know is: what is the relative function of the Alberta Grain Commission compared to the Canadian Grain Commission? They keep dealing with that. So this is a question about whether or not this should be funded by the industry as opposed to by government. What kind of arm's-length activity goes on within that that makes sure that it has a benefit to be funded out of taxpayers' dollars instead of user fees or a checkoff to support that, much like is happening now and we see more of it occurring in the dairy industry?

I guess one of the other things that I marked here on this part of it was: under this particular area, why the relatively large amortization of capital compared to some of the other sections of the budget? I would have thought that assets, you know, technological equipment, would have been much higher, like in the information services with the computers that might be necessary or in some of the others where they might have to deal with research facilities and that. This particular planning and competitiveness component seems to have a high capital asset amortization relative to the total dollars in the ministry.

Another question has come up a couple of times when I've been out in the marginal grain sector, not the politically active part of the grain sector. Some of the grain farmers are asking: what is the status of the Grain Sector Task Force? What are the recommendations coming out of it? What role does it play in policy development? They'd like to have that, so if the minister would provide me with the current status and activity of that, it would be great to help me when people ask questions about it so that I can more fully explain to them what is actually going on.

In that same program I see that there's basically the same budget for the 4-H program, yet I've had a number of letters in the last little while asking why and what is happening to the 4-H specialists. I see the minister is smiling. I take it she's had some letters to that effect too. Yet the budget is there. What we need is the information to make sure that rural families understand that their 4-H programs aren't in jeopardy, even though it appears to them that their 4-H staff member is not going to be as easily accessible as they expected in the past.

Again, as we go down that page, looking at the educational and community services, there's a \$780,000 dedicated revenue component there. Is this workshop materials that are being franchised out, in effect? What source of revenue comes under educational and community services? Or are these fees for staff to go out and present seminars, to present information meetings? That would be quite interesting to find an answer for as well.

When I go down that page under the planning and competitiveness component, the farm income assistance program is listed there. This ties back into what I was saying a little while ago about, you know, this is here more because it's a payment relative to the competitive position of Alberta farmers rather than it's not an insurance program or not a disaster relief program. It's a payment to sustain competitiveness. So, I guess, other than our budget shortfall this year, what is there within the agriculture world environment that leads the minister to believe that the competitive position of Alberta producers is now at a level that they don't need that support when they had it last year? That ties back into some of the comments I made just a few minutes ago in terms of what we were dealing with.

8:30

Again I want to just reiterate that I see this being an issue much more because the U.S. is going through their mid-term elections this year and it looks like the ag bill is going to put significantly more dollars into supporting the ag community in the U.S. We need to make sure that we do have some sense of commitment to keeping our producers competitive. I don't imply by saying this in any way that this should be just an Alberta commitment. This has got to be a federal government commitment as well. This is in effect a federal government initiative in most of these other jurisdictions like the U.S. and the European Community. In the European Community it's even a multigovernment issue. So, you know, we as a province shouldn't be taking on the entire financial obligation of it, but what we should be doing is looking strongly at working with the federal government both to work through those international trade agreements and in the interim provide a signal to our farmers that we value them, that we do want them in the rural community.

This is the area where there are a number of specific – what do you call them? – dedicated revenues. I guess the interesting part of it is that as you go down through the livestock industry sectors, the revenues seem to be very uniform in each of the sectors, even though those sectors relative to our total economy vary significantly. So, you know, what kind of revenue system is there that these end up being so uniform?

When we look down again into the next section on crops, we see

the pulse and oil seed groups having a very large revenue relative to the others when you compare that especially to the cereal crops. Is this kind of a signal of the maturity of that part of the industry? The cereal crops have their own commissions at work. They do a lot of their own research support, research promotion, market development where the younger or the newer industries or the subindustries basically in the crop area, the pulse and oil seeds as an example, are getting government support to help them develop their markets, to help them develop farming techniques. That, I guess, would indicate that they're relying more on information from the government than they are from their own outside jurisdictions. That's why there's more revenue coming to the government, as a source of information. I ask that question more to try to explain it.

I remember during the ag summit process that we talked a lot about the ag entrepreneurship focus and initiatives. This now has been incorporated into Alberta Agriculture, and I was just asking for an update on how the ag entrepreneurship programs, the feasibility action team in the services area are functioning. Are they getting acceptance from the industry? Are the people in the communities getting a sense that these are really contributing well to the objectives that they asked for in the business plans that they designed in the context of the ag summit process?

I'll sit down now and let somebody else have a chance.

THE DEPUTY CHAIR: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I appreciate the opportunity to raise some questions with respect to the estimates of the Agriculture, Food and Rural Development department this evening. I thought my questions would focus on the business plan and some questions with respect to the performance measures that are there and that are being developed.

I'd like to start on page 62. There are some performance measures there with respect to the "percent of Alberta production from Alberta chicken farms, hog farms and beef feedlots produced under nationally recognized on-farm food safety programs." This is a measure where there's no expectation for 2001-02, but we see the 2004-05 targets, and I guess I would ask how those targets were arrived at as being the appropriate ones and why there's a difference. For chicken farms the target is 90 percent, and for hog farms the target is 90 percent, but the target for feedlots is only 74 percent. Given that number, I suspect there's a logical basis for having arrived at those targets, and I'd appreciate some further explanation on what that is based on and how that's arrived at.

If you look under Improved Environmental Stewardship and in particular goal 1 – I'm again looking under the performance measure – the ministry wants 68 percent of respondents to have adopted "improved practices as a result of ministry-supported stewardship training." My question is: how many farm operations will this actually be, and again can we have some rationale, some explanation for why those particular targets have been chosen? For instance, where did the 68 percent come from? How did the department determine improvement? Is there a scale that's used? What if an operation fails in another area? How is that handled by the performance measurement?

