

Legislative Assembly of Alberta

Title: **Wednesday, April 12, 2006** **8:00 p.m.**

Date: 06/04/12

head: **Committee of Supply**

[Mr. Shariff in the chair]

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

head: **Main Estimates 2006-07**

Agriculture, Food and Rural Development

The Deputy Chair: As per our Standing Orders, as you know, the first hour will be allocated between the minister and members of the opposition, following which any other member may participate.

The hon. Minister of Agriculture, Food and Rural Development.

Mr. Horner: Well, thank you, Mr. Chairman. Thank you, colleagues. It is a pleasure for me to rise tonight and to move my estimates for Agriculture, Food and Rural Development and also to introduce to you some guests that we have with us that are truly working for the producers and the ag industry of Alberta and have been for many, many years in many cases and are indispensable in terms of us being able to carry out the policy direction that this government has and the service that we provide to our producers.

They're in our public gallery, and I'd ask that they rise as I say their names. I'd just like to introduce them if I may, Mr. Chairman, the first being Mr. Barry Mehr, who is our deputy minister; as well, Mr. Brad Klak, who is the president of Ag Financial Services Corp.; Faye Rault, who is the assistant deputy minister of rural development. I see John Donner, who is the assistant deputy minister of environment and food safety, as well as Bard Haddrell, the director of the ag info centre. I would certainly suggest to you that we have the best executive team in government, and they're well represented here tonight.

Mr. Chairman, I would like to characterize this year's budget as one of reconstruction and reinvigoration. After coming through several years of difficulty, we're certainly seeing an industry that's undeniably changed. Everyone, whether they're from a rural community that's dependent on agriculture or they live in the heart of our capital city, knows that farmers have had a rough ride over the past several years. We need to work with industry to increase returns from the market and better manage business risk. This has to change, and it's up to the industry working closely with government to make it happen. We've already got a very strong foundation. We just need to have the appropriate direction, and a year without any major disasters would be nice.

Part of my vision is to build on that foundation. There are a few cracks that we need to fix, in particular our trade issues: the World Trade Organization and the huge amount of subsidies world-wide that distort our prices. The Canadian agricultural income stabilization program needs to be fixed. It isn't working in its current format. Of course, we need to find better choices in how we market our grains. We have built a solid base, and if we focus on making that strong, we've got a house that will withstand any storm that tries to take it down. This budget is about confirming the government's commitment to the viability of agriculture in the province.

Before I go into this year's plans, I want to just quickly talk about what we've done in the past year to help position us to move forward this year. We made some changes within the ministry, refocused the work of some divisions and put more emphasis on rural develop-

ment, research, and business development. Some of the financial program delivery has moved from the department to AFSC, or Ag Financial Services, and that's been a very good fit, Mr. Chairman, as that is a financial organization.

We also strengthened our food safety, environment, and strategic policy sectors. With these changes, we feel more capable than ever to help our ag industry take on the rest of the world. That's important because if things go the way we want them to at next month's World Trade Organization meetings, we'll have significantly improved access to the world's markets, and that will make more difference to the bottom lines of our producers than any farm income program could ever hope to achieve.

Back home we're putting forward a budget that will allow us to follow through in a few other areas. Last year we rolled out the government's rural development strategy. Now we're putting our money where our mouth is with \$100 million to establish a rural development project fund. This fund will support communities, regional alliances, and not-for-profit organizations and help kick-start community focus projects that will contribute to the growth and prosperity of rural Alberta. This is a significant investment in rural Alberta and complements the hundreds of millions of dollars that are being invested through individual ministry budgets in areas such as health, housing, infrastructure, and policing, not to mention the other programs and projects that my ministry invests in on an ongoing basis, things like 4-H, irrigation projects, ag service boards, and numerous others.

We decided to go with this fund because it offered the best vehicle to get money out of the community ventures. We're still working out the details, but we know that a third party will administer the fund. An arm's-length board representing all corners of the province will oversee the fund. Projects that are strong on partnership and big on rural impact will take precedence, and the fund will produce an annual report card of results to ensure accountability.

Mr. Chairman, this fund is really just a small part of the government's commitment to rural development. All you need to do is look at every ministry's business plan to see the dollars going into rural communities. About \$260 million in new spending is earmarked for rural communities in this year's budget. Of course, we need the investment and resources to be co-ordinated, to be looked at through a rural lens. That's what the rural development strategy strives to do. So that work will continue to be important to the ministry.

We're continuing to re-energize our livestock industry, and of course we're continuing to hear positive news on this front. The latest is the news that the Montana judge that stymied our recovery last year has thrown out R-CALF's case for a permanent injunction. We know that R-CALF isn't going away, but this turn of events is certainly welcome to our industry. It feels like for the first time in a long time the world is finally coming to its senses on the matter. It was apparent by the reaction of trading nations when we reported our fourth case of BSE in January and the U.S. reported its second homegrown case in March. The reaction of countries such as Japan was measured and reasonable. There were no significant knee-jerk trade interruptions, and except for a few reassurances the new cases garnered little concern.

It has taken a lot of hard work by the beef industry and by governments – Alberta, Canada, and the United States – to get to this point, but it doesn't mean we still don't have work to do. We're continuing to strengthen our livestock industry. The work on our six-point BSE recovery strategy continues. In this budget we've committed \$20 million for specified risk material disposal research. SRMs, or specified risk materials, are the materials that are removed from cattle at slaughter. Soon SRMs will no longer be recycled into

any feed, so what we're faced with is a large amount of excess material that ends up as waste. This funding is earmarked for research into alternative uses and disposal methods for this material.

