

Legislative Assembly of Alberta

Title: **Wednesday, May 7, 2003**

1:30 p.m.

Date: 2003/05/07

[The Speaker in the chair]

head: **Prayers**

The Speaker: Good afternoon.

Let us pray. Though we as legislators of this great province and its people are taken from among the population and selected by You to be architects of our history, give us wisdom and understanding to do Your will in all that we do. Amen.

Please be seated.

head: **Introduction of Visitors**

Mr. Jonson: Mr. Speaker, I'm pleased to introduce to you and through you to the members of the Assembly His Excellency Eric Hayes, ambassador for the European Commission in Canada. Traveling with His Excellency is Mr. Frank Deeg, principal adviser at the EU delegation office in Ottawa.

Trade with the European Union plays a vital role in Alberta's economy. The EU is Alberta's third largest trading partner after the United States and Japan. The relationship extends beyond trade as many Albertans trace their ancestry back to one of the 25 countries that will soon make up the new, larger European Union.

I would ask that our honoured guests please rise and receive the traditional warm welcome of the Assembly, and I wish our guests a very successful trip to Alberta and continued good work on behalf of all concerned.

Thank you.

head: **Introduction of Guests**

The Speaker: The hon. Minister of Transportation.

Mr. Stelmach: Thank you, Mr. Speaker. I have two introductions today. First, I wish to introduce to you and through you to members of this Assembly 50 very special visitors from the home of the Sutters, the community of Viking. They are seated in the members' gallery, and they are accompanied by teachers/group leaders Mrs. Muriel Hill, Mrs. Norma Pon, Mrs. Ev Merta, by parent helpers Mrs. Penny Hammer, Mr. Jim Wood, Mrs. Lina Wood, and Mr. Arnold Hanson. I would ask all to rise and receive the traditional warm wishes of the Assembly.

Mr. Speaker, I wish to introduce to you and through you to members of this Assembly another special visitor from the home of the Easter egg community of Vegreville, a very dedicated family man and a very, very busy community volunteer, a lawyer by profession. I would ask Mr. Peter Dobbie to rise and receive the traditional warm welcome of this Assembly.

The Speaker: The hon. Member for Little Bow.

Mr. McFarland: Thank you, Mr. Speaker. It's a pleasure for me today to stand and introduce to you and through you to all members of the Assembly 12 special guests from Providence Christian School in the county of Lethbridge, which is in the southwest corner of our riding of Little Bow. With the 10 students from Providence Christian today are their teacher, Mr. Chris Heikoop, and Mrs. Sjaane Heikoop. I'd ask that they please rise. Have a safe journey home, and I hope you enjoy your stay here.

Mr. Maskell: Mr. Speaker, it's my pleasure to rise today and introduce to you and through you to members of this Assembly the Alberta Health Facilities Review Committee. The mission of this hardworking committee is to assist in maintaining quality care, treatment, and standards of accommodation in health care facilities throughout Alberta. The committee, chaired by yours truly and vice-chaired by the hon. Member for Vermilion-Lloydminster, consists of 10 private citizens who possess varied backgrounds, expertise, and work experience. They're seated in the members' gallery: Hildegard Campsall, Peace River; Nada Chelvam, Edmonton; Don Clarke, Edmonton; Barry Costello, Calgary; Barbara Hay, Lacombe; William Malcolm, Lethbridge; Dorothy Patry, Medicine Hat; Ada Rawlins, Chestermere. Two members unfortunately weren't able to be here today: Glenna Bell, St. Albert; Gary Severtson, Innisfail. They're accompanied by three staff members: Pauline Michaud, executive director; Irene Sinclair, administrative assistant; Alissa Messner, writer/editor. Would you please rise and accept the warm traditional welcome of this Legislature.

The Speaker: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Speaker. I'm pleased to introduce to you and through you to all members of the Assembly seven guests. They are seated in the public gallery. They are from Edith Rogers junior high school. Four students – Aron Badre, Trace Letendre, Shelby Sigouin, and Jesse Richardson – are accompanied by two of their hardworking teachers, Holly Isert and Ryan Nouta. The mother of Aron Badre, Jette Badre, is also with them. I'd now ask them to please rise and receive the warm welcome of the Assembly.

The Speaker: The hon. Minister of Seniors.

Mr. Woloshyn: Thank you very much, Mr. Speaker. I'd like to introduce to you and through you to the members of the Assembly a very hardworking constituent. She has committed herself to doing a fine job of leading the educational system in our area and making an excellent system even better. I'd ask Lori Briggs Benner, the chairperson of Parkland school division, to stand and receive the warm welcome of the Assembly.

Dr. Nicol: Mr. Speaker, it's a real pleasure for me today to rise and introduce to you and through you to the members of the House Marc Slingerland. Marc is a student at the University of Lethbridge. He's in Edmonton this week attending a math/biology seminar. I'd like to ask Marc to stand and receive the warm welcome of the House.

The Speaker: The hon. Member for Edmonton-Riverview.

Dr. Taft: Thank you, Mr. Speaker. I rise today to introduce to you and through you to all members of the Assembly the office assistant for the summer in my constituency office of Edmonton-Riverview, Karen Diepeveen. Karen is a resident of Edmonton-Riverview. She's just completed her third year at Dalhousie University, honouring in political science with an emphasis in Canadian studies. Now, Karen may be familiar to some of you here because she worked as a page in the Legislative Assembly in 1999. She was recently elected as academic vice-president of Dalhousie Political Science Society. So I welcome Karen and ask her to please rise and receive the warm welcome of this Assembly.

Thank you.

head: **Oral Question Period**

Electricity Deregulation

Dr. Nicol: Mr. Speaker, yesterday the Premier admitted that electricity deregulation in Alberta, and I quote: has not gone well. End quote. That is the understatement of the year. Three years of industry chaos, skyrocketing power bills, and a transmission crisis demonstrate that electricity deregulation has been a complete and total failure in providing low-cost power to Albertans. My question to the Minister of Energy: will the minister unplug deregulation given that the uncertainty in the marketplace is sending investors running?

Mr. Smith: Well, Mr. Speaker, the investors are not running, and if they were, it would only be from a distortion that would be led through the opposition. In fact, what the member has omitted are also comments from the Premier at the same time that said: we are not going back. Deregulation is here in Alberta to stay, appropriately so. No one said that it was going to be a bed of roses; no one said that it was going to be an easy journey. We are now most of the way through that journey.

We have the three points. We've completed the export policy principles that allow first of all for Albertans to be served first; secondly, for an appropriate outlet; thirdly, that we have a price-setting mechanism that does not allow foreign markets to establish our price. Next we have a market policy that puts on a level playing field EPCOR, Enmax, all the players in front of the EUB. That market policy is very important. It also establishes the Alberta independent system operator. Lastly, Mr. Speaker, we have a transmission policy that is the same as it was before deregulation. Deregulation never did affect transmission policy. It is still a regulated natural monopoly and will remain so.

1:40

Dr. Nicol: Again to the Minister of Energy: will the minister unplug deregulation given that yesterday the Premier described deregulation as, and I quote: a proverbial pain in the butt.

Mr. Smith: Mr. Speaker, I've heard the Premier describe many things as a proverbial pain in the butt.

Deregulation has not been easy. Just as in 1993, '94, and '95 when it was found out that people wouldn't build new generation, when it was going to take 14 years to put new power into this marketplace, when it was found out that it took 14 years to get Genesee from approval to the first switch – Mr. Speaker, without deregulation there would have been no healthy wind power industry in this province. We would not be using natural gas cogeneration the way we are today. The government would not have been able to sign the largest green power contract in the history of North America without deregulation.

Dr. Nicol: I hope Albertans weren't believing that, Mr. Minister.

To the Minister of Energy: will the minister unplug deregulation given that more add-ons such as your new transmission charges will keep power bills higher than they should be?

Mr. Smith: Well, I want to thank the member for that question, Mr. Speaker, because these new transmission charges are not new transmission charges. Transmission has always been a part of a regulated network. What happens is that when transmission is needed, they apply to the EUB. The private company spends the money, and they own the lines. Then they come to the EUB and they ask for depreciation, the cost of running that transmission,

operation and maintenance, and a return on capital. In fact, this has been going on since transmission lines were first built. It will continue like that.

What we have said with real and true clarity with respect to transmission is that this will allow access of low-cost generation to come onstream and serve Albertans with lower priced electricity.

The Speaker: Second Official Opposition main question. The hon. Leader of the Official Opposition.

Dr. Nicol: Thank you, Mr. Speaker. I hope Albertans didn't believe that either.

Electricity Transmission Development Policy

Dr. Nicol: A regulatory regime has to be apolitical, and the Minister of Energy's policy change with regard to the Alberta Energy and Utilities Board's ruling on transmission politicizes the regulatory process. This is a fundamental violation of how we should govern and regulate industry. To the Minister of Energy: will the minister withdraw his overruling of the AEUB transmission decision?

Mr. Smith: Well, Mr. Speaker, I hope Albertans didn't believe that preamble.

What happened is that the EUB had the transmission administrator, which is a group hired by the Alberta government, a for-profit group, to deliver transmission operations and policy in Alberta. Secondly, Mr. Speaker, they then realized that there was a problem getting up transmission or power through an already busy corridor. Remember that while this deregulation was going on, Alberta continued to grow, Alberta continued to have new jobs, Alberta continued to have an increase in disposable income, Alberta continued to thrive, so the problem continued to exist. What we needed to do was change through Bill 3, that members were all present for in discussion here in March, that establishes an independent system operator – that system operator said that with a transmission policy that offers open access for generation, there's no need for congestion management. If there's no need for congestion management, there's no need for the EUB decision.

Dr. Nicol: Will the Minister of Energy admit that his actions create uncertainty to the point of creating chaos in the province of Alberta in terms of the electricity industry?

Mr. Smith: Well, I'm actually pleased to say the absolute opposite, Mr. Speaker. In fact, this does create certainty because now we have a three-part program. We have an export policy that delivers power outside of the province if it's not being used by Albertans. Secondly, we have a market policy that puts everything in front of the EUB, out-front public hearings, an open inquiry every time somebody goes to the EUB. Anybody can go. These members are more than welcome to go. Lastly, we have a transmission policy, a transmission policy that allows our unique Alberta resources, low-cost coal and low-cost natural gas, for cogeneration. We can add thousands of megawatts onto this grid, deliver cheaper electricity, and not increase anything in the level of pollution. We can have good, cheap-priced power in a good, thriving industrial market, and consumers, residences who use about 11 percent of all power generated, will benefit from this ample generation.

Dr. Nicol: Mr. Speaker, cogen could have come on if they had done it right under the other one.

Finally, will the minister submit his resignation so that someone

who will do the right thing can take his place in dealing with putting in place a usable electricity system in Alberta?

Mr. Smith: Well, Mr. Speaker, one of the things that I've always had the privilege of doing is not only serving Albertans through being a member of Executive Council but serving Albertans through being an elected Member for Calgary-Varsity.

Calgary Board of Education

Dr. Nicol: Mr. Speaker, the Calgary public board of education paid down its debt, it balanced its budget each year, it closed down schools, and now the government is rewarding the board by giving them \$32 million less than they need and the minister is attacking their budget planning. To the Minister of Learning: why does the minister claim that reduced enrollment is to blame for 225 teacher layoffs when enrollment only impacts, at the most, 25 teachers?

The Speaker: The hon. minister.

Dr. Oberg: Well, thanks, Mr. Speaker. Calgary public yesterday brought out their preliminary budget. It's the first blush at the budget that the school board will have. Included in that is the potential for 197 fewer teachers in the system. It is hoped that the majority of this would be through attrition. What the hon. member has not said is that the amount of dollars for Calgary public has increased by \$17 million this year and that indeed they are projecting anywhere from 500 to 700 fewer students. Over the past three years we've seen a decrease of very close to 2,000 students within their school system, yet their amount of funds has gone up very close to 20 percent.

Mr. Speaker, we will be working with the Calgary board to take a look at some of the line-by-line items. In all fairness, we have only seen the very macro budgetary items, and we'll be working with them very closely.

Dr. Nicol: Again to the Minister of Learning: why does the minister attack the board for budgeting an extra \$19 million for teachers' salaries when \$5 million alone is due to teachers moving up the salary grid and the rest is a direct result of last year's arbitrated settlement?

Dr. Oberg: Well, Mr. Speaker, I did not attack the board. Quite frankly, what I said was that I question, when we're laying off 400 positions, why their salaries have gone up \$19 million. That quite simply is a question, and that's what we're looking at.

Dr. Nicol: Is the minister planning to do anything to prevent other school boards from delivering bad-news budgets, or is he happily just sleepwalking into another crisis like he did last year?

Dr. Oberg: Mr. Speaker, that doesn't deserve an answer.

The Speaker: The hon. Member for Edmonton-Highlands, followed by the hon. Member for Edmonton-Meadowlark.

1:50

Electricity Deregulation

(continued)

Mr. Mason: Thank you very much, Mr. Speaker. The Energy minister's inability to separate fantasy from fact has made him the Baghdad Bob of energy deregulation. Even the Premier has stopped believing the creative fiction of the Energy minister. The state of California has embarked on a no-holds-barred review of all aspects

of deregulation resulting, to no one's surprise, in the cancellation of deregulation itself. My question is to the Minister of Energy. Instead of the usual whitewash, will the minister heed the Premier's call and launch a no-holds-barred, fully independent commission on the failure of the government's power deregulation scheme?

The Speaker: The hon. minister.

Mr. Smith: Well, thank you, Mr. Speaker. I think there was a movie once where it was asked: what about Bob?

Mr. Speaker, deregulation is a serious topic. It's been a topic that's been around Alberta for a great, great length of time. It has delivered 3,000 megawatts' worth of new generation. It has delivered in some parts of Alberta lower prices than they had under regulation and in some parts higher prices. It has also delivered new investment and alternate ways of powering up Alberta: green power, wind power, cogeneration. It recognizes the unique fabric of Alberta. This is a competitive, open market process. It is subject to inquiry every day. Any independent inquiry, any suggestion from anybody, any suggestion even from the opposition is listened to. I mean, why not? This is an open process.