Under this goal, too, the ministry wants to consult with industry and with other ministries to "provide guidelines, standards, regulations and legislation for environmental performance requirements to sustain the quality of Alberta's soil, water and air." I think that's a goal that we all concur with and applaud, but I wondered if there was any thought given, Madam Minister, to inclusion of some of the advocacy groups in this process. There are advocacy groups who

have particular interests in the environment and would I think be able to make a valuable contribution to the considerations under this goal and help in setting environmental standards and, as I said, would strengthen the whole project.

8:40

I'll back up for a minute to page 59. When we're considering long-term profitability, it seems that it should be important for us to consider all the environmental impacts that are factored into that final cost, and I guess the specific question: what will the ministry be doing to enhance market access? Will there be the promotion of particular products or industries? If there is, how are they chosen? Will there be supports? Will the supports be financial, or will they be in terms of organizational support? Will there, for example, be tax breaks or the promotion of products at trade shows or on trade missions? Just what is the ministry doing to enhance market access?

I look at page 60 and I guess some questions about products that are being developed in Alberta. What are some of those new products that are under development? Does this involve value-added processing or the development of new crops? If we could have some specific examples, Madam Minister, I think it would be helpful in understanding what's actually being done. Has there been government consideration to the promotion of crops that require less water rather than considering north-to-south diversion schemes? I'm sure that there has been some consideration about confining crops to areas where certain crops can survive or having a particular animal-based industry because of lack of water. So the question is: is there a geographic consideration given to where crops and livestock operations are considered for development?

I think that on page 61 – I'm sorry, I've lost my place. The ministry wants a safety surveillance system that validates the safety of our agriculture and food, and I think that's an objective that all Albertans, urban and rural, would overwhelmingly support. The concern is widespread. How accessible is information at this time? What are the data collection strategies that are in place, and has there been consideration to using something like the Internet as a tool for disseminating information about the food system? How can the department go about making sure that the information that is available is widely available? The department has a reputation for the very wide breadth of information that it now offers, and I'd be interested in knowing how they intend to approach this really very important issue.

Page 63 of the business plans talks about the water quality index being developed based on data since 1997, and the report says that it'll be released annually. I guess my question is: does that mean it's not currently being released and is still being developed? Just what is the status? If it is under development, when will it be released? What's the anticipated time framework for its development and release? I'm sure it's there, but what data is being developed to track rural population trends? The latest data from the federal government indicates of course that that population is falling. What mechanisms does the department use to track changes in rural population?

The plan also says that the department is developing data on resources invested in community-based projects. What is the relationship between this and the projects that were supported by the community lottery boards? Is there any relationship, or did they work in isolation from each other, or was their focus entirely different? Is there an impact on rural communities with the cuts to the community lottery boards?

The ministry is also developing data on community amenities. It's interesting. Is there any inventory kept of amenities across the province, particularly in rural communities? That's the question. Is there an amenities inventory that can be consulted that is used to

ascertain the level of amenities that are available to rural Albertans?

I think those are some preliminary questions about the business plan, Mr. Chairman, and with that, I'll conclude. Thank you.

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

DR. NICOL: Thank you, Mr. Chairman. I rise just to follow up on a few more points in the budget for Alberta Agriculture, Food and Rural Development. I just happened to be sitting now marking the pages, at about page 48, on the Ag Financial Services Corporation. I guess my question to the minister – there are two of them that come up there. How is the crop reinsurance proposal working out? This I think was quite a good initiative there, but in terms of the budget the expenses associated with that now are rising to the point where you're basically looking at about two and a half years of coverage, yet you don't show any kind of expected revenue from it this year. What are the long-term benefits of that program in the context of creating stability for your insurance programs within Ag Financial Services?

Within that same set of information there you have a provision for losses on loans and guarantees. What change in loans in default or loans at risk do the farmers carry with Ag Financial Services? I think it probably is a little higher now than it was three or four years ago, and in the context of evaluation that kind of information as a performance indicator might also be useful for people to understand the large jumps. If we look back to 2000-2001, it's only \$145,000, whereas by this year we're looking at the possibility of as much as \$5,248,000. So there's a significant change there, and one way to look at that in the context of budgeting practices would be to have as a performance indicator loans at risk or loans under different categories of closeness to default.

8:50

I wanted to raise another issue back on the main part of the program in the budget. As I went through all of the departments and the programs that you have – you can help me a little – I don't remember in our discussions the relationship between Alberta Agriculture and the NRCB. Will all of the dollars for the operation of that CFO function of the NRCB now be over in the other ministries? Or will there be a transfer from Agriculture to support or to in essence cover a part of the NRCB's operating costs associated with its role in monitoring, approving, and in effect policing the CFO guidelines that are associated with that?

Another issue comes up, moving into the next section, where we're talking about the ministry business plan. We run into a lot of information about what the expected outcomes are and how we're going to be looking at them. I guess the question that I come up with initially is on the commitment that you made or that you indicated at the start to this stronger initiative; your rural initiative I think was the title you put to it. What kind of a target do you have there? If I look in the other book, the business plans, under your information, I think that's where I saw the fact that you wanted to look at the level of rural population. Yes, on page 63 in the business plans book, "rural population trends." What are you looking at there in the context of the relationship between the rural population and agriculture? Will this be broken down into kind of the nonagriculture sector, the residential rural family, or will it just be lumped together as the total rural? So in effect the increase in residential operations – and this is now becoming an issue for a lot of the ag producers.

Especially in the areas where some of the oil and gas development is occurring, workers in those areas are moving out into the rural communities, taking up homesteads in subdivisions and in effect

becoming part of the rural economy. How will that build into developing the sustainable growth trends that are important for rural Alberta? You know, that in a sense reflects on a lot of the other discussions, Madam Minister, that we're having with respect to education, to health care. How do we serve rural residents in those public service areas?