Now, I know that there's a lot of hurt out there in the grains and oilseeds sector. There has been hurt for some time. In fact, this evening, Mr. Chairman, we were at a reception with the grains and oilseeds, pulses, and potato growers of Alberta. There's a lot of posturing about what to do to support this sector. Recently, my provincial and territorial counterparts called upon the federal government to work on transforming the CAIS program – not to replace it; transform it. We believe that the principles of the program are sound. It just needs to become simpler as well as more bankable, more responsive, and more predictable. We've advocated as well for a separation of the disaster component, which we're pleased to see the federal minister is looking at. We have to better address income risk and make sure we've got a disaster component that works.

We're not ready to throw it out, but we're certainly working to make it better. We know that our grains and oilseeds producers continue to suffer from high input costs and lower commodity prices, and we're going to do something about it. We have a three-point plan, similar to the six-point plan created around BSE, to help deal with the challenges facing the grains and oilseeds sector. As part of this plan we are consulting with grains and oilseeds industry representatives to find long-term solutions to the difficulties the entire industry is facing. We can no longer grow in some cases the same grains for the same export markets or for the same uses. Like we did with the beef industry, we've got to look at every opportunity to derive value from the crops we grow right here at home.

One area is bioenergy. There's great promise for our crop producers in this area, and we're committed to exploring it. I'm really pleased that this government is developing a bioenergy strategy, and our ministry will be a big part of this effort.

I've heard the calls for immediate ad hoc assistance, but this industry needs long-term solutions that reduce producer risk and help farmers out when disaster strikes. We want programs to sustain agriculture in this province, and we've done a great deal of work to make sure that what we bring forward are business risk management programs that create an environment where farmers get their income out of the marketplace while still protecting them in a disaster. That's why we injected \$224 million through the CAIS reference margin pilot program for the 2003 through to 2005 claim years. It's why we reduced premiums for several crop insurance programs through this year's budget. Making programs more workable and accessible is the most sensible and sustainable approach. Ad hoc programs are not the solution, and they don't work.

There are many other initiatives we're working on and have addressed in this year's budget, but in the interests of time I'd like to sum up by going over the planned increases that we have for this year. The ministry's spending has actually decreased from the 2005-06 budget by approximately \$53 million. This is as a result of budget decreases for the following areas: the Canada/Alberta fed cattle set-aside program, which has been discontinued – last year we budgeted \$133 million for this program – and \$43.7 million for production insurance expenses, which is budgeted based on 20-year historical averages. These decreases are partially offset by the following increases: the \$100 million for the rural development project fund, \$20 million for the specified risk material disposal research, as well as \$2 million for irrigation infrastructure rehabilitation, bringing this annual funding to \$24 million per year.

8:10

This budget is based on several assumptions, Mr. Chairman. The

assumption that commodity prices will not decline further than they are. Interest rates will remain stable as will the Canadian dollar. We will not experience a disastrous year of claims under the income stabilization and crop insurance programs. Those are some of the assumptions that we have made in our planning.

These assumptions mean that achieving the plan is subject to some major risks. Widespread crop production losses due to poor weather conditions, including drought, would be some of the risk; major livestock disease outbreak such as foot and mouth, avian or swine flu; further declines in global commodity prices, particularly in crops. Changes in the economy, such as an increase in the interest rates or a stronger Canadian dollar, have an effect on our farm incomes. Those four items could affect farm income dramatically and, in turn, impact indemnities paid out under crop insurance and the Canadian agricultural income stabilization program. We've not built this plan to deal with another disastrous year of claims. We await the federal government's budget to see what they're going to do.

I want to assure all hon. members that the prosperity and sustainability of our agricultural industry remains a priority of this government. Rural Alberta is a priority of this government.

I would like to thank the hon. members for your support throughout this past year. The industry is growing and changing rapidly, and it's more than ready to take on the world. We have the best people producing top-notch product that's safe and nutritious. We cannot be beat given an open market. When the global playing field levels, our ag producers are going to set the standard for the world to follow. We're absolutely committed to working with them every step of the way to help them to do that.

Thank you, Mr. Chairman, for the time this evening. I look forward to the comments and questions. Also, I would ask members who are asking questions if you would identify the page and the area of the plan that you're referring to so that if I cannot get to the answer today, we will be able to give you a written response. The staff, of course, is up there writing away as we speak.

Once again, Mr. Chairman, I look forward to the comments and questions part.

The Deputy Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Chairman. It's a pleasure to participate in the debate on the budget estimates for Agriculture, Food and Rural Development this evening. Certainly, I think all hon. members of this Assembly recognize the importance to rural Alberta of the department and the programs that are administered through that department.

Now, the ministry this year is requesting a total of over \$1 billion for its three core business areas to facilitate sustainable industry growth, to enhance rural sustainability, and to strengthen business risk management. We see some of the highlights in this year's budget estimates: a \$150 million increase for farm income stabilization. We see a \$71 million increase for production insurance; \$20 million to respond, if necessary, to BSE-related changes in federal regulations to safeguard the livestock feed industry; and this \$100 million for the rural development strategy. I will be following that strategy, that \$100 million strategy with interest. I think it will be money well spent if it's used properly and doesn't become a political fund. I certainly don't want this to be just given out on a constituency basis like some of the other programs in Gaming.

Now, we've all been hearing for some time about the CAIS program. I would agree with the hon. minister that CAIS is not working. It needs to be fixed. It's cumbersome. It's bureaucratic. I often thought during question period, Mr. Chairman, that I should

give the hon. minister a CAIS test, to just go through, for instance, some of the editions of the Canadian Grain News and question the minister on how, exactly, some of these programs work under CAIS. Just give him a test. But I thought that at this time it may be inappropriate now that there are winds of change in the CAIS program. I would certainly agree that we need to make some changes to this.