Mr. Mason: Then, Mr. Speaker, why is the minister refusing to listen to groups like the Rural Utilities Association, who are telling the government that deregulation has failed, is driving up costs, and that it's time to reverse course?

Mr. Smith: Well, Mr. Speaker, I'll be meeting with the rural electrical associations on the 14th. I've met with the rural gas co-ops. We have worked very hard and the Member for Grande Prairie-Smoky and the Member for Edmonton-Castle Downs have worked for two years on issues with respect to rural electrification. These REAs use 54 megawatts in an 8,000-megawatt grid, but they still do it better than anybody else and should be recognized for that.

As I say, this process is ongoing. There are lots of ways to have new debate, new discussion, and it's being done in an open, transparent fashion as we put forward the three pillars of electrical policy in Alberta: an export policy, a market policy, and now a transmission policy.

Mr. Mason: Mr. Speaker, what does the minister have to say to the REAs, rural municipalities, and gas co-ops who told the standing policy committee yesterday that there are 24 new bureaucracies which have been created to try to make deregulation work and are in fact driving electricity prices even higher?

Mr. Smith: Mr. Speaker, Bill 3, the Electric Utilities Act, took the number of regulations from 38 to 22. That reduction is consistent with this government's priority of reducing regulations. We have also consulted throughout this process. There has been the business advisory group. They have been an important part of the group. The EUB has had an electrical advisory group. This government has had an electrical advisory group. There has been substantial, meaningful monthly consultation. There's active consultation on the web site, active consultation on the Power Pool. In fact, at the end of this year the price of electricity, if it remains the same in the Aquila network, with the same regulated rate option, will drop 50 percent when the rate riders terminate for the purchase of 2000 and 2001 electricity.

The Speaker: The hon. Member for Edmonton-Meadowlark, followed by the hon. Member for Edmonton-Mill Woods.

Early Learning Programs

Mr. Maskell: Thank you, Mr. Speaker. The new Medicine Wheel Early Learning Centre in Calgary, which I visited Friday, prepares native and Métis children aged three and a half to six for entry to elementary school. Learning centres ensure that children, especially those at risk, are ready for grade 1 and that they will be reading by the end of grade 3. My first question is to the Minister of Learning. Would the minister tell us if this type of program, early learning centres, will be expanded in Alberta for all at-risk children?

The Speaker: The hon. minister.

Dr. Oberg: Thank you very much, Mr. Speaker. The Medicine Wheel Early Learning Centre is a program that is funded by Health Canada and Children's Services. It is in the experimental phase now, but the actual results are looking extremely promising. We will be looking at whether or not these can be extrapolated into other areas of the province, but the initial understanding is that it is very good.

Thank you.

Mr. Maskell: Mr. Speaker, my supplemental question is to the Minister of Aboriginal Affairs and Northern Development. Would the minister tell the House how this initiative ensures that our aboriginal youth get the right start in life?

The Speaker: The hon. minister.

Ms Calahasen: Thank you very much, Mr. Speaker. As we all know, successful early learning is critical for any child and more specifically aboriginal children to find their own place in aboriginal society and society generally. This government is committed to promoting and supporting lifelong learning and opportunities for aboriginal people. Recognition of an aboriginal child's culture is important to the understanding of their personal identity, their roots, and of course the cultural community. Such recognition in respect of a child's culture can actually only lead to an increase of their self-esteem and dignity, and that's why this specific program was really important, because it's unique. It actually teaches the language of Michif, which is Métis and a language that has been sort of outdated. So this is very important, because the kids learn their own language, and it's only through language that we learn our culture.

The Speaker: The hon. member?

The hon. Member for Edmonton-Mill Woods, followed by the hon. Member for Calgary-Fort.

Calgary Board of Education

(continued)

Dr. Massey: Thank you, Mr. Speaker. Eight billion dollars squandered on reckless electricity deregulation while the Calgary board of education is forced to cut programs, teachers, and increase class sizes: it just doesn't make any sense. My questions are to the Minister of Learning. Will the minister explain to parents in Calgary why they must lose their early literacy teachers?

Dr. Oberg: Well, Mr. Speaker, again, what the Calgary board of education is looking at is decreasing the number of teachers in their particular jurisdiction through attrition. Whether or not they will be able to do that is very difficult to say at this time. They have put forward a preliminary budget, and indeed in their preliminary budget they have stated that there is a shortfall of \$32 million. This is on

top of the \$17 million that we have put into the system. This is on top of a decrease of 500 to 700 students that are presently within the system. We will be working with them to ensure, as the hon. member has asked, that programs such as early literacy, which are very good programs, very essential programs, are not affected by what they do. I know that the chairman of the Calgary board of education as well as the total board is one hundred percent committed to education, and I'm sure that they will be able to find a way to deal with it.

Dr. Massey: Again to the same minister, Mr. Speaker: will the minister explain to those students in one Calgary high school how losing 15 of their teachers will improve their learning? Fifteen of them.

Dr. Oberg: Mr. Speaker, again, it's very hard for me to say specifically whether there are 15 teachers or whatever from whichever high school he is talking about. Again, it is up to the Calgary board of education to determine what will happen within their school jurisdiction, and that's what I respect.

The Speaker: The hon. member.

Dr. Massey: Thank you, Mr. Speaker. Again to the minister: will the minister explain to continuing education students at Chinook College why their programs are under threat?

Dr. Oberg: Mr. Speaker, that's a very interesting question because the Chinook College does not have a mandate under the Colleges Act to run courses for adults. Under the School Act it is not permitted, so we are looking at this exact thing. As a matter of fact, there will be some legislation tabled a little later on this week that will deal with the usage of the term "college," for example. On the difference between Chinook College and Metro Community College in Edmonton, which are both doing a similar thing, my understanding, which again is very preliminary, is that Chinook College is actually running at a profit of about \$500,000 per year. So we will have to take a look at this very carefully and see exactly what is happening there.

The Speaker: The hon. Member for Calgary-Fort, followed by the hon. Member for Edmonton-Gold Bar.

Highway Maintenance

Mr. Cao: Thank you, Mr. Speaker. Recently I received a complaint and a few suggestions from a constituent of mine about his experience on the highway after the snowstorm of the weekend before last. Given that road maintenance is directly related to the safety of Albertans and also to an economic flow of goods and services, my question today is to the hon. Minister of Transportation. Can the minister explain how he ensures that the road maintenance program, particularly the snow clearing on highways, is administered efficiently and effectively?

2:00

The Speaker: The hon. minister.

Mr. Stelmach: Well, thank you, Mr. Speaker. The highway maintenance in the province is administered through maintenance contracts. There are nine specific areas. Essentially, what happens is there's an agreement between the contractor and Alberta Transportation to carry out various maintenance duties, including snow

removal, through the contracts. These contracts are monitored by Alberta Transportation personnel. As well, part of the responsibility of the contractor is to monitor not only weather but the road conditions with their own personnel, and then there's a clause in the contract that within the hour they're to have their snowplow trucks out on the highway as quickly as possible.

The Speaker: The hon. member.

Mr. Cao: Thank you, Mr. Speaker. My last supplemental question is to the same minister. In the case of very bad weather conditions what measures does the minister have to restore the transportation flow?

Mr. Stelmach: Mr. Speaker, the hon. member raises a very good question with respect to a test that we've been put under in this province with this previous week's snowstorm and especially the stubborn system that refuses to move. We rely on a number of individuals to provide information as to when the proper time is to close a highway. We consult with the RCMP, our maintenance contractors, and also our own staff monitor the situation, and it's up to us to make the call.

In respect to the situation that we faced, we're going to be consulting with all of the individuals involved to see if we perhaps waited too long to close certain sections of the road. I know that what happened in the first instance is that there were too many vehicles on the road that impeded the movement of all of the maintenance equipment and, as a result, backed up a fair amount of traffic from one community to another. So we're going to again reassess the situation. We're going to learn from it.

In terms of the equipment out on the road and the number of pieces of equipment compared to what we had prior to taking over all of the secondaries, the amount of equipment is greater in number, but it's a matter of ensuring that that equipment is at the right place at the right time and also finding a good, quick, easy policy as to when to shut a highway down appropriately for safety reasons.

Electricity Transmission Development Policy

(continued)

Mr. MacDonald: Mr. Speaker, random acts of political tinkering make for a fragile investment environment in Alberta's deregulated electricity market. The proposed Alberta transmission development policy nullifies the regulatory process stakeholders have been engaged in over the past four years and appears to be a resounding vote of nonconfidence in the AEUB. My first question is to the Minister of Energy. What are the total transmission tariffs on an annual basis that will now be recovered from customers across Alberta?

Mr. Smith: Mr. Speaker, I don't see any reason why it would be any different than what it was before, but if he wants an exact dollar number, we're more than pleased to take that question under advisement.

The Speaker: The hon. member.

Mr. MacDonald: Thank you, Mr. Speaker. Again to the same minister: given that an additional \$266 million will be added annually to the bills of customers, how much more will be added to their bills to pay for any new transmission infrastructure?

Mr. Smith: Well, Mr. Speaker, this is exactly the type of speculation

that occurs that makes it impossible for this issue to be easily and clearly understood by the public. In fact, if a transmission line is to be built, then that transmission company goes to the EUB and they apply for the right to build a transmission line. This is determined by the new Alberta independent electrical system operator. The EUB then rules on it, and then the company, ATCO, AltaLink, would start to build the transmission line.

Once the line is constructed and interconnected with the grid, then an application is made to the EUB to include the costs in the rate base. At that time, the EUB assesses the cost and approves the reasonable costs into the rate base. Then the ISO, independent system operator, adjusts the tariff to all its direct serve customers, including distribution companies. Distribution companies adjust their tariffs to end customers. Customers, consumers, do not start paying until the line is constructed and included in the rate base. So if the Energy and Utilities Board gives approval to build a 500-kilovolt transmission line from Edmonton to Calgary and the line is not completed until 2008, customers do not begin to pay for it until the year 2008.

The Speaker: The hon. member.

Mr. MacDonald: Thank you, Mr. Speaker. Again to the same minister: will the Department of Energy be reimbursing all those who spent millions of dollars of their money in research and time as intervenors before the EUB now that you have overruled the decision from last November regarding the transmission policy in Alberta?

Mr. Smith: Mr. Speaker, the member has not listened to the response that I gave in *Hansard* a week ago Thursday. He has not listened to the questions that I answered yesterday. He did not listen to the discussion of the estimates that I gave for some two hours plus yesterday. This government has not overruled an EUB decision. This government has reflected a change in transmission policy that makes it exceedingly clear and exceedingly easy for consumers, generators, and all Albertans to understand that we want to do three things. One, we want to have an export policy that allows new generation. Once it's used in Alberta and there's a surplus, there's an exit portal. Secondly, a market policy that ensures fairness and transparency in electricity marketing and consumption in this province. Lastly, a transmission policy that allows the lowest overall cost generation, which is four to five times more expensive than transmission, to be able to come into service and to service Albertans at a low-cost best electricity service – no blackouts, ample supplies of power – in this marketplace.

The Speaker: The hon. Member for Vermilion-Lloydminster, followed by the hon. Member for Edmonton-Riverview.

Gun Registration Prosecutions

Mr. Snelgrove: Thank you, Mr. Speaker. Manitoba recently confirmed its prosecution policy directing Crown attorneys not to prosecute any firearm registration offences issued under either the Firearms Act or the Criminal Code. Manitoba's Attorney General, Gord Mackintosh, has stated, "It is not in the public interest to prosecute offences that are trivial in nature and do not enhance public safety." My question is to the Attorney General. How closely does this reflect the Alberta government's position?

Mr. Hancock: Well, Mr. Speaker, I'm pleased to say that the Alberta government's position is very close to that taken by

Manitoba in April. Alberta has very strongly opposed gun registration laws from the federal government right through the piece, including leading the charge and taking it to the Supreme Court of Canada. We do not believe that the law is effective. We believe that there are better uses for the money, and if we want to reduce the use of guns in the commission of offences, we could use the resources that the federal government is wasting on the gun registry far better with enforcement through the police on true crimes and by taking things through a court system that would be enhanced and made more effective with the use of more resources.

Mr. Snelgrove: Mr. Speaker, my first supplementary to the same minister. Manitoba has also clearly stated that the federal government is responsible for the prosecution of these offences, and if the federal government declines to prosecute, Manitoba will stay these charges on the basis that prosecution is contrary to the public interest. Is that the position of the Alberta government?

Mr. Hancock: Well, our position is very close to that, Mr. Speaker. We, in fact, wrote to police agencies across the province in January indicating to them that if they were to engage in enforcement of the gun registration laws, we would prefer that where possible they lay any charges under the federal Firearms Act rather than under the Criminal Code. We further expect that the federal prosecutors, the federal government will handle any prosecutions relating to their federal Firearms Act, and we would expect that they would handle any prosecutions with respect strictly to registration offences under the Criminal Code. We have, however, indicated that where a charge was laid in conjunction with other criminal offences, we would be prepared to prosecute in that circumstance.

2:10

Mr. Snelgrove: My second supplementary, to the Minister of Sustainable Resource Development, Mr. Speaker. "The primary responsibility of Manitoba Conservation is the management of the province's natural resources, not to waste time and energy enforcing ineffective federal laws," said Manitoba Conservation minister Steve Ashton. "Manitoba Conservation officers will not administer . . ."

The Speaker: Hon. member, are you making a statement, or do you have a question?

Mr. Snelgrove: Oh, I have a question. Sorry. "Manitoba Conservation officers will not administer or enforce long gun registration laws. Officers checking firearm users in the field . . ."

The Speaker: Thank you very much. Thank you very much.