I'm really pleased to see that you're focusing more on this rural initiative and trying to deal with it in the context of population and community viability, because that is one of the issues that I hear raised at just about every meeting I go to in the context of what the government is doing to help or to sustain the population base so that our schools, our community halls, our curling rinks, our hospitals, and all the way down the list remain viable. You know, a lot of the rural communities have been really having some difficult times with the consolidation of the grain handling system. Their elevators close. People don't come to the community anymore to deliver their grain or to deal with their crop input purchases. In effect it takes away a large part of that community's attraction or viability, and they're seeing that same kind of thing happening as adjustments are made in the location of schools or hospitals or that.

I guess what I would ask in that whole context is: does the government have or envision conducting some kind of a rural viability study? I remember that a few years ago I saw one that came out of Saskatchewan, where they were talking about what are viable communities and what are kind of the geographic advantages that certain communities have over other communities. They had done this study and looked at a large part of western Canada, not just Saskatchewan. They came into Alberta as well, and they were talking about some of the characteristics in terms of economic activity, in terms of social activity, and what the characteristics are that are necessary to truly sustain a rural community. Under this rural initiative will you be looking at that kind of a study for Alberta, or is one ongoing that I don't know about?

Another issue comes up under this rural initiative, or goal 2, "strengthened rural communities." You talked in your opening comments, Madam Minister, about the amalgamation of the Alberta Opportunity Company and Ag Financial Services. I looked at the mandate that the new agency is going to have, and I read the information that your department sent over I think it was about 10 days or two weeks ago on a new beginner farmer loan and how it's expanding its coverage or issues that can be financed using it.

That comes to kind of a question that was raised by a producer up in the Grande Prairie area when I was there just after Christmas, it must have been. She was telling me that she'd gone to Ag Financial Services to get an expansion loan and get some support for an activity that she was trying to promote, and they told her that she was too small to be part of their new strategy. This really set her back. I told her that I didn't know why that comment was given to her.

It created, you know, some real questions in her mind about what the mandate of Ag Financial Services was under the beginner farm and expanding farm programs, because this was a small specialty crop producer that wanted to expand their ability to value-add their produce. They were told that they were too small to be of interest to Ag Financial Services, so I guess that comes up as a question about what is the option for community initiative, for uniqueness within a community, especially in areas like we're starting to see now, the community-labeled goods, where people can go out and say, "Oh, yeah. I know exactly which farm that came from." You know, they develop kind of a history with these producers and processors.

As we look further through the business plans, you've got a section on environmental stewardship, and you're talking about the water quality indexes. Are the 23 watersheds that you initiated in 1997 now on a regular basis providing information that shows, like,

seasonal variability? Are they providing information that shows differences between the watersheds so that we can start to monitor activity in the area on an annual basis, climate change, drought versus lots of runoff, and start to develop some databases that could be useful in assisting in mitigation or prevention planning? To me when I read through this, I thought: gee, you know, this really gives us an opportunity to start to deal with some kind of planning if there are issues that come up. If there are not, then our industry is really doing a good job, but if there are areas that show some concerns, we can start to develop mitigation plans.

9:00

In that context who are you working with to look at any mitigation plan or any support programs if they're being considered? That is something that I know the University of Lethbridge has been working through their water centre. It's got a name almost as long as the one you had there for your hazard analysis critical control, but they have a water centre that they're trying to initiate through the university. That is one of the things they wanted to focus on as part of their original mandate. I know it's expanded a little bit. Are they part of that?

I guess the other thing – on page 65, Madam Minister, there's a graph there where you look at the deviation in Alberta farm cash receipts from the long-term average. I looked at that, and I thought: gee, that's pretty stable. Then I read the paragraph above, where I recognized that that actual includes after-government payments of all kinds. In the context of looking at and truly appreciating the variability and the instability that's in Alberta cash receipts, it would be I think very interesting for the public to have a line below that which shows the actual cash receipts without the government support programs. Then, Madam Minister, what we would have is a really strong signal that we could send to the community that says: look, here's the variability without programs, and look at how we've contributed to stability through the programs that are put in place.

So I think that that kind of information would be quite useful for the community, especially the non-ag community, when they look at, you know, what these dollars do to promote stability of the economy across Alberta. That's especially critical for a lot of our smaller rural communities where they do really rely on the agriculture producers and the ag industry for their economic activities. It would help, I think, as an information tool to provide that kind of background.

Minister, this kind of leads us into a breakdown here. When I was teaching my farm management courses, I always used to talk about, you know: we have to measure farm income in the context of its stability. That's what we've just been talking about in that graph there. We also had to talk about it in the context of its adequacy and its equity. In looking at the business plan here, we deal a lot with the stability issue, but we don't really deal as much with the adequacy and the equity issues. I'll explain those a little for the non-ag listeners. Those basically reflect on whether or not the income levels are adequate to give a competitive return on fixed resources, most specifically capital, and whether or not there's a degree of competitive equity between the sectors and between the ag sector and other sectors to in effect compete for that capital resource. So from those two different perspectives I think it would help us if we could do that to look at how much support might be needed to offset the international distortions that are there from the competition. Or what we can do is just say: in other words, this is the economic disadvantage that our farmers would have to build their business strategies around.

I looked on page 66, and I was quite impressed with your policy initiatives there on health sustainability. Do you have a program in place, or will these health initiatives be used to support and to kind of keep dynamic the guidelines that'll be used by the NRCB in

making decisions about siting and CFO permit approvals? This to me seems like a really good place to get basically the scientific information that can then be put into the guidelines for approval that the NRCB would be using in dealing with what is an appropriate technology, what is an appropriate location, and what are appropriate support activities as they go into siting the CFOs under their new mandate.

Further down in that section you talk about the economic development strategy, and under your measure you talk about new investments. I was wondering: are you looking at the size of investment, the categories of investment? Here there's a lot of feedback or correlation between the viable size of farms, the viable size of businesses that go into communities, and the participation in that community, so it ties back to your rural initiative.