There are many different opinions on the CAIS program. I was astonished to receive a news release from the county of Two Hills and MD of Bonnyville – this is dated last November – and the subject of this news release is that individuals in that part of the province took enough issue with the remarks made by the hon. Minister of Municipal Affairs at the Alberta Association of Municipal Districts and Counties convention that they issued this press release. They state that

In a meeting with [the hon. Minister of] Municipal Affairs . . . on November 15, 2005, the Minister stated that

- The CAIS Program is very good
- That it will eliminate all the bad farmers
- If small farms cannot be successful, they “should smell the roses and find different careers.”

Now, I find that interesting. I don't know if the present minister of agriculture agrees with that or not, but it is usual for ministers to meet with representatives from the municipalities and counties. The county of Two Hills deputy reeve, Elroy Yakemchuk, apparently challenged the hon. minister about these remarks.

I would like to now ask the Minister of Agriculture, Food and Rural Development if his opinion on the family farm is different than that of the hon. Minister of Municipal Affairs. You know, we all know that family farms are having a difficult time with the escalating costs of energy. Electricity deregulation hasn't worked out in urban areas and certainly hasn't worked out in rural areas. Of course, the hon. minister mentioned some of the weather patterns and also the low commodity prices that are forcing many farmers, particularly young farmers, off the land. Now, Mr. Yakemchuk asks: what would be the definition of a bad farmer? Under these circumstances I have no idea, but perhaps the minister could enlighten all members of the House.

Again, to the minister of agriculture, this is also in the press release: “What did you mean when you implied that if a small farmer cannot make it on 4-6 quarters of land, he should smell the roses and find a different career?” That was apparently the question. This is in their press release, not mine. I want clarification of this, and I want your opinion on this. Do you agree with that? Now, the farmers, as I understand it, were very offended with these comments, and many of them cannot look at finding another career. It's simply not an option.

In light of this, I would like to know, again, what specific programs this government is going to implement to protect and enhance the family farm and encourage young farmers to take up the business. I know that there are programs. I know that people automatically think of the BSE money and how the big packers got a large share of it. I know what the general public thinks, but in this case, I would certainly like to know what the minister thinks.

8:20

Now, specifically on page 86 of the business plan 2006-09 I was comparing the performance measures that are in this document to what's in the annual report for the Agriculture Financial Services Corporation. I'm going to have to double check because there seems to be a difference in some of these performance measures that are present for us.

In performance measure 2.b, again, on page 86 we're talking about the

percentage of Alberta production produced under on-farm food safety programs . . . [and] On-Farm Food Safety programs are industry led initiatives designed to provide an optimum level of safety for products produced on farms. These programs undergo national technical review and are implemented by producers with help from their provincial commodity groups. Implementation by producers may be voluntary or mandatory depending on the commodity.

We see under this performance measure, “production produced under on-farm food safety programs,” that for chicken farms it's mandatory, but for hog farms and beef feed lots it's voluntary. I'm wondering if the minister or the department has considered also making those on-farm food safety programs for hog farms and beef feed lots mandatory as well. Now, that is the first question I have.

The second question that I have is in regard to the Agriculture Financial Services Corporation and the morphing of the Alberta Opportunity Company into this entity. Now, I think that it was last year I was asking about the commercial loans that were provided by this outfit, but I don't recall getting an answer that I was satisfied with. Certainly, in 2002, Mr. Chairman, legislation that we talked about in this Assembly provided for a merger between the Agriculture Financial Services Corporation and the Alberta Opportunity Company.

Now, the AOC, as I said, was morphed into this outfit, and while I was spending some time late last fall and early this winter in the Legislature Library going through the *Gazettes*, I noticed that in the past the Alberta Opportunity Company used to list, I believe on a monthly basis, loan authorizations. If they made a loan of taxpayers' money or money from the Treasury, there was a list of who got the money, the purpose of the loan, and the amount authorized for.

For instance, when we look at a numbered company here, Mr. Chairman – why did I pick a numbered company? – the numbered company that I would be looking at from the *Alberta Gazette*, February 4, 1998, would be 738926 Alberta Ltd. in Lamont. It's a motel. The majority owner would be Steve Kumar. The loan authorized was \$218,000, and the purpose of the loan was to purchase an existing business. There are a lot of them here for that month, and they're for amounts that range from \$35,000, \$16,000, and they go upwards to \$885,000, so the Alberta Opportunity Company did post all its loans in the *Gazette*.

Now, I have checked the Agriculture Financial Services Act, and there's no requirement to post these loans in the *Gazette*. I would think that the same practice should follow from the Alberta Opportunity Company through to the Agriculture Financial Services Corporation. These are tax dollars. Everyone on the government side of the House is always talking about being open and accountable: oh, yes; we're transparent. But this is certainly not open, it's not accountable, and it's certainly not transparent. I would like the minister's assurance that this is going to be changed immediately and that all the loans that are made for whatever reason through the Agriculture Financial Services Corporation are posted in the *Gazette* in a timely fashion within, say, 60 days of the cheque being cut because I think it's only fair to the taxpayers. If it was done by this Progressive Conservative government at one time, I don't understand why it can't be done now.

Hopefully we're going to have time to get back, Mr. Chairman, to the Agriculture Financial Services Corporation. But when we look at the ministry of agriculture, it certainly is important. You know, not only do we have the Agriculture Financial Services Corporation, we've got the office of the Farmers' Advocate, we've got the Irrigation Council, we've got the Agricultural Products Marketing Council, the Alberta Grain Commission. We look at the mission and the purpose of this department. It is “to enable the growth of a globally competitive, sustainable agriculture and food industry

through essential policy, legislation, information and services in partnership with vibrant rural communities.”