Magnetic Resonance Imaging

Dr. Taft: Mr. Speaker, reducing wait lists for MRIs is not simply a matter of spending more; it's also a matter of managing demand. Earlier this week the Minister of Health and Wellness indicated that "we have to be asking whether or not [MRIs are] being used properly, and that is something that we plan on investigating." The minister said that two committees could be involved in this process: the expert panel and the utilization and outcomes commission. My questions are to the Minister of Health and Wellness. Can the minister tell us if clinical experts on MRIs are advising these two committees, and if so, who are these experts?

Mr. Mar: Mr. Speaker, work has not yet been commenced by either of these committees on this important subject. We've had a number

of other issues to deal with, but it would be my intention at some point to retain the advice of experts in the area of what would be an appropriate scan rate for important diagnostic tools. For example, we do have a diagnostic imaging committee that is providing us with some advice. There are, of course, radiologists on that committee. They would also accept advice from other health care professionals.

I should say, Mr. Speaker, that if an individual needs an MRI on an urgent basis, that's not an issue in this province. They get it immediately, but I think that there are appropriate questions to be asked for less serious requirements for MRIs and whether or not such an MRI in fact provides any diagnostic information that is important in the treatment of an individual's condition.

Dr. Taft: The minister has touched a key point here. Given that radiologists who are investors in private MRI clinics are heavily marketing their MRIs to physicians and patients, can the minister tell us who is responsible for ensuring that this marketing does not needlessly drive up demand for MRIs?

Mr. Mar: Mr. Speaker, I think it's entirely appropriate that individuals who are experts in matters such as radiology should be on the committee. I think that these individuals are professionals. I think that they have the best interests of patients at heart. I think that it is entirely possible to look at the information which is available objectively, and if the instructions given to them are to do so on the basis of sound information for what actually helps, they can do so without any reference to their own personal interest.

Dr. Taft: The minister is going to lose control on this one.

Will the minister ensure that those individuals who are responsible for ensuring that MRIs are utilized appropriately are not also involved in private, for-profit diagnostic companies? Conflict of interest is not acceptable.

Mr. Mar: I can say, Mr. Speaker, that whoever has been selected for any of our committees are always people of the very finest character.

The Speaker: The hon. Member for Edmonton-Strathcona, followed by the hon. Member for Cardston-Taber-Warner.

Calgary Board of Education

(continued)

Dr. Pannu: Thank you, Mr. Speaker. Yesterday the Calgary board of education outlined just how devastating the sorry Tory budget will be for a hundred thousand students, nor is the CBE alone. In the next few weeks school board after school board across the province will outline the same grim scenario. To the Minister of Learning. I ask the minister what CBE chair Gordon Dirks asked yesterday, namely:

How can it be that the Provincial Government which dramatically cut education funding ten years ago, and is now in the best fiscal position in decades, would so under-fund the CBE that it will again have to implement massive cuts?

Dr. Oberg: Well, Mr. Speaker, 10 years ago, in 1994 I believe it was, the budget for education dropped approximately 4.3 percent. If you remember the time frame, all the other budgets in this government dropped anywhere from 10 to 20 percent, some even a little bit higher. Education was spared at 4.3 percent. Since that time in 1995 we have seen a 57 percent increase in the amount of dollars that have gone into education. We have seen a corresponding increase of about 6 to 7 percent in actual enrollment. Even when you add in inflation and cost of living, we're still about 19 percent

above what those two figures show. Again, when it comes to the Calgary board of education, they are receiving \$17 million more than they did last year for roughly 500 to 700 fewer students.

Mr. Speaker, when you take a look at what is happening across Canada, we're probably the only jurisdiction in Canada that is putting that much money into their education system. We've put in large amounts over the last four years and will continue to value education by putting amounts of money in. But it is not an endless purse where you simply write a cheque and the amount of money comes through.

The Speaker: The hon. member.

Dr. Pannu: Thank you, Mr. Speaker. Another question from Mr. Dirks to the minister: how can the provincial government state, on the one hand, that excellence in learning continues to be a top priority and, on the other, make decisions that result in a dramatic loss of teaching and support staff in CBE schools?

Dr. Oberg: Again, Mr. Speaker, the budget at the CBE is preliminary. I'll say it for the fourth or fifth time today: they received \$17 million more for 500 to 700 fewer students. It's a significant amount of dollars. We're going to work with the CBE and find out exactly where those dollars are going and what they're choosing to do.

The Speaker: The hon. member.

Dr. Pannu: Thank you, Mr. Speaker. My second supplemental to the minister. A question from Mr. Dirks again from yesterday: why would the provincial government make budget decisions that have a massive negative impact on the CBE before it receives the Commission on Learning report?

Dr. Oberg: Well, Mr. Speaker, the funny thing about this Legislature is that you have to table a budget. In this budget we saw the second highest increase in dollar amounts of any department in this government. We increased by approximately 4.9 percent. My total budget was increased by that amount, which is quite dramatic. It's quite a large amount of money. The K to 12 system alone went up by some 171 million dollars.

Just to remind the hon. member, those dollars are not made in a back room; those dollars come from taxpayers. We have to be good stewards of taxpayers' dollars, and we have to be prudent when it comes to giving out taxpayers' dollars.

The Speaker: The hon. Member for Cardston-Taber-Warner, followed by the hon. Member for Edmonton-Glenarry.

Electricity Rate Riders

Mr. Jacobs: Thank you, Mr. Speaker. Some of my constituents continue to express concerns about the charges appearing on their electricity bills, in particular rate rider charges. It is my understanding that rate riders were not collected in 2000 and 2001 due to a price collection limit put in place by the government, but they have since been approved by the EUB to recover the shortfall in deferred electricity account balances. My first question is to the Minister of Energy. How can customers avoid having deferral charges on their bills, and how long can customers expect to see rate rider charges on their bills?

Mr. Smith: Mr. Speaker, that's an extremely good question. Rate riders are a throwback from the old regulated system. After the

passage of Bill 3, when people go to EPCOR, Enmax, or Direct Energy, they can buy contract electricity. When they make those contract purchases in the competitive market model, they will not be subject to rate riders. So in the future the majority of rate riders in the unregulated market system will be gone forever.

With respect to the specific member's area, I would advise the member that under the regulated system in the year 2000 for residences and for farms there was about a six and a half or seven-tenths of a cent rate rider added to the bill for electricity used in the year 2000 and not paid for. In 2001, Mr. Speaker, the rate in the member's area was 2.5 cents for residential and 2.48 cents for farms. These represent about half of the charge of electricity on your bill today, because his regulated rate is about 6.12 cents.

So these rate riders are on the bills until the end of 2003, December of 2003, five or six months from now, at which time there will be the end of rate riders on the EPCOR/Aquila bills as we know them today.

2:20

Mr. Jacobs: To the same minister: how are the amounts of these rate riders determined?

Mr. Smith: Well, again, Mr. Speaker, it's a throwback to the regulated system that we have left. There is a regulated rate that Aquila and EPCOR applied to the EUB for. That was approved. That regulated rate, then, in excess electricity priced above that rate is collected a year after. So if you have a contract, if you have a long-range agreement, you will not be subject to a rate rider. The rate riders are then calculated through the EUB. With Bill 3 passing, any rate riders will go through the EUB, whether it be Cardston-Taber-Warner, Calgary, or Edmonton.

Mr. Jacobs: My final question to the same minister: what is being done to reduce these rate rider charges?

Mr. Smith: Again, an extremely important question, Mr. Speaker. In the future once consumers decide to purchase electricity on a contract basis, on a long-term basis, or however they feel they want to purchase it, they can do so and then avoid any rate riders. This is the great option that a deregulated market gives customers. It gives them their own price discovery. They can in fact negotiate agreements where they can combine gas and electricity. They can combine perhaps furnace cleaning services with it. So they can budget, and they can determine what's affordable for them and how they want to pay for it.

Heritage Savings Trust Fund Investments

Mr. Bonner: Mr. Speaker, on March 19, 2003, the United States Federal District Court ruled that a lawsuit brought forward on behalf of the Sudanese against Talisman Energy will stand. As a result of this decision, Talisman Energy may be responsible for hundreds of millions of dollars in damage. As of March 31, 2002, the heritage fund held over 245,000 shares in Talisman Energy Inc. that were valued at \$16 million. My questions are to the Minister of Revenue. Given that this lawsuit against Talisman Energy may result in the value of our fund declining, why does the heritage fund still have Talisman shares?

The Speaker: The hon. minister.

Mr. Melchin: Thank you, Mr. Speaker. With respect to our investments, we have consistently maintained as a policy of investing that we do invest in the broad markets. The indices, for example, the

TSX: Talisman would be one of the major companies listed on that, and as such we would hold shares of Talisman. Talisman continues to meet all the regulatory requirements. They are a reputable company. Actually, we have done quite well with respect to the Talisman investment.

Mr. Bonner: Some would say that this is blood money, Mr. Speaker.

Why won't this minister protect Alberta's heritage fund given that Talisman Energy could stand to lose hundreds of millions of dollars over this lawsuit?

The Speaker: That's highly speculative, and I don't know how anybody can respond to a question on the future of the market, so please proceed with your third.

Mr. Bonner: It would be risk management, Mr. Speaker.

My final question to the minister: what checks does this minister have in place to ensure that the heritage fund is not involved in risky investments like the one with Talisman Energy given that the heritage fund has billions of dollars invested in thousands of companies?

Mr. Melchin: Mr. Speaker, I would like to first mention that all of the preamble was based on a lot of assumption, a lot of speculation, a lot of ifs, whereas the facts have all demonstrated over time that this company has continued to meet all the requirements.

Remarks such as "blood money" I find quite slanderous really. As I've said many times before, it's easy to take a company and make slanderous accusations, innuendos, and not have any evidence to actually bring forward. If they have some evidence, please bring it forward through the appropriate securities regulations.

The Speaker: The hon. Member for Edmonton-Calder, followed by the hon. Member for Edmonton-Castle Downs.

American Sign Language Program

Mr. Rathgeber: Thank you, Mr. Speaker. Many Albertans currently suffer from hearing impairment, and Grant MacEwan College offers the only program on the prairies where individuals can be trained to perform deaf interpretation. My questions are for the Minister of Learning. Has a decision been made regarding the future of the deaf interpretation program at Grant MacEwan College?

The Speaker: The hon. minister.

Dr. Oberg: Thank you very much, Mr. Speaker. It is true that Grant MacEwan has recently requested that the sign language program be canceled within their institution. I want to assure the students that are in the existing program that their courses will be allowed to finish. They have looked and seen that the amount of enrollment has gone down quite significantly. Another issue has been that the number of students from outside the province of Alberta has increased in proportion. We are currently taking a look at exactly whether or not this program will continue, but Grant MacEwan has done a very good assessment of the program and have concluded that they do want to get out of this program.

Mr. Rathgeber: To the same minister: as there are no other available programs in the prairie provinces, where does the minister expect deaf interpreters to be trained?

Dr. Oberg: Well, Mr. Speaker, there are programs available at the University of Alberta, at Medicine Hat College, as well as at Grant MacEwan in part-time courses, in evening courses, and indeed including some noncredit courses. As with any program the enrollment has to be there and particularly with this program. So we are looking at other alternatives. We realize that it's something that is extremely serious, but there does have to be the interest from students to take this program in order for it to continue. We cannot just have a program with very few people in it.

The Speaker: The hon. member.

Mr. Rathgeber: Thank you, Mr. Speaker. Can the minister advise what consultation, if any, has been made with the deaf community regarding the decision to cancel this program?

The Speaker: The hon. minister.

Dr. Oberg: Thank you, Mr. Speaker. I cannot advise directly, but I will say that I will talk to Grant MacEwan specifically on this project. Grant MacEwan is the one who has done the consultations. They forecast that in the future the enrollment is going to decrease even more. I believe that Grant MacEwan has consulted the deaf community, but I will certainly take it upon myself to find out exactly who in that community they have consulted with.

The Speaker: The hon. Member for Edmonton-Castle Downs.

Municipal Policing Review Report

Mr. Lukaszuk: Thank you, Mr. Speaker. Over the last few weeks in Edmonton we had several gang-related murders, and unfortunately the last one took place in front of children playing. I'm not surprised that it happens, as a majority of Alberta's parolees and almost 50 percent of Alberta's high-risk offenders are released in Edmonton. My questions are to the Solicitor General: when do you expect to implement the recommendations of a recently published policing review report, which addresses many of the issues relevant to improving municipal police operations?

The Speaker: The hon. minister.

Mrs. Forsyth: Thank you, Mr. Speaker. I appreciate the hon. member's questions. In the member's preamble he talks about the high number of parolees that we are seeing in our communities, and the member is absolutely right. Edmonton seems to attract these high numbers of parolees because of the federal institutions that we have in our area. I'd like to let the member know that we recently have done an initiative with Edmonton police where we are providing them with a full-time probation officer from our department working with the department's high-risk program that they have established. We have also been very diligent on pushing the federal government to provide us with two full-time parole officers.

Mr. Speaker, the member alludes to recommendations from the policing report, and I think the one he's referring to is one that relates to Alberta communities wanting equitable funding. Yes, I support that concept outlined in that recommendation, but equitable policing does not mean equal. Each community has a very different policing need. Yesterday I told the hon. member from across the way that policing is a very complicated and complex matter, and there's no consensus about equitable funding that can be achieved, with the issue of balancing local autonomy with who pays and addressing the policing needs of that particular community.

Mr. Speaker, as I mentioned yesterday, I have met with the AUMA and the AAMD and C, and I have asked them to work with my department and consult with each other and come back to me with recommendations on how we can achieve this.

2:30

The Speaker: The hon. member.

Mr. Lukaszuk: Thank you, Mr. Speaker. My second supplemental for the same minister: will any of the \$2.4 million that are now dedicated from her department for Criminal Intelligence Service Alberta, also known as CISA, find its way to local police departments for the purposes of eradicating organized crime?