I've been following some studies that were done in the lake states, the midwestern part of the U.S., and some more that were done in the Colorado/Nebraska area, Kansas, where they talk about the contribution that different sized production units make to a community. There's kind of a bell-shaped curve in it in the sense that very small producers contribute a lot of human resource to the community but not a lot of economic support to the community. When you get up to a mid-size, that's when they become viable contributors in a dollar and cents way to the community. When they get to be much larger, it drops off again.

So I'll follow that up if I get a chance to get back up again. Thank you.

MRS. McCLELLAN: Mr. Chairman, I'm just going to answer a very few questions because of time. I do want to take the opportunity to address some very current ones. The issue around chronic wasting disease and how that's handled: it is my understanding that the federal government is responsible for the eradication and disposal of the herd. They have taken that responsibility in Saskatchewan, and we assume, through CFIA and our input from them, that the same procedures will occur here although the same procedures of disposal may not be there, but the costs will be borne. In Saskatchewan it is my understanding that they buried the animals. We're looking at possibility incineration here rather than burial.

One of the things that we're very fortunate for in Alberta is that we do have a very good monitoring and surveillance system. I think they call it the GLID program or GLIB, GLED, GLAD – something. Anyway, it has an acronym, but what it really is is an opportunity to trace every animal throughout its lifetime and its history, which gives us a much better opportunity to curtail these diseases, and I did want to mention that.

The other one that I really wanted to make sure that we got on the record is the 4-H program. We realize that because of some of the restructuring we did in our department this year, we caused some consternation in the rural areas on the 4-H program. Actually, we have not reduced any support to the 4-H program. In fact, we have enhanced it, and I'm not sure if we've hired the additional specialist yet, but I know that my department is in the process of recruiting, which will give us in fact more help.

9:10

I do want to mention for the record that this year we retired a longtime employee of our 4-H branch, Mahlon Weir. Mahlon dedicated over 35 years – I forget the exact number – to the 4-H branch, was synonymous with every 4-H event that you went to, and of course worked in different parts of the province so was dearly respected and appreciated by 4-H. So we bid him farewell with a great deal of gratitude for his service to 4-H and youth in our province. He will be missed, certainly, but I'm sure we'll still see

him around on occasion. I am pleased to say that Marguerite Stark has assumed that role, another person who is very, very, well known and respected in the 4-H community.

What really happened was that the decision was made that we would change the way we deliver services to our 4-H clubs. So we asked the 4-H Foundation and the 4-H Council to consult and to determine in which manner or fashion these services could be delivered best to our 4-H clubs. Because of some of the changes in our district offices and because we didn't want any disruption to our clubs, we wrote to all of the club leaders early and said: please order your supplies early; we don't want you to be disappointed. Well, that led to all of us, I think, that have rural communities getting a lot of calls saying that, you know, we've sort of dumped 4-H. Nothing could be further from the truth.

This government has the highest support for 4-H of any province in Canada. It has the best 4-H program of any province in Canada. In fact, at the last 4-H leaders' workshop and banquet that I attended just recently, the Canadian 4-H president acknowledged that. There is no other province in Canada that receives the amount of government support both in funding and in manpower. That support will continue. We will continue to work with the 4-H Council and Foundation, and I'm sure that over the next weeks they will come forward with a plan for delivery of services that will be very appropriate for them.

I wanted to also just mention that on the issue of food safety and the livestock sector the pork people have been very, very proactive in this area, and you see high percentage numbers there. I was trying to recall with help from my staff the name of their program that they've really received national acknowledgment for. I believe it's called the quality assurance program. Again, Alberta producers lead the way in being proactive in food safety and product safety areas. We certainly applaud that group for that. I mentioned the HACCP program as well. So I think we can be very, very proud in this province of the leadership that our livestock industry shows in assuring that they have a quality product.

Which leads into market access. The best way to get into a market is to have a good product; we all know that. We do product development. We've developed new potato products. Of course, our new potato plants help move product. We've developed new meat products, new ways of serving meats. We've developed new crops.

The issue of the use of water was mentioned. We should all be reminded that in 4 percent of the agricultural land we produce 22 percent of the agricultural product. I think that that speaks to the efficiency of the use of water. It is well known that the southern half of this province – and remember that the half-way mark isn't Calgary; it's much further north – enjoys the largest population with the smallest amount of water. For those of you who are not aware of the value of irrigation, I invite you to take a little trip down into southern Alberta, where over 40 communities depend on an irrigation system to which this government has been a huge contributor in the headworks program. Over 40 communities depend on that water for their domestic water: the city of Lethbridge, the city of Medicine Hat, Taber, just go on and on.

I also want to remind those people who are in the north, who are used to water bodies all around, of one more thing: there isn't one natural lake in southern Alberta. They are all part of an irrigation system, whether it's McGregor Lake or Keho Lake or the Kinbrook project or Newell, where there's a huge wetlands project. I applaud the people in southern Alberta who have done so much to improve the environment for our game birds, for our wildlife. We have not had moose in southern Alberta – I'm not sure that if you hit one with a car, you'd think this was an asset – but it's amazing that you would

consider that there was a season on moose in the Castor area in the last year or two. Deer are not native to my constituency historically, but because of the improvements that have been made – and I don't have irrigation, I might remind you. There are 10,000 acres off the Deadfish project around Sheerness plant, but deer are not common. Yet we have large herds because of the improvements that the agricultural community has made to water supplies and to grass. It was a desert; it is a land reclaimed. There's a very good book on that. I would invite people to read that.

So the main thing for all of us is to understand the diversity of this province and understand the strengths and develop the opportunities that arise around it. A lot of new crops are grown that are drought resistant, and this is definitely due to research that has occurred. I will mention chickpeas as the most recent one: a great market, great feed potential. It's drought resistant, and somebody told me that grasshoppers don't like to eat them. Now, I am very tempted to plant a couple of rows along my garden to see whether this is indeed true or not. As well, I also understand from Alberta Agriculture that chickens are your best way to get rid of grasshoppers. They like them. I've tried that out on my husband, and he wasn't too excited about it.