Now, I have some general questions, and I think we'll start with this one at this time, Mr. Chairman. One controversial program that has been brought to our attention is this Choice Matters campaign. This is, again, in my opinion and in the opinion of people across the province in the rural communities, a taxpayer-funded campaign to lobby the federal government to abolish the Canadian Wheat Board and to convince Alberta farmers to support this position.

Now, in what line item can I find the funding for this campaign? Where is it located? Where is the money for this Choice Matters campaign located? What is the estimate for this program in this fiscal year? How does the minister justify spending money on this program when the Wheat Board is controlled by democratically elected members and is under the jurisdiction of the federal government? Will the minister re-evaluate spending in this area in light of the federal government's desire to maintain the Canadian Wheat Board for the time being? Certainly, we know that there is a motion on the Order Paper, Mr. Chairman, in this Assembly to dismantle the Wheat Board. I've heard the minister's comments even in Public Accounts on this issue. Where is the money to fund this campaign, and how much?

Clean-up costs for confined feeding operations that have gone bankrupt. Who is responsible for the costs of cleaning up confined feeding operations that have gone bankrupt? Again, this is sort of a related question: what incentives are provided to use the best practices on farm activities such as manure spreading and storage?

Now, again, the AFSC continues to provide loans to small businesses and farming operations. Have the chartered banks been consulted on this practice of providing these loans, particularly to small business? I know that a lot of farming operations are dependent on the AFSC, but if we're out of the business of being in business, we already have the Alberta Treasury Branches in operation. That's our state-owned bank here. What is exactly with this?

What programs are in place to encourage young people specifically to enter the agricultural industry? I support the minister fully on his initiatives and encourage him to continue to rebuild the agricultural industry.

8:30

Now, it would be our opinion that a progressive future for the agricultural industry should include producer-owned marketing co-operatives, organic production of meat and vegetables – and that's certainly been started, but I think we've got a long way to go there yet – agricultural tourism, including U-pick, farmers' markets, on-farm programs, direct selling to restaurants, specialty grocery stores, and also value-added specialty products sold to some of the high-end restaurants and grocery stores. What are the supports to these types of organizations, their products, and production methods? Has the minister or any of his departmental officials considered transition funding to cover the operating costs for the seven years that it takes to convert current land in agricultural production to organic farming? I find this budget is more of the same focus as it's focusing again on big agriculture and produces little vision for progressive, innovative activities.

There certainly are environmental issues with coal-bed methane that are being discussed in the Assembly. Questions are coming fast and furious to the Minister of Energy from all parties in the House, but there certainly are environmental issues in the agricultural industry as well.

What economic incentives do you offer or are you contemplating to offer to encourage farmers to steward their land? Do you provide

any compensation for the ecological goods and services provided by woodlands, wetlands on private land? Given the greater social goods that wetland areas provide, especially in the agricultural zone, do you provide any economic incentives for woodlot owners to steward their private woodlands? What economic incentives are provided to encourage low-input agriculture or to consume less energy or less pesticides and fertilizer?

Now, fertilizer is very, very expensive. What are we looking at now? The minister probably has this price per tonne on the tip of his tongue, but I think it's about \$440, maybe \$460 a tonne for fertilizer. I don't know how many producers can afford that, but that's a big issue, and how are we going to deal with that?

Thank you.

Mr. Horner: I note that the hon. member didn't ask for unanimous consent to keep going, so I guess I'll have to respond to some of this.

Prior to doing that, Mr. Chairman, might I indulge to introduce to the Assembly some guests that I see who have entered the gallery who were part of a group that held a reception this evening, which a number of my colleagues and myself were honoured to attend, representing not only the industry which they represent but all of the grains and oil seeds, pulses, and potato growers. These gentlemen are all, I believe, from the Alberta canola commission, and if they would rise after I introduce them. Brian Tischler, Kevin Bender, Andy Haarsma, Stewart Gilroy, and Greg Porozni are in the gallery, and I ask the Assembly to give them a warm welcome. Thank you for that indulgence, Mr. Chairman.

The hon. member went through a lot of different things in his dissertation there, and I guess I'm going to try and knock off a few of them here. The first one was that he mentioned his hope was that the rural development fund would not be a political fund and that it would not be used on a constituency basis, I think is what he said. I would like to make it very clear that what we're talking about doing with this fund is to actually make it arm's length, Mr. Chairman. We want to make it arm's length because we want it accountable. We want it transparent. We want it to react to the desires of the rural communities that are out there that have good projects that need a hand up in terms of getting that project off the ground. We have a report out there called A Place to Grow, which a number of my colleagues in this House put a lot of work into over the last two years, that my predecessor was the impetus to get rolling, that had consultation across this province twice over those two years.

From that consultation came a report called A Place to Grow, which has been introduced in this House, that has 77 recommendations along with a group of principles that this third party or arm's-length group will use to judge every project that comes forward to it. At the same time, we are asking that this group, this third party, will come back to government at the end of each year with a report card, an accountability statement as to what they did with the funds which we have provided to them. They will be able to tell us what the project was and how it did affect and impact on rural development and the rural lifestyles in Alberta.

It is very important to us, Mr. Chairman, that these initiatives come from the ground up, that they're not driven top down, like some of our colleagues opposite might want to have done, but that they're driven from the community, that it's based on partnerships, that it's based on what the community knows as their strengths. They know their weaknesses. What they need is our expertise to help them in whatever way to facilitate that project and to get it off the ground.

So to my hon. colleague, no, it is not a political fund. No, it's not on a constituency basis, and, yes, the funds will be used properly, and it is accountable.

He waxed a bit about contemplating giving me a CAIS test on the Canadian agricultural income stabilization program. I would be more than willing to take up that challenge as long as he would be willing to do the same and to understand what every aspect of that program entails and how the changes that we make to that program may impact different farming operations in our province. I think I might have a better understanding of where that's going and would be perfectly willing to do that.