Mrs. Forsyth: Absolutely, Mr. Speaker. We've done that in the past, and we'll continue to do that in the future. More important is that all of the \$2.4 million that we provide to CISA is used to combat organized crime, and organized crime has no boundaries. CISA gathers, analyzes, and shares criminal intelligence among the police services, and it helps fight organized crime both locally and across the province by funding joint-force operations in organized crime. They have had a number of successful joint-force operations against organized crime in Alberta, and they are now before the courts. CISA also provides equipment and technology to help police services conduct joint-force operations.

Mr. Lukaszuk: My last supplemental, Mr. Speaker, to the same minister. Will the Solicitor General implement any measures aimed at eliminating duplication of services and lack of collaboration between local municipal police services?

Mrs. Forsyth: Mr. Speaker, yes, we will. One of the things that we're doing now is through CISA, which we talked about previously. We want to eliminate silos and the duplication of services across this province by co-ordinating the efforts of police services across this fine province of ours. Another aspect of duplication of services is in the area of training. I'm looking at recommendations to establish a centre of excellence in police training. We're also in the final ends of developing common police standards in this province. I think it's important to get the police partners talking about opportunities for co-ordination and sharing the successes that they've had in operations, sharing them across this province with other police departments.

The Speaker: Hon. members, might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**

(reversion)

Mr. Lougheed: Mr. Speaker, I'm pleased to introduce today community members from communities that were involved in a notification program development northeast of Edmonton. With us in the gallery today are Ken Hodgins, mayor of the city of Fort Saskatchewan; Brian Parker, representing Strathcona fire department; Helmut Hinteregger, Sturgeon county; Roy Bryks, Lamont county; Bill Nimmo, town of Gibbons; Fred Pewardchuk, town of Lamont; Calvin Eyben, chair of the Northeast Region Community Awareness Emergency Response; and Dave Onuczko, the executive director of the Northeast Capital Industrial Association. They're in the members' gallery. If they would rise, please, and be recognized by the Assembly.

head: **Recognitions**

The Speaker: The hon. Member for Calgary-Currie.

The Computer Shop

Mr. Lord: Thank you, Mr. Speaker. Today I rise to recognize yet another success story in Calgary-Currie. The Computer Shop, located in the Marda Loop, is the oldest retail computer store in the world. It was first opened back in 1976 when they'd barely invented pocket calculators by two rebels named Austin Hook and Garry Haggins, who wanted to bring microcomputer use to the masses, thus wresting control away from the technological priesthood of those days.

These days the Computer Shop mostly operates in cyberspace, and thousands view Austin and now his dot-com gaming guru son Andy Hook as virtual computer gods. This is because Austin is at the very forefront of one of the new millennium's most intriguing intellectual battles, which is pitting the energies of thousands of worldwide independent programmers against the new dominant corporate monopolies of our times. Austin is one of the leaders of the Calgary-based worldwide project known as the OpenBSD software movement, which has developed the world's most impregnable operating system and is being used by 30,000 institutions worldwide, including the U.S. military. Microsoft, look out. History is happening every day in Calgary-Currie.

The Speaker: The hon. Member for Edmonton-Centre.

National Hospice Palliative Care Week

Ms Blakeman: Thank you, Mr. Speaker. "Every Canadian has the right to die with dignity, free of pain, surrounded by their loved ones, in a setting of their choice." These words by the executive director of the Canadian Hospice Palliative Care Association are words to live by. Here in Edmonton we have a long and proud leadership in palliative care.

The week of May 5 to 11 is National Hospice Palliative Care Week, and this week it focuses on the volunteer caregiver. Right now one person in 10 is caring for someone with a long-term illness, and before long one in four baby boomers will be dealing with end-of-life issues and offering support to a loved one who is dying. Caregivers need to know that they are not alone and that support does exist for them. One agency in Edmonton is the Pilgrim's Hospice Society, which is this city's only voluntary freestanding hospice. It operates currently without any government funding. Eighty percent of us want to die at home, so help to make hospice palliative care the final gift we can offer our loved ones.

Thank you.

Safety Call-out Program

Mr. Lougheed: Mr. Speaker, I'm pleased to rise today in this Legislature to acknowledge a joint initiative involving more than 40 organizations in nine municipalities. It's a program that improves safety communication with residents about industrial activities by providing a call-in information line and a call-out notification system. This innovative program combines the best of technology with a common set of guidelines to help industries and municipalities meet the information needs of the public. The call-out system can simultaneously telephone hundreds of residents.

Two organizations, the Northeast Region Community Awareness Emergency Response and the Northeast Capital Industrial Association, worked with the following mayors and reeves to make this happen. They are Ken Hodgins, city of Fort Saskatchewan; Vern

Hartwell, Strathcona county; Lawrence Kluthe, Sturgeon county; Roy Bryks, Lamont county; Dave Calder, town of Bruderheim; Bill Nimmo, town of Gibbons; Fred Pewarchuk, town of Lamont; Lloyd Bertschi, town of Morinville; and Brian Brigden, town of Redwater. I would ask all members of the Assembly to join me in recognizing this program, the first of its kind in Canada.

The Speaker: The hon. Member for Red Deer-North.

Armenian Genocide

Mrs. Jablonski: Thank you. Mr. Speaker, Adolf Hitler said, "Who remembers the Armenian genocide?" and then proceeded to methodically exterminate the lives of over 6 million people. Every year on April 29, Holocaust Remembrance Day, we remember these innocent victims.

On April 24 of every year another genocide is recognized, the massacre of over 1 and a half million Armenian men, women, and children by the Turkish government. While many justly condemn the horrific acts of extermination, I want to take a moment to remember and thank the Turkish people who chose to protect innocent Armenians from the brutal soldiers and their butcher battalions. My Armenian grandmother survived this genocide because of a Turkish family that raised her with love and kindness after her family was murdered. Mr. Speaker, our world survives these periods of terror because of just and kind people who have a great capacity to love one another.

Today I ask everyone to remember so that we can prevent future holocausts. And should another person in history ask, "Who remembers the Armenian genocide?" we can stand up and say, "We remember."

The Speaker: The hon. Member for Calgary-West.

Dave Rodney

Ms Kryczka: Thank you, Mr. Speaker. Fifty years ago Sir Edmund Hillary was the first man to ascend Mount Everest, the world's highest peak. Sir Ed, however, would rather be known for his extensive charity work in Nepal over the years. He is referred to as Godfather amongst the Sherpas.

Hillary's torch has been picked up and carried by many others, one being Dave Rodney, an Albertan and a constituent of mine in Calgary-West, who is the first and only Canadian to summit Mount Everest twice. Dave is a former educator on three continents and is now a professional speaker, filmmaker, writer, and humanitarian for numerous causes from local to international. Dave and his wife, Jennifer, have just returned from Nepal after successfully guiding 23 trekkers from six countries to Mount Everest base camp and beyond. The trekkers returned home with indeed some incredible life experiences, stories, and pictures.

Their second reason, though, for returning to Nepal was to do some work for their Top of the World Society, which is currently focusing on the Sherpa people who have also become very dear to them. Sherpa children will receive scholarships to become a doctor, dentist, teacher, or pilot and then return to their valley to benefit their own people.

Congratulations, Dave Rodney, for giving back to those who were an important part of your Everest success. Thank you.

2:40

Morinville Art Club

Mr. Broda: Mr. Speaker, today I rise to recognize the Morinville

Art Club. The club was formed and incorporated May 18, 1978. Since then fall, winter, and spring courses as well as workshops have been presented throughout the years. This past weekend the club celebrated its 25th anniversary. I was most impressed with the quality of local artists' productions as well as guest artist sculptures by Eduino Sousa and clay works by Mary Fetherston. Congratulations and thank you to president/treasurer Jeannine Chalifoux and all club members for their commitment to the arts and their community.

Thank you, Mr. Speaker.

The Speaker: The hon. Member for Edmonton-Riverview.

Postpolio Syndrome

Dr. Taft: Thank you, Mr. Speaker. For most Albertans the polio epidemic of the 1950s has become a thing for the history books. However, for hundreds if not thousands of people in Alberta, the lasting effects of polio are still a concern. Many who once had polio are now suffering from what is called postpolio syndrome. Postpolio syndrome is a condition that can strike polio survivors anywhere from 10 to 40 years after their recovery from polio. Symptoms include fatigue, slowly progressive muscle weakness, muscle and joint pain, and muscular atrophy.

Many postpolio syndrome sufferers in Alberta have looked to the postpolio clinic at the University of Alberta hospital for help, but because of a lack of funding and support this clinic may be closed as early as next month. Postpolio syndrome sufferers are scrambling to find new sources of revenue. It is our hope that those sources can be found. It is important that polio sufferers not be forgotten. While the disease may have been virtually eradicated, the long-term effects have not.

Thank you.

head: Tabling Returns and Reports

The Speaker: The hon. Minister of Human Resources and Employment.

Mr. Dunford: Thank you very much, Mr. Speaker. I have three tablings today. First is a response to the MLA for Edmonton-Glengarry on a question.

Second is a response to the Member for Edmonton-Gold Bar on a written question.

Thirdly is to table the 2002 annual report of the College of Alberta Professional Forest Technologists.

The Speaker: The hon. Minister of Infrastructure.

Mr. Lund: Thank you, Mr. Speaker. I rise today to file the required copies of Motion for a Return 9 regarding the Department of Infrastructure's policy on its contracting management process.

The Speaker: The hon. Minister of Economic Development.

Mr. Norris: Thank you, Mr. Speaker. I am tabling the appropriate number of copies of two publications from the Conference Board of Canada. One is called the Metropolitan Outlook, Winter 2003. The other is the Provincial Outlook, Winter 2003. They describe the current state of Alberta's economy and the outlook for its future.

The Speaker: The hon. Member for Edmonton-Centre.

Ms Blakeman: Thank you very much, Mr. Speaker. I'd like to table

the appropriate number of copies of a document entitled Principals' Understandings Concerning the Effects of Small Grade One Classes and Instructional Improvement. This paper was submitted to the *Journal of Educational Administration and Foundations* by its authors, Dr. José da Costa, Dr. Margaret Haughey, and Dr. Fern Snart.

Thank you.

The Speaker: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Speaker. I rise to table five copies of a statement by Gordon Dirks, chair of the board of trustees, Calgary board of education, 2003-04 preliminary operating budget. This is the document from which I drew the questions that I asked in question period today.

Thank you.

head: **Statement by the Speaker**

Motions Under Standing Order 30

The Speaker: Hon. members, before proceeding to Orders of the Day, I wish to make a statement with respect to the notice requirements under Standing Order 30. This will be of particular interest to the three House leaders. Standing Order 30(1) states in part:

Any member may request leave to move to adjourn the ordinary business of the Assembly to discuss a matter of urgent public importance of which written notice has been given to the Speaker at least two hours prior to the sitting of the Assembly.

The chair interprets this provision to mean that the member must provide the Speaker's office with notice of the subject matter of urgent public importance, not just notice that the member will be raising some as of yet unstated or undetermined matter that afternoon.

The chair expressed some concern about inadequacy of notice in respect to notice from the then Leader of the Official Opposition concerning a Standing Order 30 application on November 14, 2000, at page 1845 of *Hansard* for that day. The defect in the notice on that occasion was corrected before the matter was raised in the Assembly.

This interpretation of the notice provisions is in keeping with the interpretation of the similar Standing Order in the Canadian House of Commons. *Marleau and Montpetit* at page 585 state:

Any Member, be it a private Member or a Minister, who wishes to move the adjournment of the House to discuss a specific and important matter requiring urgent consideration must give the Speaker written notice of the matter he or she wishes to propose for discussion.

Given that the chair must rule on whether the application for leave to set aside the business of the Assembly is in order, it only makes sense that there should be some indication as to the subject of the purported urgent and pressing matter.

The chair gives fair notice to all members today that in the future not meeting the requirement of sufficient notice will cause the application to be ruled out of order before it is presented.

Thank you.

head: **Orders of the Day**

head: **Committee of Supply**

[Mr. Shariff in the chair]

The Deputy Chair: Hon. members, we'll call the committee to order.

head: **Main Estimates 2003-04**

Agriculture, Food and Rural Development

The Deputy Chair: The hon. Minister of Agriculture, Food and Rural Development.

Mrs. McClellan: Thank you very much, Mr. Chairman. I am pleased to present the estimates for the Department of Agriculture, Food and Rural Development this afternoon. I look forward to questions from my colleagues in the Legislature.

I would like to take this opportunity to introduce some of my very, very talented staff in Alberta Agriculture. Maybe they could just stand as I introduce them, and people that aren't familiar with these fine people could meet them. So I'll start with Brian Manning, our deputy; Faye Rault, executive director of administration. Faye is not brand new but relatively new. Les Lyster, well known I think to most of us, assistant deputy minister for sustainable agriculture; Ken Moholinty, Super Moho, assistant deputy minister for planning and competitiveness, and if you don't know why I call him Super Moho, come over to the department when we have our next fund-raiser and you'll see him. Brian Rhiness. If you come for a fund-raiser you may see him in one of his roles as assistant deputy minister for industry development, particularly for the hog industry, and Brian looks very good in pink. We have Krish Krishnaswamy, who is vice-president of finance, Agriculture Financial Services Corporation. We have Terry Willock, director of communications; Jeff Haley, a special policy adviser from my office; and I believe that Maureen Osadchuk, whom many of you know, will join us when she returns from the dentist.

2:50

I'm pleased to have this opportunity to very quickly review some of the activities of the department. The past two years have been quite interesting for our industry. We've suffered the effects of extensive and severe drought. We've had other challenges, but the hard work and very smart business decisions on the part of our industry, along with some support from various levels of government, I believe have helped the industry position itself for a full and complete recovery.