AN HON. MEMBER: He doesn't like grasshoppers?

MRS. McCLELLAN: He doesn't like chickens.

There are a lot of things happening in the research area. We probably have some of the best, best research facilities between our own research associations, applied research associations across this province, who do wonderful work with the producers: our Lacombe, Lethbridge, and Fairview areas, the Ag Canada research. One of the things I'm most proud of is the co-operation that is occurring between Ag Canada and Alberta Agriculture and also our agreements with the university, Olds College, and other institutions on joint research projects.

Our reinsurance program is another one I wanted to just comment on, just to give members a sense of what it means or has meant to this province for Ag Financial Services to take the bold initiative to go into reinsurance. This year we paid \$20 million in premiums, and \$54 million was paid by the reinsurance fund to Ag Financial Services.

Loans, another area that I think is important. Loans in default are 1.1 percent of our portfolio. I think that most financial institutions would like to have those kinds of numbers. This is the lowest that it's been in a long time, in fact in 20 years. This speaks more to, I think, the good management practices of our producers and also to the staff that we have in Ag Financial Services, who spend a lot of time counseling and working with our producers who do have loans. We can't understand why the hon. member would have met a person who was rejected because they were too small. No loan is too small. I encourage the hon. member to contact this person and have them call either my office or Ag Financial Services directly or my deputy. Our average loan probably is \$100,000, but we take promissory notes on loans up to \$20,000, so if there was a rejection, I would assume that there must be another cause.

9:20

NRCB is under sustainable development. The minister of sustainable development is responsible for the budget. However, when NRCB assumed the responsibility for confined feeding operations, certainly we transferred considerable dollars from Agriculture as well as staff to them.

I'm excited about rural development initiatives. We are making a concerted effort to work with our rural communities. It is true that

a lot of people are moving from the urban areas to the rural communities to experience rural life. In most cases that's positive, sometimes not. One of the concerns is that many of these people are commuters and that often their dollars are spent in the urban areas rather than the rural, yet the rural areas are responsible for the infrastructure. We think that by having good community support systems, good schools, hospitals, recreation opportunities, more often these people will become integrated into the rural community and be a part of it.

The loss of elevators, of course, is a difficult thing for a rural town, mostly because of the loss of the tax base. It is really a fallacy to think that a farmer drives to town with a load of grain and then goes shopping. That doesn't happen, but certainly our elevators have been a source of product such as fertilizer, sprays, and so on, and that's the real loss. That will probably be taken up. What is difficult is for the producers who have these long hauls. Unfortunately, we were promised that all of this would cause better efficiency, and if you have better efficiency, you would think that your costs go down. We have not experienced that, and I think that had the federal government implemented the full Kroeger/Estey report instead of picking parts of it, we would have a more efficient, better transportation system, which would lead to some lowering of costs to producers. We continue to press the federal government to totally implement the recommendations of that report. I think the work that was done on that was valuable. We certainly worked hard through our Department of Transportation and through Agriculture to have input into that, and we were very disappointed that that happened.

I certainly will provide more information on the rural development initiative and the viable communities area.

Water quality index. I think this is an incredibly important area. Certainly all of us have been reminded of the importance of water quality with Walkerton. We know what can happen today if all things aren't followed. When I followed the Walkerton issue, though, and the hearings, I found it interesting where it appeared the blame was really being attached. I think it was wrong, and I think the findings in the end proved that. In fact, there were a number of contributors, but somebody not doing their job was the main contributor, not the other things like the provincial government, the farmer, those things. What it really does for all of us is raise our awareness of how important this is.

Fortunately in Alberta we took this initiative over a dozen years ago, and in southern Alberta we embarked on a groundwater study for intensive farming – not just intensive livestock but intensive farming – recognizing that when you have heavy fertilizer use in irrigation, you can have an impact through the use of pesticides and herbicides and all of those things on groundwater. That study concluded about two years ago, and I think it gave us some very, very valuable information as to the status of our groundwater. It also, I guess, led to the 23 monitoring sites that we have at watersheds, and this will help us develop baseline data, which is what you really need. If you don't have baseline data, you don't know where you're going. This will provide an annual report, which will be made public. It will give us the opportunity to be proactive rather than reactive. It's a lot easier to prevent a problem than it is to clean one up. I think the people of this province do appreciate the fact that we have the highest standards for water quality of anywhere in Canada, and the rural communities and agricultural communities are certainly a part of ensuring that we have that.

Some of the things that are happening with AESA, the environmental sustainability initiative, a wonderful group who have done some great work and are doing work on environmental farm plans and certainly will contribute to the health sustainability initiative. Alberta Environment has standards, of course, and guidelines in that

area, and I think it's clear that we need standards and guidelines that are there that are stable, that have predictability, as we heard, in confined feeding operations.

A good suggestion on farm cash receipts, to have another line in there, and we'll certainly work on that.

The last thing is on community-based projects. Certainly we have ag initiatives grants, that are provided to communities for initiatives that they believe improve the desirability of their community as a place to work and live. Ag societies are provided annual funding, and they contribute in a huge way to the quality of life in rural communities, because the decisions are made as to how they use that funding by those communities for initiatives that are important to the communities. Those are two areas that I just thought I would mention, and as we indicate in our business plan, data is being developed so that we can better tell you what resources are there.

THE DEPUTY CHAIR: The hon. Member for Grande Prairie-Smoky.