I believe that where we're going with the CAIS program is where we need to head. It's something that we've had a lot of consultation on in this province. In fact, prior to the reception, which we were at, our guests in the gallery, along with a number of other grains and oilseeds producers, were actually having a meeting with some of our people from the Ag Financial Services Corp., who are the experts in the CAIS program, to talk about where we need to go to listen to the producers about where we need to go with this program and how we make it better.

In fact, what we have found is that we are all on the same page when it comes to the changes that we need to make. We're all on the same page when it comes to the changes which we're planning and which we're proposing to the federal government. The industry has told us that they do not want to throw out the principles that CAIS was developed on and the targeted approach that helps.

The hon. member talks about: how is this going to help the family farm? Well, I would like the hon. member, first of all, to define for me what he considers a family farm and how that relates to the 53,000 farming operations that we have in the province and how many of them he thinks would not be family farms. I know that in my own farm background in our family the farm came under a corporation. It was called Westglen Farms Ltd., and we were very proud of that. A number of my brothers are shareholders still in an entity that is somewhat related to that. That was a family farm to me, hon. member, and while it may have seemed to be a corporation on the outside, it certainly was very much a family farm. Some family farms that I'm aware of are extremely large and considered to be fairly large corporations. It requires a certain level of expertise once you get to those dollar amounts.

There was a comment made – and I take a little bit of exception – about some quotes that may or may not have been attributed to one of my colleagues on the government side from the past year from a municipality. I know that at the meeting that we had, where this was brought up from the floor actually, this was addressed, and I think that the Minister of Municipal Affairs is one of our strongest supporters in cabinet, in Treasury Board, in our government, and in our caucus for rural Alberta and the rural development of Alberta because it includes municipalities, Mr. Chairman, and he is a very strong proponent of that. He's also a small businessman and understands business.

8:40

I think the hon. member attributed to me some sort of comment about: well, if your farm size is four to six quarters, maybe you should smell the roses or something like that. Hon. member, I never made those comments and never would because in my own riding I have a number of U-pick operations. I have a number of ag tourism operations. I have a number of, quite frankly, CFOs that are not on more than two or three quarters. The size of the farm – size does not matter, Mr. Chairman, in this particular case. You can have a very successful farming business on one quarter. In fact, you could probably have a successful business on 80 acres, dependent upon what it is you're going into.

We have specific programs to protect our farming operations because if all of the things that we're working on to make the

environment, where producers and farm operations can generate their margin out of the marketplace – if we're successful on all fronts that we're working on, the programs that we have in place are backstops. They're not programs to protect. They're not programs to insulate. They're not programs to put fences up. They're programs to backstop our producers so that they can be the entrepreneurs that I know they can be so that they can compete in a fair market, in an open marketplace, and get legitimate and adequate returns for the product that they produce.

Things like the World Trade Organization. There's probably over – well, I've heard numbers as high as \$300 billion in upside in commodity prices if we were to remove all of the export subsidies, domestic subsidies, and export supports around the world. That's why the developing countries are wanting to remove those subsidies. That's why countries that are even considered rather socialist are moving away from subsidies because they know that they can't afford to do that, and they know that it simply drives the commodity price down for their producers. It's counterproductive, and there's no reason why we should jump into that game.

Other things that we're doing to help market our product. The hon. member mentioned food safety and security. This is something that has been on Alberta's agenda for quite some time. As a past ag exporter I understand the value of being able to differentiate ourselves in the international marketplace. It is extremely important in today's climate that we play from our strengths, and our strengths, Mr. Chairman, revolve around the ability to have safe food and show the world how we are good stewards of our environment. We probably lead the nation in our environmental farm planned growth. In development under the ag policy framework, which is a national program, we are probably one of the leaders in getting our farmers to look to using this as a marketing tool as well as understanding that we are good stewards of the land because if we're not, we won't make money. We won't be able to create the type of economic growth on farms that we need to have to sustain our agriculture.

The best program that we can do to encourage young Albertans to get into the business of agriculture is to create an environment that makes agriculture profitable. It's no different than any other business that young people might be interested in getting involved in. If it's profitable, that will attract young entrants to the industry. That, Mr. Chairman, is the goal of this government, to make the ag industry a profitable industry, one that people want to be involved in and want to get into. Everything that we do in our department is geared in that direction.

The hon. member spoke a little bit about our business plan and food security on poultry operations and also was wondering why it wasn't on hog farms and a few other places. We have probably one of the best, as I said, food security systems in the world. We work with the Canadian Food Inspection Agency on a number of fronts, whether that's on a reportable disease basis or whether it's not. We have working relationships with all of our livestock sectors on contingency planning should there be a problem. Should there be something that may happen within one of our farms as it relates to the – I think this is where he was talking about the CFOs. No, that was later on, but anyway we'll talk about that now. We have probably some of the best legislation in Canada as it relates to confined feeding operations under our Ag Operation Practices Act and through the Natural Resources Conservation Board. We have made some changes there over the last year as well as a substantial amount of consultation with the industry and other NGO entities that are involved in environmental stewardship. We are certainly, I would suggest, leaders in that field and building upon the strengths that we have there.

The hon. member talked a little bit about AFSC and ag lending

versus the Alberta Opportunity Company and also lending. We did bring in some legislation, and I believe that it was after this 1998 situation that the hon. member mentioned. Freedom of information and protection of privacy legislation may actually preclude us from letting everyone know who's got the loans with different entities. I think that there are a number of farmers and producers who might object to having their finances displayed for all to see. I think that it's important that we keep some confidentiality there so that producers are not concerned about getting a loan from AFSC. In fact, we are considered sometimes to be lenders of last resort. We do have the disaster farm loan program. We are viewed as being ag lenders in the community.