I will remind our colleagues of the value of this industry to our economy and to our rural landscape. Last year the primary and value-added sectors contributed \$8.2 billion and \$9.8 billion respectively to the provincial economy. Of course, our long-term vision many of you have heard now, 20-10 by 2010, is \$20 billion in value-added activity and \$10 billion in primary production by 2010. Obviously, when we're at \$8.2 billion, the \$1 billion is probably not as hard to achieve over the next years. Last year's drought put a little bit of a blip on our radar screen maybe on the value-added, but we know that this industry will do everything it can to achieve this opportunity, and 2003 will be a year of opportunity for our industry.

We're going to focus in our department on the business development needs of agriculture, ways to help our producers and our processors become more profitable. We're going to of course increase our focus on value-added ag entrepreneurship and attracting investment into our province, and we're working very closely with industry partners to implement the agriculture growth strategy and a very important initiative, the agricultural research and innovation strategy, to help our industry position itself for the future. There is no question that research has assisted our industry in the significant growth it has enjoyed.

The rural development initiative has been very well received across the province. I want to applaud my two colleagues, the

Member for Innisfail-Sylvan Lake and the Member for Wainwright, for the commitment they have made to covering this province as much as possible to listen carefully to communities as to where they see their opportunities and to identify challenges to reaching their full potential in this industry. Certainly, we're well on our way to completing a rural development strategy, and we're working with our other provincial ministries as well as the federal government on this initiative. There is no question; nobody would, I think, debate that small business and the agriculture industry are very strong contributors to our provincial economy, maybe especially in rural Alberta, but when we're in the capital region, as we are today, we could be reminded that there are about a hundred companies in this region who export food products to over a hundred countries in the world, and that is just this particular area here.

Ag Financial Services have done an outstanding job in working with our producers and our industry through these challenging times, and they will continue to build on the synergies that have been created by merging their operations with Alberta Opportunity Company. I believe that merger has gone very smoothly. They have worked very hard to ensure that all of the customers and potential customers understand that it is continuing to offer commercial lending where it's appropriate, to deliver very meaningful and unique financial services that are not readily available from alternate sources, and of course they will maintain and increase the emphasis on small business development in rural Alberta.

I almost hesitate to bring up the word "drought." People are starting to get a little edgy on all of the moisture we've had; however, I regret that the moisture is not as widespread, even yet, as we would like to see it. There still are areas in the northeast of our province that have not had a significant amount of moisture, in fact probably at the top of half an inch, which isn't enough, but – but – we're very, very grateful for the moisture we have received over a large part of the province.

Our agriculture drought risk management plan that was implemented last year certainly continues to provide very timely and accurate assessments of drought to us. We thank all of the people who work on that, who are looking at ways to mitigate drought issues on a long term, and certainly the way to do that is to have a good drought risk management plan. A lot of people have put a lot of effort into that, including our municipalities, producers, and, of course, staff. We are thankful to have the good work of the PFRA in assisting us in that plan as well.

We did in January announce some very significant enhancements to our crop insurance program. I could say to members that our hay and pasture program grew by at least three times the number of contracts, a significant increase. The deadline for crop insurance was the 30th of April. We don't have all of the information on that, but the indications are that we would have a number of new contracts in that area as well. We still have more work to do to help producers better manage their risk with broader insurance options, but the enhancements we have to date undoubtedly offer our producers the most innovative and comprehensive program in Canada and, if they avail themselves of those programs, help protect their farming operations against the volatility of weather and commodity prices.

Food safety will continue to be a high priority for us. We will continue to work very closely with our processors on initiatives such as HACCP. For those who don't know what HACCP is, it's the hazard analysis critical control points training. We're going to continue to work with groups to support on-farm food safety programs as well, and we think that this industry partnership will and does result in high-quality, safe food for domestic and export markets.

Environmental sustainability will continue to be a priority for us as well. We are very conscious of how agriculture impacts the environment both in a positive and sometimes in a negative way. We know that is a concern of both producers and consumers. Farmers live off the land, so its sustainability is of paramount importance to them. We have been very proactive in developing initiatives to help our industry enhance its environmental sustainability, and we have provided funding to the Alberta environmental sustainable agriculture program, and that has embarked on a number of initiatives such as technology transfer, water and soil quality monitoring programs, some work that is being done on farm environmental programs.

The Agricultural Operation Practices Act, of course, was introduced and put into place. It has operated a full year plus a bit, and we will be doing a technical review this year, as we committed to when we introduced this legislation, to make sure that the air, water, and soil is protected and ensure that this act is doing the job that we intended it to do and that we can see sustainable growth in our industry without jeopardizing the quality of our air, soil, and water.

The ag policy framework has occupied a great deal of time for the ministers of agriculture across this country but mostly our staffs' time, and our deputies and assistant deputy ministers have put a great deal of time into developing a very strong framework. It's an important process. I have been a supporter of the process. I have been critical of some of the points in it and have worked hard to make sure that Alberta's interests are reflected and protected in these agreements, but I applaud the federal minister for bringing forward a five-year plan for agriculture, the first that I can recall, with a sustained amount of funding over those five years. Probably it isn't enough money, as we've heard in many quarters, but it is what the minister has, and I have been a strong proponent of getting on with the job.

We've seen some evidence of that in our crop insurance improvements. I think we are getting close to agreements on NISA, with still a few outstanding issues. We continue to dialogue with our industry to make sure that the program reflects their needs for risk management. We're very pleased with the work on the other four chapters of that area, and of course Alberta has been quite ahead in a number of those areas, so it hasn't been a big problem for us to match the federal funding, in fact no problem at all.

3:00

The budget, I think, is clearly outlined in these estimates. The program expense for 2003-04 is \$808 million. That's an increase in funding of \$137.3 million when you compare it with the budget for 2002-03. Of course, a large portion of that is for crop insurance, and that increase has allowed the major enhancements such as spring price endorsement insurance, revenue insurance coverage, improved pasture and forage insurance, and altering the forage and crop insurance deadlines. We are out of the business of ad hoc assistance. We've made it very clear that we are committed to strong safety nets, to safety nets that are responsive to industry and that will allow them to choose them as a risk management tool. So as we expected, of course, our contracts in that area increased.

You will see no allocation under restricted expense for the Dairy Control Board. I'm very pleased that the operations of the Dairy Control Board were privatized to Alberta Milk in August of 2002, and that is going along very well.

Our budget, of course, is based on a number of assumptions. One is that commodity prices won't decline further, that interest rates will remain stable, and that we won't experience a disastrous year of claims under the farm income disaster and crop insurance programs. So those assumptions mean, as always, that achieving our plan is

subject to risks. If you were to have widespread crop production losses due to poor weather conditions including drought, as we did last year, if we were to have a major livestock disease outbreak such as foot-and-mouth, which I believe through excellent management and work with the CFIA was averted just over a year ago, if we saw further declines in global commodity prices, particularly in crops, or changes in the economy such as increased interest rates or the stronger Canadian dollar which we're seeing now, these things could, obviously, affect farm income dramatically and in turn impact indemnities that are paid out under our programs. So we're anticipating a much better year, as the industry is, but as we've said in the past, we've put the best plan forward and our best knowledge into developing this budget.

I want to in conclusion just assure all hon. members that the prosperity and sustainability of our agriculture industry remains a priority of this government. The changes that we've made to our safety net programs, the continued focus on business development needs of agriculture will enhance the positive impact agriculture has on this province. The industry is growing and changing rapidly, and we know as a department that to respond to a growing industry and to help its development, we have to change and grow with it. I think we've concluded the reorganization of our department. I think it reflects well the opportunities in this industry into the future.

I want to just comment on one change that has been very, very positive, and that is the call centre that is located in Stettler. It is the 1-800 call centre, that has been received extremely well by the industry. We have found that thanks to the very talented people that we have manning that call centre, over 90 percent – I think it's up to 92 or 93 percent – of the calls can be addressed immediately and the others can be referred very quickly. The satisfaction rate is extraordinarily high, and I know that Brian Rhiness, our assistant deputy minister, who went through a difficult period of reorganization, and my deputy join me in thanking the very talented people who have made a commitment to that call centre of being a very, very important service centre to our industry.

I thank you for your time, and I look forward to your questions. Those that we can answer this afternoon, we will, and I will make a commitment that for those that we can't answer, you will have the answers by Monday. Thank you.

The Deputy Chair: The hon. Member for Lethbridge-East.

Dr. Nicol: Thank you, Mr. Chairman. Madam Minister, I just want to start by also thanking your staff. I think they do a real service to the ag industry in Alberta, and I can tell you and pass through to them that even though a lot of people come to me with questions about agriculture, the questions are never a reflection of anything other than full commitment by your staff. As I cross the province, there's never any question about the dedication of the staff in terms of the interest of agriculture and the promotion of a good agriculture industry. So, again, on behalf of all Albertans thank you to the staff.

What I'd like to do is just kind of start a little bit almost where you ended in the sense of reflecting on your overall budget. You talk about the fact that our budget is going to be down this year significantly over the last two years', and the question that comes up is that a lot of that was related to the farm income and crop insurance components. I guess that what we have to look at then, as we start budgeting practices, is: what have you done to in effect try and reflect a long-term stable budget? Obviously, with two very bad years right now we can't just say that the \$808 million is wrong, because you had \$1.7 billion last year and \$1.1 billion the year before, almost \$1.2 billion the year before. Have you done any kind of long-term almost actuarial-type estimates on risk management

needs by the ag industry? We need to judge whether or not the \$808 million is a fair budget.

I'm not asking you to get up and give us all that information right now, but I do appreciate your offer to answer that later. If we're going to judge what is a long-term, reasonable budget for the department, it has to incorporate that actuarial aspect of the risk management programs. If it doesn't, what in effect we're doing is we're hiding in the stability fund process now, because one of the triggers for that stability fund is disaster in Alberta, so any kind of a disaster payment could be triggered out of that stability fund. We don't want to in effect be hiding money in that stability fund when every year we trigger money out of it. I look at the fact that the insurance and the farm income support total just slightly over \$600 million this year compared to in excess of a billion or almost a billion two years ago and in excess of a billion last year. So we need to make sure that we're dealing with something that's a long-term sustainable budget from that perspective.

In the other areas I think there are some specifics that we have to look at in terms of how especially some of the administrative costs seem to have gone up higher than the program costs.

Mr. Chairman, if I might ask the minister: do you want me to ask a couple of questions and then give you a chance to respond, or do you want me to talk for 15 or 20 minutes and then give you a chance to get up? I probably would enjoy it better and get more out of it if I could ask three or four questions and you could respond to them as long as they're kind of in the same area, and then we can go on to a different area.

Mrs. McClellan: Sure.

3:10

Dr. Nicol: That would be more appropriate for me. I don't expect an immediate response on that actuarial information associated with the budget, so we'll just kind of assume that that will be a Monday or future date payoff.

The issue that really comes up in terms of the overall expenditures – and you began talking about that early on in your overview – was the real effect of risk management on the industry. I guess that when we look at that now, it gets to be a really complicated issue, because not only do you have the option to deal with the changes you've implemented in the crop insurance, but you also have to deal with it now under that framework of the ag policy framework that's being developed with the federal government.

I guess that the question that would come up in terms of all of that is: how much effort is being put into dealing with a comprehensive program that wouldn't in effect deal with commodities as much as it would with farm income or farm costs? This has been a debate that farmers bring up quite regularly. When you look at risk management, if we're dealing with commodities, you end up then with farmers playing programs off against each other for commodities' sake, but it also doesn't encourage diversification to the same extent that a comprehensive cost or income program would encourage. You know, it would put more of the management decision-making onto farmers if we didn't deal with specific commodities. I would like to have a sense of how that's working out under the ag policy framework.

The NISA is there. When it first came in, I was still teaching at the University of Lethbridge in the ag policy course, and we started talking: wow, conceptually this has got a great opportunity. But when you actually saw the operational part of it and the triggers and how to get in and how to get out, you know, it became a nightmare. So what we need is that kind of opportunity for farmers to deal with income stabilization and risk management but make it so that it truly

is a usable program rather than a frustration. I guess I would like reaction to how that's being built into the ag policy framework from the administrative point of view, because it could change both how we fund it out of the budget and also how we deal with it administratively. What reflections are there to make that work?

The other aspect of that, I guess, in terms of the policy framework. It's good to see that you emphasized in two or three different places in your business plan, you know, that ad hoc programs are things of the past. We'll see. Anyway, a specific question on it. Some of the farmers that have asked were led to believe at the time the support programs were introduced last summer that there would be an up-front 85 percent payment with 15 percent coming later. A couple of people recently have said: well, where's the other 15 percent? So they're kind of still expecting another cheque in the mail based on last year's claims. I think the idea is that we need to get out there and explain to them where that is or why it is not in their mailbox right now, because that's something that a number of farmers have raised in terms of what was their understanding of the program and how it fits with what they've actually seen.

I guess the other thing is: has the minister done any work in connection with this ag policy framework and the stability risk management components that look at how the enhanced NISA is going to contribute? Will it in effect reduce some of the requirements for the price stability part of the enhanced crop insurance that was introduced this year? In effect, if the NISA is working right, then the farmer doesn't need the price enhancement component of the crop insurance. It's almost like because NISA isn't working, we've got the enhanced price component. So how would that overlap? I would appreciate some comments on those kinds of things.

Mr. Chairman, those are the kinds of overview questions that I've got on risk management and stability. If the minister wants to make some comments in response to that now, then I'll ask some of my other area questions following that. Thank you.

Mrs. McClellan: Sure. On the long-term stable budget I'm as interested as is the Finance minister as is every other member in our government and I'm sure across the way in having a budget that you stay within. Certainly, the last two years that you mentioned were extraordinary. Two years ago, of course, low commodity prices, increased costs, assistance being offered in other areas of the country, increased assistance in the U.S., one of our major markets and competitors, led to a response in that area. Last year, of course, our budget looks a little bit odd because of the extreme drought and the response there.