MR. KNIGHT: Thank you, Mr. Chairman. It gives me great, great pleasure to join the debate this evening. For the most part, I certainly do agree with the presentations given by the hon. minister and the answers that she has provided for the questions, but I would like to ask the minister about an area that appeared to be completely lacking in her presentation, and that is the area of sheep. Now, we must realize here that sheep are extremely important to the province of Alberta, and my question to the minister would be if there is any way that she might be able to enlighten me on which breed of sheep might do better in the province. We have Bleu du Maine, Bluefaced Leicesters, Cheviot, Dorset Horned, Hampshire Down, Shetland, and Suffolk sheep. I'm wondering if the minister might be able to help me out and let me know what type of sheep might best be utilized in respect to helping us out keeping Alberta weed free. We have in the province of Alberta some 75,000 kilometres of pipelines, and I would think that it might be an extremely important thing to look into if we could perhaps employ some sheep to take care of the growth of noxious weeds on the pipelines, and another area might be power lines.

9:30

It is also interesting to note, Mr. Chairman, that New Zealand ships wool carpets worldwide, and I'm wondering if it's a possibility that perhaps Alberta could get involved in this type of project. If we could get sheep on the pipelines, perhaps we could get a carpet industry going in Alberta.

The other thing of course is that this evening we attended a wonderful reception, had some very good information provided about sheep, in particular with respect to lamb, so that also brings up another question. I was wondering how much lamb is produced in the province of Alberta, and in fact that also appeared to be missing from the minister's report.

With that, I'll close and just ask if I might get some answers to those questions. Thank you very much.

MRS. McCLELLAN: Chairman, because of the hon. Member for Grande Prairie-Smoky's fascination with the sheep industry I thought I would just quickly try to answer a couple of the questions. We do have a number of varieties of sheep in this province, and of course the sheep variety depends on whether you're trying to derive the best quality in wool or in meat. One of the things that's of interest is that one of the challenges our lamb industry faced in this province in its development was the very seasonal lamb. I was asking some of the folks from the Sheep and Wool Commission

tonight how they were managing in getting a year-round supply. I was really pleased to be informed by them that they were within two months of year-round supply, and they're able to cover that two-month period with late-growing lambs and others. So we are almost at year-round, which is a huge achievement for that industry.

The sheep industry in our province is relatively small, but it is very valuable and has a great opportunity to grow. Sheep have been used very successfully in environmentally sensitive areas, on river banks and in other areas, for getting rid of noxious weeds. Certainly I would imagine that the pipeline companies or those responsible might be quite interested if they can figure out a way to fence these little sheep so they know where they're supposed to be. On the other hand, sheep are very easy to herd.

We have a great program at Olds College. It's a fibre centre, where they're doing some great work on different fibres, certainly not confined to sheep but alpaca and other things, and they've produced some very, very fine products. Not always is our climate conducive to the type of sheep that produce the wool that's the best for carpets and clothing, but I'm sure that with good research we'll get into that area. I am impressed with the fibre project at Olds College. I think it's an opportunity that has great potential.

So with those few comments on that very valuable industry I'll take some more questions.

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

DR. NICOL: Thank you. Just a few kind of wrap-up comments. I want to just comment back to the minister about when she was suggesting that we encourage everybody to go down and see the value of irrigation in southern Alberta. A couple of years ago in conjunction with Stan Klassen with the Alberta Irrigation Projects Association, we managed to take my caucus down and go for a tour, and they were really quite impressed by the contributions of the irrigation industry.

I wanted to just follow up a little bit on one of the other things as the minister closed her comments a little while ago. She was talking about the ag societies and the contribution that they make to rural communities in a broad spectrum of ways. I was just looking through the budgets within the last little while, a couple of days, and I noticed that the funding for a lot of the ag societies has been moved to the lottery fund from what appeared to be the general revenue based Agriculture budget. I guess I would ask what the rationale was for that shift. Was it just access to dollars, or was there a philosophical reason for moving it into that source of revenue? The budget documents show that there is a real movement into that area.

As we look through the rest of the budget now, the Dairy Control Board, as you said, Madam Minister, is being moved out under the new act to an industry-driven proposal, yet there still are dollars allocated for the ongoing operation of that. I don't quite remember, when we passed the bill, what functions stay with government support as opposed to going to industry support that we still need to have the dollars in the budget for the support of the dairy industry, the dairy council. That was kind of a question that came up.

The other issues I think have pretty well all been addressed, as we look through the rest of the budget.

I guess with that, Mr. Chairman, I'll conclude my comments. Again, I just want to thank the minister and the members of her staff for coming in and giving us the support tonight and getting the answers to questions that I wanted to raise. I look forward to continuing to work with the minister to improve the sector over the next year.

THE DEPUTY CHAIR: After considering the business plan and

proposed estimates for the Department of Agriculture, Food and Rural Development, are you ready for the vote?

HON. MEMBERS: Agreed.

Agreed to:

Operating Expense and Capital Investment 305,290,000

THE DEPUTY CHAIR: Shall the vote be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIR: Opposed? Carried.

The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Chairman. I would move that the committee rise and report the estimates of Agriculture, Food and Rural Development and beg leave to sit again.

[Motion carried]

[Mr. Shariff in the chair]

THE ACTING SPEAKER: The hon. Member for Lac La Biche-St. Paul.

MR. DANYLUK: Thank you, 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, 2003, for the following department.

Department of Agriculture, Food and Rural Development: operating expense and capital investment, \$305,290,000.

THE ACTING SPEAKER: Does the Assembly concur in the report?

HON. MEMBERS: Agreed.

THE ACTING SPEAKER: Opposed? So ordered.

9:40

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

Bill 21

Alberta Personal Income Tax Amendment Act, 2002

[Adjourned debate April 8: Mr. Mason]

THE ACTING SPEAKER: The Leader of Her Majesty's Official Opposition.

DR. NICOL: Thank you, Mr. Speaker. I want to rise to make just a couple of comments about the benefits that will come to Alberta from a consistency across Canada in the way we treat earners of income in Alberta who aren't resident here. This act will help the taxation programs that are in effect here use a formula that's competitive and comparable to the rest of Canada. Looking through it, I see that as the major part of the first section of the act.