We're also viewed as being commercial lenders in rural Alberta and have a very good track record, hon. member, in terms of how well we do in comparison to the other banks. Speaking of the other banks, the hon. member wondered whether we had consulted with chartered banks. In fact, hon. member, AFSC is in many instances the lead bank on a syndication to help develop something in rural Alberta with other chartered banks. The chartered banks and the Farm Credit corporation, which is the federal entity which would be considered similar to our AFSC, in many cases work in conjunction with each other to try to help develop the commercial viability progress or business plan for a particular project. We have, as I said, probably one of the best records in the country in terms of our lending portfolio, and we're very proud of that, actually, because it means that we're developing commercial activity in rural Alberta, and at the same time we're doing it prudently, so taxpayers' dollars are not going to waste.

The hon. member talked about: are we developing things for the young people like developing the organic industry? Mr. Chairman, we do a lot of work through the Ag and Food Council through our business development branch in terms of helping with farmers' markets, in terms of helping with developing the ag tourism portfolio. In fact, the hon. member might be interested to know that that's a \$700 million part of our agricultural economy that I spend a lot of time talking about and encouraging. When you talk about a small farm operation that might be only 80 acres, it might be specializing in exactly one of those areas. My brother-in-law does a lot of organic farming and has made quite a success out of actually turning his entire farm into an organic operation and has grown organic flaxseed as well as other crops that have turned out to be quite profitable for him.

I think I will go now, Mr. Chairman, to one of the favourite topics of this House, and that's the Canadian Wheat Board. The hon. member made the comment about our Choice Matters campaign being a taxpayer-funded campaign to abolish the Canadian Wheat Board, and I really need to correct the hon. member. It may sound good to say that in some of the circles that he travels in. It may make a headline, perhaps, but it's not the truth. The truth is that we don't want to abolish the Wheat Board.

The truth is that what we want to do is create an entity that producers could own that's transparent, that's accountable, that is actually creating some opportunity for our producers in value-added opportunities in this country, that is something that producers can look to and be proud of, and that the majority of Alberta producers might even want to participate in because currently they do not. Our Choice Matters campaign is in our business plan, and it is located in our budget estimates. I don't have the number right in front of me, but we'll get that for the hon. member. I'd also point out that the Canadian Wheat Board spends an awful lot of producer money protecting itself. I'm a little concerned about that. I think producers might want to look at that as well.

8:50

When he talks about democratically elected members, the hon. member should perhaps tell the rest of the story. In order for any change to be made on that board, you'd have to get an 80 per cent vote because there are five appointed members to that board who are not elected by producers. The hon. member was also very correct in suggesting that it's a federal entity, but it's not a national entity. It's not across this country; it is only in four provinces. All I'm asking, hon. member, is to let my people go because we don't want to be there.

I think, Mr. Chair, that there is another type of arrangement that we could make with the Canadian Wheat Board. It's an arrangement that would create the entity that I spoke of before that would be able to take advantage of opportunities coming out of the WTO. It's an entity that might be able to take advantage of new value-added, value chain type of initiatives in the barley sector. It's an entity that might be able to take advantage of new value-added entities in wheat milling in some of the other areas that we've been looking to grow in the value chain for years and years, that have not occurred in this country and should have. I think that what we are offering producers is the choice between staying raw commodity exporters in a commodity global marketplace, where you're doing nothing but chasing the price down, and a choice of having that market at home, where you might be able to generate some additional value out of what you produce and become better marketers in the process.

I think that with that, Mr. Chair, I'll let some other hon. members wax eloquent as well again.

The Deputy Chair: The hon. Member for Edmonton-Beverly-Clareview.

Mr. Martin: Well, thank you very much, Mr. Chairman. I think that we will probably agree to disagree on some very fundamental issues, but that's part of what this Legislature is about.

I want to say to the minister that I have not seen as much pessimism as I have especially in the grains and oil seeds sector. As the minister correctly pointed out, this has been a long-term problem. We went through the livestock industry, and I'll come to that. I was out, just to pass this on to the minister, at a very large funeral in the Andrew area, which was predominantly farmers. Besides wanting to talk about the third way, the other thing that they wanted to talk about was the desperation that they're facing in their livelihood. I'll come to CAIS, and I'm not going to pretend to be able to understand it all other than there's a great deal of dissatisfaction, as the minister is well aware. He's alluded to that. I talked to another big farmer, that the minister is alluding to, and he said that up in Peace River it probably will cost him money to put his crop in this year. It's that difficult. He's fortunate that he can do it this year and hope for a better year next year, but there are a lot of farmers that can't. I know that the minister is aware of this situation, and I know that he cares about it and wants to change that for people.

The minister said correctly that it has to be profitable. Therein lies the dilemma right now in that sector; it generally is not profitable. We can hope and wait. I know that the minister is working hard trying to influence through the federal government what we can do at the World Trade Organization. Well, with all due respect, I think that we've been trying to change them for 20 years. The problem that we face there: I'm not sure it can be changed. Good luck. If we can do it, great, because I agree with him. The subsidies from the United States and Europe are killing not only us here in Canada but, as the minister correctly pointed out, some of the poorer countries around the world.

I would suggest to him that we're naive in the extreme if we think

that the Americans are going to change their policy. The U.S., as the minister is well aware, has a farm bill, and that farm bill is voted on in Washington, not in Geneva. I believe – and the minister can correct me if I'm wrong because he would know this – it's 1 per cent of their national budget. It's about a \$15 billion subsidy. That subsidy is wrong, and we're right to fight it, but the problem is that the politics are in the United States. You're dealing with politics here. We know what it's like with the softwood lumber. We know what it's like when you get into the internal politics of the United States. To think that this is going to change: I sincerely say to the minister that I hope he's correct, that we can make those changes, but deep down . . .