I know that the hon. member is very familiar with the crop insurance program, and I know that he would know that two years ago we spent some 288 million dollars in crop insurance claims. That was a record in the 40 years of the program. Well, this year's claims will be 700 million plus dollars probably, growing to perhaps \$800 million. The good thing is that we do have an actuary on that program. The good thing is that when we had to pay those funds out this year, we were able to do it because we did have funds built up. You would recall that early in the year we were getting calls to give the farmers back their money, to give them a 30 percent reduction in premiums. I explained to them that because of the high payout the year before there wasn't any interest being built on the particular fund that we had been doing the 30 percent reduction out of, so we wouldn't be doing it. That kind of fell on deaf ears. But I think that in hindsight we all will say now: thank goodness we didn't do that and that we could pay out those claims this year. I am comfortable with the actuary that is set up on crop insurance. It's measured often, and over the 40-year history I think that program has worked.

Of course, the latest U.S. farm bill I think threw us all for a loop. Not that there was any more money put in that – in fact, I think it's somewhat less than they had paid out the year before it was introduced – but what it did was put into law their disaster funding and introduced some new areas such as beans, pulse crops, which to our producers was quite devastating, especially when we're all trying to work to reduce subsidies. So that was a difficult issue for us and certainly, no question, had some bearing on my discussions with my staff on the new crop insurance program. It was obvious to me that we had to protect our producers in some way on the costs of growing a product when we're in this unfair subsidy world. It's my hope that with the new NISA when we get it right – and I believe we will – that will in fact negate the need for those types of programs. But we can't continually leave our producers out hanging while the other countries, our competitors, come in and support theirs. To me a better way to support them is through an insurance program, a risk management program where they make the decisions as to purchasing it, rather than to just throw in ad hoc programs. Everybody is a little skeptical as to whether there'll be more ad hoc programs. Certainly, I don't believe there will be, because I do believe we have what we need now.

Will there be a whole farm program? Because this is a nationally negotiated tripartite agreement, it's a difficult one, because there is a fair amount of resistance in the agriculture industry in some parts of Canada to doing the whole farm program. So that's going to take, I think, some work, but certainly there is a commitment to get more activities into NISA.

3:20

The 85 percent payment, the 15 percent remaining. I think there are two things there. I don't think there's a question as much on the 85-15. The 85 percent was sent out immediately so that people would get their cheques, and indeed the first farmer did get his cheque in nine days. For the ones that you heard had a problem that were passed on to me, we thank you for that. To all of our members here who did that, you usually found that there was a reason. The land was accounted on two different bills, and the Auditor General frowns on us paying for the same piece of land twice. So then, after those were all sent out, the 15 percent started to be done, and that was when you did that period of thorough assessment of claims. I believe that is completed. All of that is done.

What isn't completed in people's minds is the bridging, and I think that's what they're confusing when they talk 85-15. It was really 60-40. If you recall, the federal government committed 60 percent – \$600 million was really what it amounted to, so you could say 60-40 – and we as provinces had the opportunity to make a contribution to that and make it more. Because they changed the formula and we of course suffered in the change, our contribution under the formula that they use would have amounted to some \$80 million to \$88 million to \$90 million over this last year and this year we're in now. We made the decision that rather than trying to distribute what would amount to one or two dollars to each producer in addition, rather than pass it through the NISA accounts – we didn't agree with the federal government doing it that way – we would use those dollars to enhance our crop insurance and pasture and hay insurance, our safety net programs.

It is bridging money, and the best bridging for our producers in my view is to get them a program that works in the long term. So, frankly, that's how we used the bridging money. When you hear that from producers, it's very understandable that they might be confused. We've had so many things out there. Whether it was the 85-15 or what we called 60-40, it was really \$600 million from the feds over each of two years and a 40 percent contribution by provinces.

That is the money that they're wondering, I believe, if they're still getting. We've tried to get the message out clearly that we made a decision here to use those bridging funds that we committed to enhance our risk management programs. So that is what it will be.

NISA. Like you, I was here actually – you were teaching; I was here – when we introduced NISA, and I had great hope for that program, and I was very disappointed when we had to make the decision as a government of pulling out of it in 1996 because it simply was not working the way it was intended to work. I keep reminding producers when we have conversations about this that it is the net income stabilization account, and that is what it is intended to do: stabilize income. When you have billions of dollars in NISA accounts across Canada, over \$800 million in Alberta, and you have producers coming to government and saying, “We need help,” you know very well that that risk management program is not working very well.

Part of it was triggers. Very difficult to trigger money, very tempting not to trigger it, because there was a government contribution going in matching and there was an interest bearing on it. The interest enhancement will be gone. I think that's probably appropriate. Under the new plan as it's rolling out, the government contribution will come in when the trigger occurs. It is not an entitlement. It will be used to stabilize income. The money that the producer puts in will be their money; they do not lose it. But it won't be matched in an entitlement type of program. That's the way it's anticipated. So if it's truly to be risk management, probably producers would rather it was the other way, and I don't blame them. I mean, who wouldn't? But I think they understand that as a risk management tool, which is what it is intended to do, this is fair.

The issue of triggers is still being worked on, and we're gathering information I'd say daily from producers on triggers. Any information that you gather from people you talk to and pass on to our department through our deputy or Ken Moholityn, our ADM who's in daily, evening, and weekend conversation with our colleagues across the country on this issue, would be much appreciated, because I think that is absolutely critical to NISA working. If people are going to invest their money in a stabilization program, then they want to be able to trigger that money when it's appropriate for their operation, not determined by some bureaucrat in Alberta or Ottawa or somewhere else. So that's the critical part. That's what we're really working on now, and I think that producers are understanding now that while they cover more of the risk at the top end for the minimum changes in their income, government will pick up a far larger share of what would be catastrophic. I think they're much more comfortable with that now that they understand it.

So we'll continue to work on those, and I'll say again that it is certainly our intention to present a very concise set of risk management tools to producers and say: “You look at this. If you need to protect your operation, consider these, because there will not be ad hoc programs in the future when we have what we think is an improved program to help you manage risk on your farm.”

The Deputy Chair: The hon. Member for Lethbridge-East.

Dr. Nicol: Thank you, Mr. Chairman. Thank you, Madam Minister. That gives me some answers that I can take back to the people when they raise them.

I guess the only question that would come up is that you mentioned the fact that there was difficulty with the whole farm component because of some areas of Canada not wanting it. I would hope that you're strongly suggesting that how you define the whole farm concept can be done regionally so that in western Canada – because of our different agriculture we don't have the same stability devel-

oped through the marketing boards for dairy, poultry, et cetera, that eastern Canada does – we might operate it a little differently.

Some of the other issues that do come up as we go through it. You mentioned environmental sustainability and the work that's been going on under the Agricultural Operation Practices Act. I guess the question that comes up a lot, especially in southern Alberta and central Alberta where a lot of the intensive livestock activity is going on, is: when is it that people could expect some area around the air quality component as opposed to the major issues that seem to have been addressed on water quality? The approval process now for the operations seems to have addressed a lot of the issues that affected potential water contamination – runoff, lagoon seepage, all of that – but there are still a lot of questions being raised about how to deal with the air quality. I know you made a comment the other day that it's hard to measure because it's a nuisance as opposed to a direct contaminant, but if we're going to make sure that agriculture and the community cohabitate, if you want to call it that, with so many nonagriculture people now residing in rural Alberta, we have to start dealing with that air quality component as well.

On some of the other issues that come up about the sustainability or the environmental components of the ag sector, I guess a lot of it deals with some of the issues of salinity which still keep coming up. What's going on with the irrigation rehabilitation? How successful is it? Will the funding continue to finish out some of those rehabilitation programs that are in place? That kind of approach is asked quite often because, you know, the program seems to be committed to, but there are still some questions about appropriate funding, long-term funding, to finish that out. I think some kind of a policy statement or such would in effect commit to it but also make sure that the irrigation districts and irrigation farmers themselves know that once this program is finished, there will be renegotiation of responsibility. How much should the provincial taxpayer be responsible for in what in effect is a regional management issue? So we need to look at that and make sure that the irrigation farmers especially but also others that have salinity problems are aware of how that program would carry on.

3:30

I guess there are some other little questions that came up. I had a couple of meetings with rural groups in the last four or five months since the new year, and every now and again one of the farmers gets up, and I've been documenting their questions. So I'm going to give them to you now more than anything else.

One of them had to deal with gopher control, the reasons that come up now about the access to appropriate gopher control, what is available. I guess the help that the department gave to Alberta farmers last year on grasshoppers has made people now say: well, if you're helping with one insect or one nuisance, one environmental infringement on the growth of plants, why won't you help them with another one? I guess a lot of them are really saying: what is available other than strychnine, which is now getting to be less and less available because of who knows what? Are there other effective ways to control them?

The other area that came up at one of these meetings was the program that you have to support local research, kind of almost the applied – I'm sorry, Madam Minister; I've forgotten the title, the acronym that goes with that. It's the regional extension applied research program. People have been asking how to get the funding for it. I know that you and I dealt with a case coming out of Lethbridge where they felt they should be getting support for it, but they had the research station and a couple of other mechanisms there to use instead. I've also had a couple of inquiries from communities that aren't directly adjacent to or don't have easy access to other

research facilities, and they were wondering about: when they send in what they had thought were fairly well-documented requests, they don't end up with full funding. How do they carry out the project if they don't have the appropriate funding to do it? Their suggestion and the way one of them put it to me was: you know, if the project is viable and appears to be able to contribute to the community, let's fund that project instead of trying to fund half of two projects. I guess that issue needs to be addressed a little bit.

I guess the other is that in connection with that, they've been talking a little bit about how to deal with the extension. I guess that as Leader of the Opposition or as the ag critic for the opposition as well the comments that come to me are always from the people who feel they didn't get the right answer. So, you know, you talked about the success of the 1-800 line. The only ones I hear about are the failures of the 1-800 line. What people have asked through that 1-800 line is if there is an option or a possibility of more local content. In many ways some of the individuals have felt that the answer they get may be totally legitimate but not really relevant for their particular community. So there needs to be more of a sense of localization of the answer to meet the needs of some of the people who are using that number. They want to see it better reflect that kind of approach.

They also are interested in how they go about getting information on new technologies that they've heard about, but they don't have access to the background material. The 1-800 number on a number of occasions hasn't been able to help them on that. So are there mechanisms for a broader based information retrieval system for international or cross-country research programs?

That's a series of questions. I'll let you answer some of those, and then I've got some that are going to deal with the resource base and how we deal with some of those. But I'll get to those after you've had a chance to answer.

Mrs. McClellan: We'll probably deal with some of the specifics on some of the programs in a written component in the interests of getting all the questions out today, but I'll just deal with a couple.

I think the review of the confined feeding operations, the Ag Operation Practices Act and how it's operating, is a technical review that is going to be really important to answer some of those questions.

I think I heard you say that you felt that we have addressed mainly the issues around water quality and protecting it and soils, I think, as well. The air quality will continue to be an issue. The Farmers' Advocate is dealing with that, trying to mediate with communities. There is no question that the operator of the operation has a responsibility to be a good neighbour as well. You know, I've said this over and over again. I live beside a very large hog operation, and it has quite a large feedlot attached to it as well. I'm upwind one mile, and life could be pretty terrible. I like to enjoy my yard and sit outside when the mosquitoes aren't biting.

An Hon. Member: Have a beer or two.

Mrs. McClellan: Maybe that too.

You know, over time they have worked very hard to introduce new technology, a new way of doing things, a new way of managing the manure so that it isn't an issue with us. Thank goodness, because these are long-time friends, and neither one of us wants to move. You can do it.

I believe I and my department are pretty tough, saying to our producers: you know, you have a responsibility to take the appropriate measures. There are many new technologies, and there are some that are very reasonable: straw covering your lagoon, taking it out

from the bottom instead of the top. There are just so many ways that you can manage this: injection, of course, rather than surface spreading. If you surface spread, follow it with a cultivator; don't leave it out there airing for three or four days. And I think there's a valid question on the health side if it's too bad. So we have a responsibility to improve that, and I think this review will help.

The rehab program. There is always that concern, but I think history shows that we have a strong commitment to irrigation rehab. We understand the value of it not only to production but to the domestic, industrial, and recreational needs of those communities. There are at least 50 communities in southern Alberta that totally depend on irrigation water for their domestic needs. I tell people that there isn't a natural lake in southern Alberta. There isn't. Chestermere Lake is a bulge in an irrigation canal. MacGregor Lake, which is very hot for recreational use, is an irrigation body of water. Lake Newell, which is a wonderful example of recreation, wetlands, all of those things, is an irrigation body. So irrigation contributes an awful lot to the whole of the south, not just to agriculture. It's important for us, I believe, to commit to keep supporting in what I think is a reasonable way the provincial share of that support to rehab. Certainly, as long as I have any opportunity for input or influence, I will continue to encourage support to our rehab, to completing those projects and making sure that we maintain a good infrastructure there.

3:40

Gopher control. Boy, you know, it's interesting that when you do things for environmental reasons, you upset something else. I truly believe that this lower strength strychnine plus drought has contributed significantly to this getting out of control. Of course, we've received notice from the federal government that they're going to end the use even of the reduced-potency strychnine at the end of June. I've written to Minister McLellan and said: "Please consider one more year. We're starting to get a bit of a handle on this thing. Let's try and get it under control." With returning to some natural, more normal weather patterns, you will not have the devastation. It's like grasshoppers. When there's a limited amount to eat, they compete for it, and they get ahead of us and win.

There just doesn't seem to be another poison or bait or method of control of gophers. We've all heard the interesting ones of vacuuming them up. I've heard of gassing them. We've heard of all sorts of things. We go back to what we did when we were kids: poured water down one hole and hoped that we knew which hole they came up. Maybe a bounty again of 5 cents a tail. A nickel was a lot in those days; I don't think it means much now. But it is a real problem for our producers. So I'm hoping that for this year at least we'll be able to manage to continue to have even that limited strychnine, and perhaps this year, then, we can get a handle on this. They are a natural part of our landscape. We're not looking at eradicating them completely, but anybody who has been in an area where they have taken over knows that it's absolute devastation.