I think we all need to look at it from the perspective that if those dollars are earned here in the province, then they should in effect contribute to the revenue sources and be part of income tax so that we treat our outside-the-province income earners the same as

everyone else. I know I had a lot of experience with this when I was working overseas on a number of country assignments. You'd always end up having to work with what income tax you paid to the country that you were in, what income tax you paid to the country that was helping to finance the project, what income tax you paid to Canada, what income tax you paid at the provincial level, and you ended up playing around at changing your residency to minimize your income tax payable and to maximize your dollars in your pocket. When we standardize taxation practice, it eliminates that kind of residence shuffling to try and influence the tax we pay.

Mr. Speaker, the second part of the bill deals with the NHL program and how we're going to be taxing them. This is a really interesting new approach to getting revenue for what is basically a small industry, just two participants. Still, it's an interesting way to support that industry in staying viable in our province. I take it that the time frame that's put in here in terms of the end date is consistent with the end of the NHL players' contracts so that we can look at whether or not there will be a small market equalization program put in place by the league, and then we won't have to have this. I assume that that's kind of why the deadline appears to coincide with the number you hear brought up in the NHL about the next time there will be negotiations about, you know, market share, market revenue transfers.

So I think that this, in effect, gives our teams in Alberta a chance to remain viable until that kind of commitment is made by the NHL to sustain their broad appeal across the whole geographic area of North America, because they need to have the smaller centre teams to keep the interest of their viewers across all of their potential market. So I hope that they do at the appropriate time begin to recognize that the small-market teams do need league support. We may not need this, but I think we should be prepared to look at it as an ongoing support if it means keeping our hockey teams here kind of for spirit in our province.

On that basis, Mr. Speaker, I think we should look at this as a bill that contributes in two positive ways in changing our tax statute, and we should support it. Thank you.

THE ACTING SPEAKER: The hon. Member for Edmonton-Glengarry.

MR. BONNER: Thank you very much Mr. Speaker. I also would like to make a few comments on Bill 21, the Alberta Personal Income Tax Amendment Act, 2002, and certainly the portion in this particular bill that deals with the taxing of the NHL players and our attempts to provide support for our Alberta teams that are currently in the NHL. They not only face the burden of being small-centre teams, but they also have to pay wages in American dollars. This puts them at a great disadvantage when it comes to trying to ice teams that are competitive and teams that will make the playoffs, where again they can earn more income with more games. I certainly see absolutely nothing wrong with players paying tax on the money they earn when they play here in this province, whether it be in Edmonton or in Calgary.

Now, then, this is also required because until the next round of negotiations with the players' association, the options open to help support the small-market teams are quite limited. These teams do need help. We certainly cannot continue to increase ticket prices at the rate that these salaries are going up. I think what we also have to do is look at the tremendous impact on the community that both the Flames and the Oilers have. I know from my long association with hockey here in Edmonton that I would be a very sad person if the Oilers left town, yet I don't get to go to that many games. These players do a tremendous job as members of our community. They're

certainly role models for our younger players. I don't think there was anybody more proud than the people of Alberta with the contributions that our players made to the Olympic team and certainly none that were sadder when both the Flames and the Oilers did not make the playoffs this year.

As well, I think we have to look further than this, Mr. Speaker. We have to look at the number of jobs that are provided to people in our communities who work at the Saddledome, who work at the Skyreach Centre. We are not talking here only of the people who have the full-time jobs. There are a number of people who rely on the part-time jobs there, whether they be students or some of our people who are retired and who are trying to augment their pensions a little or whatever. But they do do a tremendous job of that.

You know, I can certainly recall watching the Olympics from Salt Lake City. How proud we were when players from the Oilers or the Flames stood out for any particular reason during those games, and what great ambassadors they were not only for their cities but for the province. I also look at the role that these players play in our communities, and certainly one of the great advantages we have in Alberta with our small-market teams is that the players live and get involved in their communities. I don't know how many hundreds of thousands of dollars are raised by the players for various charities around the city. I do know that they go out of their way to get involved.

I think we also have to look at the benefits of these teams, Mr. Speaker, when we look at all the businesses that are associated in supporting teams of this nature. We look at the hotel industry, the food and beverage industry here in this city. I just noticed an article in the paper here a couple of days ago on the huge impact on the Coliseum Inn when the Oilers failed to make the playoffs and how many vacancies they are going to have there. When we look at that, we look at that particular hotel laying off staff because they don't require as many people, whether it's chambermaids, whether it's people to serve the food in the restaurants or whatever. Again, I think it is one of these situations that if this is one way that we can assist in keeping our small-market teams in Alberta, then it's something that we should certainly do.

9:50

I had the opportunity a number of years ago, when Craig MacTavish was still a player here in Edmonton, to accompany him into a dressing room with five- and six-year-olds, and it's about the closest I ever came to seeing magic in my life. These little fellows were looking at him. He passed out autographed cards of himself. They would look at the card and they'd look at this guy. He was never examined so closely in his life to see if he was the real bill of goods. When you see little fellows sitting there barely able to take a breath, it gives you a whole different picture of the impact that these players have.

But these teams also go further, Mr. Speaker, in contributing to our communities. I certainly look in Edmonton, where we have the 50-50s, where minor sports teams – not only in Edmonton but in surrounding areas, and these would primarily be hockey teams at this time, but there could be a change where we have ringette teams involved as well – are given the opportunity to sell 50-50s at the Oilers games, where they get to keep roughly 50 percent of the profits. On a good night this means that teams can make somewhere between \$4,000 and \$5,000, so it's a huge benefit to our minor hockey programs.

As well, we look at the Flames in Calgary and what they have done. They have their program of excellence, where they certainly have put into place the necessary organization for the development of young hockey players. Certainly when we look at the opportuni-

ties that our youth have to go on to play at many different levels, I think that this is another area where these people do get involved. Another way that they also get involved, partly because of the Olympics that were held in Calgary but also because the Flames were there, is that the CHA runs part of their program out of this province. It is certainly another reason that I would like to see the CHA stay in western Canada, and I'm not so sure that they would keep that Calgary branch open if the Flames were not there.