The Deputy Chair: Hon. members, the hon. Member for Edmonton-Beverly-Clareview has the floor. If any of you wish to participate in the debate, please identify yourself, and I will recognize you at that time. Currently the hon. Member for Edmonton-Beverly-Clareview has the floor.

Mr. Martin: Thank you. I know that the minister was listening, and he's the important one. Thank you, Mr. Chairman.

The point that I'm making is that this is part of their internal policies, and I don't think this is going to change in the foreseeable future. Along with that, then, the Americans are much more important to what we do, but Europe is not going to change what they're doing either. We know what happens in France and other places if you begin to mess around with certain things that they take for granted. The point I make about this, then, is that we have to look, I believe, internally here in Canada at what we can do to help our farmers. I just don't think the other things are going to happen.

I come, then, to the point where he and I may disagree, and I'm sure we will. It's about the Canadian Wheat Board. For the love of me, I can't see how you can compete. I have a graph here. Correct me if I'm wrong, but we are a trading nation, especially in wheat, and I think 80 per cent of our product goes outside of the country. Yes, we should try to do as the minister alluded to, some value-added, and perhaps there are ways that we can work that through. But because we're a trading nation, when I look at who we're competing with, the Canadian Wheat Board is relatively a very small organization. When you look at Cargill, \$80 billion Canadian in annual revenue; ADM, \$50 billion; Bunge, \$40 billion; Dreyfus, around \$30 billion; AWB, around \$8 billion. The Canadian Wheat Board looks to be about \$2 billion or \$3 billion, somewhere in that range. So, for the love of me, how are we going to have farmers get into that market if we don't have a single selling desk? I don't know. That's the only way. That's why this was formed to begin with.

That's not to say that it's necessarily perfect. The minister and I have talked about this before, that the Wheat Board itself is trying to do some things differently than they've done in the past, and they've been successful – and I'm sure that the minister is aware; I think it was just last week – working with softwood lumber. How big a victory it is over the long run – we've had these before. They formed together against the North Dakota Wheat Commission because that was harassment. The Wheat Board was involved in that, so it played, I think, a positive role there.

And as a person says, maybe we have certain people that we talk to more than others. NFU President Stewart Wells said at a rally in Toronto of 10,000 farmers from across the country – and this is the point I was making – that there is nothing in the WTO for the farmers of Canada. He said that we've been hearing WTO promises for 20 years, and in those two decades an entire generation of

farmers was born and grew up and has left the farm. And I think that's true.

I'll come to CAIS, if I may, in the remaining time.

It's my understanding that this internal fighting between ourselves all the time, you know, with the Wheat Board – those are for it, and those are not; we want dual boards, this, that, and everything – is a waste. The Wheat Board has served us very well over the period of time. Let's see if we can make some changes. The information that I'm getting says, I believe, that the Wheat Board is offering more market choices for farmers. It's offering farmers the choice of selling the crops based on future prices less a discount. There are options that allow farmers to lock in their crop prices, and there are options that allow a farmer to remain in the pool and still get payment up front.

9:00

So I believe that they are trying to change too. Perhaps there is some way we can work this out because I honestly say to you that if there's not some sort of single-desk selling, all those people who think that they can compete against Cargill out in open market are dreaming in technicolour. Let me tell you, that's the case. That's why we formed the Wheat Board in the past. The odd one, but how many farmers are going to be able to do that? I just don't believe that it's possible. That's why we need a single desk, and I think that that's something we can do in this country.

I'll move from there about the Wheat Board. I know that we'll probably agree to disagree about that, but I think it's important. Frankly, it's not your people, like the minister said. I think that was a bad choice of words: let my people go. I'm sure he didn't mean that, and I'll take that at its best. Remember that it's up to the farmers really. With the Wheat Board, the elections, the rest of it, it's going to be up to the farmers. There are less and less of them – I think 3 per cent of the population – but they're the ones that are going to make those choices. It won't be us. It won't be politicians in Ottawa or somewhere else. It's going to have to be the farmers.

Then I'll move to the second thing that perhaps he and I can agree somewhat on. I mean, I've looked at the CAIS, and I understand the frustration of farmers. I honestly haven't found anybody yet that says, "Yeah, it's working well." And, of course, I don't think the minister said that. But, again, that was some of the frustration that I was getting out at Andrew. People say: "It's too complicated. You need accountants to do it." I know there was an announcement, a press release – what? – two or three weeks ago, about some changes that were made. This thing has to work. I don't know if it's CAIS. The federal minister said they may have to start over again. I think that this minister disagrees with that. But we're really going to have to make the thing work, or we're going to lose a pile of farmers in a very short period of time. I'm not smart enough to know all the answers there, but I'm smart enough to know that nobody thinks it's working now. I think time is somewhat of the essence if we're going to keep some farmers in the business.

If we don't do some things internally – I mean, maybe we'll get a miracle at the WTO. I think it's in April or something, isn't it? April, May somewhere? Maybe we'll get a miracle there, and all these subsidies will dissipate, but I don't think that that's the case. I foresee that in the rural Alberta that I grew up in, if we don't begin to do some things here internally and work together, probably the only ones left will be bigger farms, whether they're family or not. The traditional family farm that we know will not be there. Many of them have disappeared now. I suppose collective farms, you know, will still operate, and big farms will be all that's left.

I say to the city people that if that happens, that's not going to be good for you because we've had a relatively cheap food policy in

this country. You can bet that if that happens, the price of food is certainly going to go up. So I would just say to the minister – he knows much more about CAIS than I do. He’s had to. I wouldn’t even take the test. I do stress that I hope that we can solve that and do it quickly. I think time is of the essence.