The issue of applied research associations. We have some marvelous research associations in this province. Having had all of the good direction from the ag summit process, the Agrivantage reports, looking at the direction that we want to go certainly with local interest as well, though we want to assess research projects and make sure that they are in the same direction as the industry is going – we have asked for business plans and three-year plans. It's not an entitlement. You make the case that you have the best project. It's a new process in many ways, and it's tough. We had some come in that weren't bad. I mean, it wasn't that they were bad; it's just that they absolutely did need some more work, and we're working with them to improve those. This is sort of the first year of this, and I

think that next year it'll be better. More of them will be more knowledgeable about how to do it. If there is a concern that we don't have enough local needs in it, we're willing to examine that and look at it with them, because really that's what is first.

The information on technologies is really an important one. It doesn't matter how much good research you have, no matter how many new technologies you develop, if you can't transfer that knowledge and those technologies, you almost might as well just leave it. One of our strengths has been a good technology transfer. ARI, of course, the Ag Research Institute, does put all of their research projects on-line, which is a great improvement, so people can access that. Ropin' the Web has some great information for people to access. Certainly, if there are better ways, we'll try and improve how we get that information out, so any ideas that you have on that. Maybe a better – I shouldn't say "better" publicity of Ropin' the Web. It's actually won awards.

It was interesting to me – and somebody will shake their head up and down, yes, or sideways, no. I think it was 27 countries outside of Canada that had accessed that web site. Terry is saying yes, so I'm not wrong. Just a huge number of inquiries to it. I found it so interesting that it was well enough known that people from outside of Canada accessed it as well. So we'll look at improving how we transfer that technology. We're having conversations with our partners at the research stations in Lethbridge, of course, in Lacombe, our crop development north, crop development south, the universities. Very proud of the partnerships that we're developing with them.

Also, there's an area we don't want to forget, and that's the projects that CARD is participating in, from cows to fish – I am finding a lot of interest in the riparian projects – where the industry gets together with the people who like to fish and hunt and enjoy the outdoors and look at how we can improve those watersheds. I think this is amazing, and these people should be recognized. I was able to visit the Rosebud Creek group and another one and see the displays of actually what they have done to change those watersheds, and those are great programs. A lot of volunteers are putting an awful lot of hours into doing that, and a lot of people want more information on that. They want to know how they achieved it and where they got the technology, and there's no sense inventing the wheel twice. If somebody else has done it and it worked, they want to be able to use that. So it will always be a challenge but one that we should work hard on to make sure we transfer technology.

The Deputy Chair: The hon. member.

Dr. Nicol: Just a few more, Mr. Chairman. Some of the other issues that I hear about quite regularly as I travel around the province and I guess one of the things I'd put out is that under the ag policy framework there's a component about sustainability of the sector, intergenerational transfer types of issues, and people keep raising the question about how they compete with the non-ag bidders for agriculture land. I know there's no answer to that, Madam Minister. I'm not asking for an answer right now, but more than anything make sure that that becomes part of the discussions that go on under the ag policy framework. How do we deal with whether it's absolute, stronger ag zoning laws or whether it's some kind of a split title? You know, who knows? Development right versus production right. Those kinds of things. I think it's time that we start entering into that debate. At least, this is what Alberta farmers are telling me, that they really can't expand their operation to be competitive because the productive value of the operation can't justify the competitive bid from someone who is looking for an acreage but has to buy a quarter section to get their acreage, and they want ownership as opposed to a rental situation.

The other one I skipped over when I was talking about the environmental sustainability issues. I guess there are some questions now about these environmental management plans that are beginning to be required of farmers. Over the next number of years most farmers are going to have to have these, so farmers are starting to ask questions about them: what would be an acceptable environmental plan, what things they have to include in it. I keep telling them that, well, you know, the directions are there, the prototypes are there, but they still feel that it's not enough to give them the background that they need to in effect complete theirs. So maybe some prototypes could be circulated.

Your comments on Ropin' the Web. While you were answering, I thought to myself: you know, when farmers are asking and they say, "Well, I don't have a computer," what we should be telling them is that this is all available through a computer at the local library. So thank you for triggering that in my mind. It gives me another answer for them.

3:50

As we go through some of the more individual issues that are in the budget document, I guess an issue that comes up all the time is how the performance measures relate back to, you know, the actual expenditures of the ministry. I went through this discussion with you last year as we talked about some of the performance measures and whether or not they really reflected the efforts of Alberta Agriculture, Food and Rural Development or whether they were just industry driven, international business cycle driven. I think that I would just kind of conclude my comments at this point by saying that I still would like to see a better relationship between the performance indicators of the ministry and some of the issues that really reflect on: are the dollars that we're spending as a public really achieving a result for Albertans that we put into our business plan, into our mandate?

I guess the ones that I'll comment on a little bit today are those on page 69 in the business plan, where you're talking about the performance measures associated with the farm income risk management programs, crop insurance, et cetera. You put a performance measure there, the "percentage of primary producers surveyed experiencing a disastrous reduction in income," and you get 95 percent of them. I think last year almost every farmer, except the example that I've given you a couple of times about my own, would say yes to that, but whether it's truly a disastrous reduction in income to the point that they truly believe that the public should be stepping in needs to be more closely tied into that. When does the farmer really believe that the public should be supporting them, and when should they be doing it themselves?

When we get into the second one on that same table, when you're asking the recipients of funding from the safety net programs if the safety net program enabled them to continue their farming operations through a year in which they experienced a disastrous reduction, I guess the relevance there is: did it help them to the point that had they not received the public dollars, they would have ceased operation? So what I'm trying to say is that the question is a little bit too open-ended in the sense that we're not really finding out: is it truly disaster support for them in the sense that it allowed them to stay farming when otherwise they would have been out of farming? That's kind of the accountability that I'd like to see for us if we're going to try and be able to go out to the public, because more and more I hear from nonfarm people saying, "Well, why are we giving all the farmers that much money when we're not giving it to..." and they list off their particular special interest or their sector of interest. You know, it's hard for us to justify it if we can't give them data that truly talks about that critical decision point.

I guess that just a little bit illustrates the kind of performance measures and the evaluation of those performance measures that I put on them as I go through them. There are a number of them that I think just still reflect too much of a generalized sector performance. If we look at the ones on the sector growth and the sector incomes, the fact is that for the economy the downturn caused by both climate and price impacts last year was very severe in our province. It's not a direct impact or a direct result of government policy, but it does give us a benchmark of, you know, what the sector is contributing to our provincial well-being. From that perspective, I don't say to take it out. I just say that it needs to be interpreted a little differently.

Mr. Chairman, with that, I think that's kind of where I'll close. I think our hour is just about up from the perspective of the Official Opposition. I want to just again thank the minister and her staff for all the support they give when I have questions. They're always very willing to work with me to make sure that the farm community gets the answers they need. So again, Madam Minister, thank you for the support.

Mrs. McClellan: I'll just make a few quick comments because, as I said, we'll answer some of the questions in a more complete way in writing.

The ag policy framework intergenerational transfer and the competition for agricultural land is a very, very real issue. We had a number of discussions about that around our tables here, and of course there was a very large land use conference held in Edmonton a year ago January. People from all over the world came to it, which says to me that this is a pretty important subject. The question, of course, with much of our agricultural land is: is the value in agricultural production, or is it in real estate? I do think those are going have to be discussions that are held in the future.

The environmental farm plans. There is a workbook. We've been working very hard in our province to make it a voluntary thing, to make sure that producers want to do it, that they see a benefit to their farm to doing it, that it's not a big hammer, that it's in their best interests. AESA did a great deal of very good work in developing those with a reluctant minister. I was somewhat skeptical and said: you know, if you've got good environmental laws and everybody conforms to them, then you've already got your good environmental farm plan. But they convinced me that this was a very good thing to do, provided the leadership, and I think they've done some good work. Your suggestion of prototypes that could be circulated if people want them is a good one. And I certainly should've remembered that they could go to their local library to use the computer because, of course, I proudly was the minister when we put computer access in every library in this province and indeed had two years of free Internet use contributed by one of our companies in this province.

Performance measures are something that we always struggle with. I do believe that now that we have concluded the work on the ag summit, now that we are well into working on the recommendations through the Agrivantage teams and have a pretty clear direction for where we see the industry going, now that we have the new ag policy framework in place which has the areas of sustainability, food safety, renewal, and so on in it as well as risk management, we can do a better job on performance measures, with all of that information.

Always a question to us when we're developing our performance measure is: is this our performance measure as a department, or is it the industry's? With such a partnership it is difficult, but I think we can and will. I think there's an improvement in our performance measures this year. There are some easy ones, and one I want to get on the record is "number of new processed food products produced at the Ministry's Leduc Food Processing Development Centre,"

which I think is just a jewel in this province. Of course, in 2002-03 the forecast was 110 new processed food products developed by Alberta entrepreneurs at that centre, and our target is 120 for next year. I think those are good, positive targets.

I don't think a good target is the number of producers that get a claim out of crop insurance. That says that we've had a bad year, but that isn't really anybody's fault. But the ability to respond to those is a good performance measure. Of course, on the satisfaction, one that we've measured closely is on the ag information centre, and I, like you, hear from the 5 percent who didn't get their full answer, but I've also had a number of clients who've said: it does work; we like it.

I think it's easier on some of those beginning farmer loans. There's a good performance measure; at least it tells us if there are new entrants into the industry and that we are meeting the needs of those. But some of them are pretty tough, and I like performance measures that you can actually quantify and hold up and say: this was an industry goal, this was our department's role in getting to that goal, and we achieved this or we didn't. Then you don't stop there; you do what you need to do to make that goal achievable. So we'll continue to work on that with some good advice, some good suggestions.

4:00

I do believe that the new NISA program will be far better to justify to the public because of the producer carrying more of the minimal risk and government coming in in a catastrophic or a significant way. FIDP, 70 percent probably was the right figure. After that, it's probably catastrophic in today's world and today's margins, but I do believe that if we get the new NISA program up and running and continue to improve it – if we find some warts on it, don't leave them like we did the last time – that could go a long way to providing a good performance measure that the public will support.

With those, I'll look forward to more questions and comments, and we'll respond to some of those areas more fully in writing. Thank you.

The Deputy Chair: Anybody else have any questions? The hon. Member for Cardston-Taber-Warner.

Mr. Jacobs: Thank you, Mr. Chairman. First of all, I would just like to say that I've appreciated very much the minister and her staff and the way they've handled the issues that I've presented to them the last couple of years. As the minister knows, agriculture is a very important segment and industry in the constituency I represent. We have a lot of diversified agriculture. We have intensive livestock. We have cow/calf. We have backgrounding operations. We have grain operations. We have specialty crops. So it is tremendously important. The value-added industry in Alberta has certainly received contributions from producers in Cardston-Taber-Warner, especially from Taber and the eastern end of the constituency where they produce a lot of specialty crops like potatoes, which have made huge contributions to the value added.

I would like to raise a couple of issues with the minister today that I think are important. The hon. Leader of the Opposition has raised many good issues, and there are a couple of others I would like raise. I touched yesterday on an issue in question period relative to the feeder cattle importation from the United States, and I'd like to expand on that a little bit today. The importation of feeder cattle is very important to our intensive livestock people in southern Alberta, in Feedlot Alley and in other areas. Right now they happen to be a little bit short of feeder cattle in Alberta and in western Canada because of drought and because of prices and because of reduction

in the numbers. They're actually a little bit down in their numbers in their feedlots and are even looking harder now to Montana and Idaho and other states to receive cattle. They are somewhat frustrated with the protocol and with the challenge that's been put up by our federal government which frustrates the importation of feeder cattle. Although many cow/calf people probably aren't too excited about bringing in more cattle from other places, to me it's a matter of fairness. We expect as Albertans and as cattle producers to send load after load of our finished cattle across the border, and that market has been very good for us and has certainly benefited our producers. So to me, you know, if we expect to export cattle, we should certainly be willing to import their cattle for backgrounding and finishing.

It seems to me, Minister, that there is a relationship between the issue of country of origin labeling and importation of feeder cattle, and we do have serious concerns about the country of origin labeling legislation and protocol, which now seems to be coming to our neighbour to the south. I'm wondering if there's not a negotiable point there. If we were able to import their feeder cattle year-round on a market-driven basis, would that not actually add incentive to them to not proceed fully with this country of origin labeling? I don't understand why they would want to deny access to their own cattle which originated in their states, came here for four or five months to be backgrounded and finished, and then have to go down there as Canadian beef rather than just U.S. product. So I think there's an issue there that we can maybe exploit, and on behalf of our intensive livestock people and those who feed a lot of cattle, I know they are concerned about this issue and do want us as a government to do all we can to open up that border.

I was very pleased to hear you say, Minister, that more people have enrolled in the crop insurance and forage insurance programs. I think that's important, and having been privileged to spend some time with two of my colleagues from the Legislature touring Alberta a little bit last summer and talking about crop insurance and forage insurance and hearing some of the frustrations that existed, I'm certainly pleased that more have chosen to enroll.

I would like to raise two other issues today. I know the minister understands the importance of what we've done the last couple of years to be able to try to control rodents such as gophers, and to lose the ability of our producers to be able to use strychnine poison certainly, if we can't get that reinstated, is going to be a blow to our producers who still, I think, will see large numbers of gophers this year. So I would certainly commend the minister for her actions and ask that she continue.