So I certainly am one of those that supports Bill 21, the Alberta Personal Income Tax Amendment Act, and I would urge all members of the Assembly to support this if for no other reason than that the tax generated by this particular bill will certainly go a long way to help carry our teams until such time as the players' association and the NHL owners get to renegotiate these contracts. I would certainly hope to see the league at that time take some responsibility for our small market teams, whether it be some sort of a cost-sharing or revenue-sharing agreement where when our teams go to the States to play, they share the gate there with American dollars, and when American teams come to Canada, we look at sharing the gate here in Canadian dollars, and certainly make some effort to equalize the revenues that teams have. I know that when we look at other leagues, for example baseball, they're certainly considering this at this time so that they can maintain the number of teams in the league.

I would certainly, for one, hope that we will be successful in convincing all members that Bill 21 is a very good bill, and it should be passed. Thank you very much.

DR. MASSEY: Just a few comments about Bill 21, Mr. Speaker. With reference to the NHL tax, I caught a bit of an interview with a city official, I believe it was from Philadelphia – I'm not certain, but I believe it was Philadelphia – where an NHL tax has been in place for a number of years. It was interesting to listen to that manager talk about the use of the tax. There it's part of a larger program of nonresident taxes, so if you're not a resident of the city and you're in the city doing business on a continual basis, you are subjected to a nonresident tax. The NHL of course pays that tax as do other groups who are using city services and doing business in the city. I thought it was interesting because the interviewer asked that manager what the benefit was to the NHL, and the manager went on to say: well, the teams benefited by the provision of facilities that the city provided and that those facilities were often constructed in co-operation with municipal personnel and the teams involved. What it seemed to me as they talked was that this is an issue of great importance to municipalities.

I think of our own city of Edmonton and the difficulties they're having right now with revenues and trying to secure the revenue that they need to provide programs and services that most citizens in the city want and support. My question would be: were the municipalities consulted about this tax? Many of them – I would assume that Calgary does. Edmonton already has some special arrangements with the Oilers in terms of use of the Coliseum. Was this tax part of the discussions with the city, or is it a stand-alone item that will be directly handled by the teams and the provincial government? It would seem to me that as a stand-alone tax, it opens the door to some problems that might be avoided if the municipalities had been involved.

So it's a question I would appreciate having some information on, Mr. Speaker. I think the support for the Oilers is pretty well universal in this city. As someone who held season tickets until I was elected to the Legislature and couldn't use them enough times in the season to make it worth while owning those tickets, I'm interested in what happens to the team, but I'm also very interested in what happens to our city and to the taxes that Albertans pay.

With those comments, I thank you, Mr. Speaker.

THE ACTING SPEAKER: The hon. Minister of Finance to close debate?

[Motion carried; Bill 21 read a second time]

Bill 24

Child Welfare Amendment Act, 2002 (No. 2)

THE ACTING SPEAKER: The hon. Minister of Sustainable Resource Development on behalf of the Minister of Children's Services.

MR. CARDINAL: Thank you very much, Mr. Speaker. I rise to move second reading of Bill 24, which is the Child Welfare Amendment Act, 2002 (No. 2).

Bill 9 of course, a separate Child Welfare Amendment Act, is already before the House but does not address the issues of temporary guardianship orders related to a recent Court of Appeal ruling. Bill 9 has passed second reading, so it is too late to include these needed amendments in the bill. Bill 24 is being proposed to validate temporary guardianship orders that have been technically invalidated by a court ruling. Temporary guardianship orders, or TGOs as we all call them, refer to the status of children and youth who need protection and are temporarily taken into government care. The Child Welfare Act requires that a child's care plan must be filed with the court within 30 days of the TGO being granted. The plan must outline services to be provided to the child and their family while the child is in care. The court and the child guardians have access to the filed plan.

10:00

Although the child welfare handbook reminds social workers to file these care plans within the proper time, some social workers have not routinely complied with the requirement. On March 4 the Court of Appeal ruled that the failure of a child welfare director to file a plan of care with the court within 30 days of granting a temporary guardianship order renders the TGO invalid. As many as 600 TGOs have been invalidated by this ruling because a plan of care was not filed within 30 days.

I must stress, Mr. Speaker, that in almost all our child welfare cases across the province social workers have prepared a plan of care. They just haven't filed them. Social workers ensure that the case plan is shared with the child's guardian whether it is filed with the court or not. The reasons for nonfiling are varied, ranging from social workers viewing it as a formality to response from the courts.

Until now the courts have not strictly enforced the formality of filing these care plans. For years the courts have been reviewing unfiled plans of care. Some court clerks have not wanted these plans, saying in one case that they had no room for the extra paper. Some judges have deemed the plan of care submitted in court hearings as sufficient since it is no different than the one that would be filed after the hearing.

The amendments have a very limited application and will apply only to TGOs invalidated by the court's ruling. New amendments in Bill 24 will allow care plans to be filed after the 30-day time limit so long as they are filed within 30 days of the amendment coming into force. The amendments will also allow temporary guardianship orders to remain valid even if a plan of care was not filed within the 30 days of the TGOs being granted. In future, plans of care for TGO children will be filed in compliance with the Child Welfare Act.

I have asked all the CEOs of the child family services authorities to file plans of care with the courts within the required time period. The family law branch of Justice has applied to the Court of Appeal

for a stay of the ruling in order to allow time for the amendments to be passed and to come into force. The amendments will come into force as soon as the bill is given royal assent.

I ask for support for this act in order to validate temporary guardianship orders for children presently in the care of child welfare. Thank you, Mr. Speaker.

Mr. Speaker, at this time, with a previous agreement, I move to adjourn debate.

[Motion to adjourn debate carried]

THE ACTING SPEAKER: The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Speaker. I move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; at 10:05 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]