The last issue I'd like to raise is an issue which I don't hear talked about much, but I hear it in my constituency a little bit. I think it's an issue that we need to be aware of, and that is the issue of the challenge of the survival of the family farm in Alberta, especially in southern Alberta, where, you know, it is getting more and more difficult for family farms to survive. Many of them are selling their land, selling their farms to large operations, to other groups or individuals, and the farms are becoming larger. Ranches are becoming larger. The price of land is becoming more difficult for young people to get started. Many young people are frustrated by the challenges of agriculture and low returns over the years and simply don't care whether they get into agriculture or not.

I think it's important to note that the family farm concept in Alberta and in Canada has contributed immensely to the excellent food that Canadians eat and the fact that they eat it very, very cheaply compared to many other jurisdictions in the world. I would submit to the minister that the family farm is probably the most efficient producer of farm produce that exists. They do a great job of production, and I'm not sure what we can do to help their survival

and their viability, but I sense that it's becoming a problem and a challenge, and it's an issue that's raised to myself by groups when I mingle with people in my constituency and when they talk to me. There are probably some tax things we could do. There may be some other things we could do.

I raise the issue today as one that I think certainly is important. I wouldn't like to see the total demise of the family farm. I would like to see us incorporate the value-added concept, continue to incorporate that, but I would like to see us try to make it work for family farms also, because if we lose the concept of the family farm, we will be losing something that may detract from the efficient production of food in western Canada, in Alberta.

Again I'd just like to commend the minister for her efforts and her love and championing of agriculture. I appreciate that very much and would just like to get those few issues on the record.

Thank you.

Mrs. McClellan: Well, quickly on a couple of them. The importation of feeder cattle. Of course, you know, there was a lot of pride in the development of that program. I think it was a really great example of co-operation with our partners in the northwest United States. Some of the difficulty we have is that in some cases we have much stronger testing and conditions in Canada. We also have an excellent identification system, which isn't common everywhere. There always is the concern of introducing a disease that we don't have. I think the pilot project for a designated feedlot in the vector season, if you wish, for bluetongue and anaplasmosis will be an important testing. I do hear – and I'd be interested to hear from the hon. member if he's hearing anything about this – there is some concern of the question of only one pilot area and some of the requirements that may be placed on that, which would have an additional cost per animal to be fed, and some concern as to whether we will get the type of participation that's required to really tell whether it was going to work, but the CFIA really has the last word on this. We've given conditional support. We've got some questions we need answered, but we're prepared to work with them to get it in place.

4:10

Definitely, country of origin labeling is a big issue. We discussed it at the tri-national accord meeting with our U.S. counterparts. It is their legislation. I don't think the legislation is going to change, but we have until September of 2004, which is just a little over a year now, to work with the retail and I think the primary sector in the U.S. to see how we can make this thing work. It's an important market to us.

I think they understand now that the 270,000 cattle that came into Alberta for feed from the feeder program under this new protocol would go back as Canadian cattle: come in as U.S., go back as Canadian. I'm not sure that that was anticipated when they went into this. They are holding listening sessions over this month and part of next month around the various states to get input from the retail and the producer sectors there, and it'll be interesting as to what type of response they get at those, and we'll certainly be interested in what kind of feedback they get there. Maybe after that, we'll have a better idea of where we go from here, but I do compliment the industry in Alberta and in Canada. They've been working very hard with their counterparts in the U.S. to try and deal with this issue.

I did mention the tremendous take-up in the hay and pasture program, and it was quite a task for the Member for Vermilion-Lloydminster, the Member for Dunvegan, and the Member for Cardston-Taber-Warner to go around this province and listen to producers. I was asked by one or maybe all three of them if I was

expecting them to go out and sell the program. Knowing the three of them, I wouldn't have asked them to do that anyway, but I said: "No. What I'd really like you to do is to go out and listen. Come back to us with ways that we can make this program work for producers." Well, you've done a heck of a fine job, because the take-up was just amazing.

Gopher poison. I covered some of this before. I'm really hoping that the federal minister will see fit to allow us another period of time. They give us a short time for the poison, and then you can't get the strychnine. It comes from, as I understand it, India. For the first year we had trouble with it being somewhere on a ship – nobody knew where – delays in getting it in, and then you've missed the season. You need to get rid of these before one gopher becomes 14, so this is a problem.

The whole discussion around the family farm and the challenge of maintaining it is one that's discussed in a number of areas. The encouraging thing for us in Alberta is that there's only about 1 percent of our corporate farms that are held by a major shareholder. Most of the corporate farms in Alberta are formed a corporation of a family. So they have gone to a corporate farm as a number of family members probably for a number of reasons that we drive them to for taxation, business reasons that make it better.

I'm always encouraged, as I say, with the number of young farmers who are entering the industry. I applaud Ag Financial Services and the program that we have for beginning farmers. I think it's there to help them through the first years and make sure that they do have a chance to be successful. I don't disagree. We provide quality food products in this country, and we have always had very, very cheap food. In Canada we spend far less of our disposable income on food than any other country, perhaps than the U.S.

We're hoping that our rural development initiative may come up with some intelligence as colleagues travel the province as to barriers, things that we as a government can do differently, that we can change some of the policies that we have that may be prohibitive to them. We'll keep working on that. The number of farmers is relatively stable in our province, and that's encouraging.

So with that, I'll look forward to more questions or the vote.

The Deputy Chair: The hon. Minister of Economic Development.

Mr. Norris: Thank you, Mr. Chairman. I wanted to add my voice to this auspicious debate in the House today and make a couple of comments and then a question to the minister. Certainly, I would echo the comments of my colleagues that this is a remarkable department challenged with running one of the biggest industries we have in Alberta, and they're doing a great job, and I can attest to that on a number of trade missions that I have had the pleasure of going with the agriculture department on. Certainly, I see several members of the team up in the gallery, and I wanted to pass on to them our department's sincere thanks for the joint effort, because it really is Agriculture, Food and Rural Development and Economic Development, and it's been a good, good relationship.

But we have a couple of challenges, and I'd like the minister to comment if she could. I know that the hon. members for Innisfail-Sylvan Lake and Wainwright were charged with a rural development initiative, and our department has come to the conclusion that this is a vital initiative for a number of different reasons and would like to get the minister's thoughts on that rural development initiative and where it might be and where we might see that moving ahead. Clearly, a healthy rural Alberta makes for a very healthy urban Alberta.

The second comment that I wanted to make that I think your

department has taken a leadership role on, Minister, is on value added. At this point Alberta clearly is still a commodity-driven economy, and commodity prices fluctuate on a world market, and in order for us to avoid that and get over that level, we in Economic Development believe that we have to have a strategy in place. I know your department has referenced 20-10 by 2010. I wonder if you could maybe elaborate on that and let us know how that's going to get us to the value-added position that we want to be in and in what kind of time frame your department sees that transition taking place.

A final closing comment would be that I think your department has positioned agriculture as one of the most important industries in Alberta, and I think that any kind of program or plans in place should continue along those lines with the support of our department and I'm sure all the colleagues in the Legislature. So thank you for that.

Mrs. McClellan: I'll be brief in my comments because I know there are other members that want to add to this. I thank the minister for his comments and applaud him because this really is a team effort, and we appreciate working so closely with Economic Development. There isn't an either/or. There isn't any competition between our departments. It's fully a joint: let's get the job done; we'll provide the product; you sell it. And it's working well.

I think the challenges in the rural development initiative are being met by my two colleagues. They're certainly getting great advice from communities that they're meeting, and I'm as impressed as they are with the number of communities that have come together as a block and said: we can do things as a region. There is the communities of opportunity group. There are a number of them that have just said: if one of our areas is better, we'll all be better. So that's great. We're pleased that we're going to be part of the cross-ministry initiative with Economic Development.

4:20

One of the things that the Minister of Economic Development and/or I, I think, can really applaud is the ag tourism group. I was able to go to their third conference with the minister at the wonderful Reynolds Museum in Wetaskiwin earlier this year. What an enthusiastic group. They are just so interested in growing that, and what an amazing statistic to me when I read in some information that one in three vacations in this province included an ag experience. Isn't that really quite amazing? So they are looking at improving that and growing it, whether it was the bed-and-breakfasts, whether it was a number of areas that they're doing. So they're doing a great job. They're enthused. They're all volunteers.

Value added. I really erred when we were talking about the Leduc processing centre. While I mentioned that they had produced about 110 new food products – these are our wonderful entrepreneurs – I neglected to mention that a week ago today we kicked off the incubator project there. It was rather a neat little experience. AVAC, the Agriculture Value Added Corporation, partnered in this, and the chairman of AVAC has a lot of experience in incubators, but they're always chickens. So it was a great event. We had our research partners from the University of Alberta, many from our applied research, crop development north, from many areas there. It was a full house. Our Premier kicked it off. The MLA for Leduc, who is always a strong supporter of what they're doing at the food processing centre, of course participated, and we were so proud to have the Premier recognize the value of the value-added industry.

That incubator is really key, in my view, to moving this value-added industry to the 20 billion dollar mark. I likened it to the Leduc processing centre being termed a school, and the incubator is

our graduate school of that enterprise. Sometimes companies just need a little bit more time to establish their markets, their financing to be ready to go into the national, provincial, or world market. This incubator will give them that opportunity. Statistics show that 80 percent of companies that go through the incubator experience are successful, 80 percent that don't have some difficulty. So it is a great initiative, and I think it'll go a long way to helping us achieve our \$20 billion in value added by 2010.

Thank you, Mr. Chairman.

The Deputy Chair: The hon. Member for Whitecourt-Ste. Anne.

Mr. VanderBurg: Thank you. Finally. Two things that you didn't have a chance to talk much about. One was the value-added industry with the de-hy plants, and there are a few of them across Alberta. The one in particular that I have deep concern for is the alfalfa plant in Mayerthorpe, in my constituency. Difficult times, you know, the last couple of years for the plant. The input costs have been very high, the utilities being the highest, but low yields have really caused the local plant some problems. I'm just wondering about some of your thoughts on what the future of these plants is here in Alberta.

The second one and the good-news story is Horse Racing Alberta. As you know, Alberta-bred horses are becoming well known all across North America, and I applaud you and your staff for making the commitment to this industry. Too often we hear negative comments, especially in this House, on this industry. I thank you for your support, and I'd like to hear some comments about where your department is going with the new Horse Racing Alberta team.

I'll leave that for now. I know there are others that would have some comments as well. Thank you.

Mrs. McClellan: There's no question that this has been a very tough, tough year for our de-hy plants. It's been a tough year for a number of our processors. Whether it's finishing in feedlots or processing that product or de-hy crushing, all of these areas have really suffered from the drought and the spin-off effects of it. What we can do for those that we are involved with: through Ag Financial Services, certainly, looking at ways that we can help them through with good financing information and plans; continuing to look for more markets, anticipating a great year this year, because for that industry this is the type of weather we need to get going. Probably the best news that the alfalfa, well, any hay sector has had is this spring moisture, but it's going to be a tough year until we get some production on for those plants. There's no question that they do a great job. There are markets out there, but when you don't have product, it's pretty difficult to get through the year.

Horse Racing Alberta, a new entity taking responsibility entirely for how their operation is managed. I know that the Minister of Gaming would share my compliments to them on doing what they said they would, taking over the management of this industry. The equine industry in this province is very important. We have the majority of horses per capita in Canada, and the industry here is a complete industry. We have show jumping. Spruce Meadows is now the number one show-jumping venue in the world, which brings international visitors to our province on many occasions. They operate at least four major meets, one of which is coming up in June. I encourage anybody who has not visited Spruce Meadows to go, but if you have the opportunity to go during the Masters, it is like being in a totally international world. So there's the show-jumping sector. There's, of course, the working horse. Horses are used a great deal, whether it's in our feedlots checking animals for disease or illness or on ranches. There are a number of ranches in our province where no vehicle travels. They completely manage their cattle with horses. Of

course, there's the pleasure sector, and we have examples of that right here in Edmonton with the great stables just down the hill. So it's important that we maintain the whole of that. It's part of the tradition and culture of our province, no question, but it's also a good economic generator for us. Each part of this industry requires the other for support, so we're far better off to have the total industry.

I believe personally that the breeding program offers a lot to our province. Our horses that are bred for the racing circuits are in demand from other countries like Ireland, the United Kingdom, the U.S., and others for sale because they're a strong horse. So our breeders have an opportunity there. In the cities and in small cities where horse racing operates, it offers some tremendous job opportunities to people. If you ever have the time, rather than to just simply criticize what happens, go down and spend a little time in the backstretch right over here at Northlands and talk to some of those people about the pride that they feel in the job that they do, people who might not have a job if it weren't for that industry being there. If you look at the total contribution that it makes to the economy of the community that it's in as well as the communities around it, then it was worth listening to them and supporting them in gaining their independence. One thing I want to make very clear: the only way that Horse Racing Alberta gets an increase from the government of Alberta is by performance. You know, that's just not a bad way to have it. If you work harder, you gain more. If you don't, you don't. If we had that in a lot of other areas, I don't think it would be such a bad idea.

4:30

The Deputy Chair: After considering the business plan and proposed estimates for the Department of Agriculture, Food and Rural Development for the fiscal year ending March 31, 2004, are you ready for the vote?

Hon. Members: Agreed.

Agreed to:

| | |
|--|---------------|
| Operating Expense and Equipment/Inventory Purchases | \$427,051,000 |
|--|---------------|

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'd move that the Committee of Supply rise and report and beg leave to sit again.

[Motion carried]

[Mr. Shariff in the chair]

Ms Graham: 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, 2004, for the following department.

| |
|---|
| Agriculture, Food and Rural Development: operating expense and equipment/inventory purchases, \$427,051,000. |
|---|

The Acting Speaker: Does the Assembly concur in the report?

Hon. Members: Agreed.

The Acting Speaker: Opposed? So ordered.
The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. I regret that we had not anticipated ending early, so we have nothing which we had advised the House would be dealt with this afternoon. So I would move that we call it 5:30 and return at 8 p.m. in Committee of Supply.

[Motion carried; the Assembly adjourned at 4:34 p.m.]