I just want to move to the rural development fund a bit. The minister got a letter, I believe – all MLAs got a copy of it – from Alan Hyland, from the Palliser Economic Partnership. Of course, we all know that Alan, or at least some of us do, used to be a Conservative member here in the Legislature. He had a point. The drift of it is that he was talking about the rural development strategy. The letter is to request that the rural development strategy be amended to include specific reference to the current crisis in the grains and oilseeds industry. He goes on to say – and I think it’s an important point – that “economic development theory tells us that before we can attract new and diverse industries, we must look after the businesses we currently have and that those need to be healthy in order to provide the base upon which to build new industries.” He goes on to repeat the obvious thing that we’ve just been discussing, that primary grain and oilseeds “is a homegrown business that is not healthy at this time.”

His point, I think, is a valid one. We can talk all we want about economic diversification in rural Alberta, but the bulk of it is going to be centred around the value-added that the minister talked about, the grains and oilseeds. So that was his question to the minister. Maybe the minister hasn’t had time to talk about it, but if he gets a moment, I wonder if he could tell us in the Legislature how he feels about that.

You know, there’s a new message box coming from the government. We checked through, and eight or nine times we’ve heard “stay tuned.” The hon. Finance minister told us to stay tuned about the rural development fund in her Budget Address, and I’ve heard it a number of times from hon. members. I would just like to find out a little bit more about the rural development fund and where we’re going with it. The minister has mentioned that we’ve set aside \$100 million, and we’re asked to stay tuned. I’d like to know when we’re going to begin to look at some of the details, and maybe that would answer the question that Mr. Hyland sent from Palliser. So I’m looking for that.

When can rural communities expect to see the plans for disbursement of monies? The minister explained that it’s at arm’s length from government, and that’s probably good, although I’m not sure exactly what that means. Might the minister, if he has some time, give us some update on possible projects that the fund might be applied to besides those listed in the news release of March 29? For example, will any funds be made available for private citizens rather than municipalities or services, what guidelines, that sort of thing? Will the fund’s administrators work with other ministries to push a rural agenda? Will Infrastructure, for example, partner with the fund to establish and support emergency services even if it’s just outfitting – and we had this discussion in the Legislature – volunteer fire services? Will the minister work to have other ministries match grants with the fund on projects that apply; for example, infrastructures, emergency services, environments, water programs, et cetera?

The minister did, I think, explain why his budget has gone down from the previous year. There’s a \$205 million drop, I believe, in this year’s budget. We have the rural development fund, and I hope it’s not the case that we’re taking money away from the department.

The other few questions as I come near to the end. In view of the minister’s discussion about profitability and planning and competitiveness, its budget dropped there by a third, and I wonder why that would be the case, in view of the things the minister was talking about. Within that department the farm water program has had its

budget slashed in half, from \$4.5 million to \$2 million, and especially with the discussion that we’ve had about water in this Legislature this session, I wonder why that’s the case. Again, with the planning and competitiveness department, the farm income support program has vanished. I don’t think it’s vanished, but we’re trying to figure out where it is now, which department that’s in.

I don’t have time to go through this. I just want to throw out some issues that have come forward to us. I don’t have time to go through it in great detail, but what’s happening with mobile butchers? I believe there are 111. I know that they’re not supposed to be resold off-farm and certainly not for commercial resale, but we’re told that, apparently, this is happening on a fairly regular basis. Of course, there’s a danger there if that is happening, because they don’t have the same standards as meat packing plants and abattoirs.

9:10

We’re told that the Canadian Food Inspection Agency is starting to take some action, and I wonder if his department is aware of this and what they’re doing about it. He may not know right here, but perhaps he could get back to me on this because we wouldn’t want an accident to happen inadvertently, you know, with the BSE with the different standards. I’m not suggesting that this is going to happen, but I think it’s an important issue. It’s been brought to our attention, at least, and we’ve been told it’s been brought to the minister’s department’s attention and that they have not been very forthcoming about it. So I’m raising it here so that we can get that information back.

I’m coming to the end, Mr. Chairman. I appreciate the minister’s attention. If he can’t answer all the questions here, he can perhaps get back to us at another time.

Thank you, Mr. Chairman.

The Deputy Chair: The hon. minister.

Mr. Horner: Thank you, Mr. Chairman. Thanks to the hon. member for some very good questions. First of all, the hon. member is very correct in talking about some of the pessimism that is out in the industry and in the sectors today. I think that any time you go through a year like we went through last year or, in fact, the last three to five years, there is going to be a certain amount of pessimism in an industry.

I think that what we’re trying to do is to create the atmosphere where we can pull ourselves out of what really is a crisis in agriculture today. That is around the global marketing that we do, around trying to make new markets for what are traditional markets because if we keep doing the same things that we’ve done, we’re going to continue to get the same results we got. We have to move forward from that, which is why, hon. member, very recently we have been doing some consultations with grains and oilseed producers in Alberta.

We recently, about a week ago, were in Airdrie with a group of about 20 to 25 grains and oilseed producers from various areas around southern Alberta. What we were talking about was not the crisis that we face, not the immediate, what do we have to do to save ourselves, but: how do we make this industry long-term sustainable? Where are the opportunities? Where is the optimism in this industry? How can we achieve what everybody believes is out there?”

I can tell the hon. member that while there is certainly some concern, and we would be naive to think that there is not concern out there in terms of where the grains and oilseed sector is going, there is also some optimism when one looks at what we’re trying to accomplish in the biofuels industry, when one looks at what we’re

trying to accomplish at WTO – and I want to get to WTO in a minute – when one looks at what we’re trying to accomplish in the value chain and new generation co-ops.

Here’s an area, hon. member, where we’re probably going to agree, and you’re going to be surprised about it. I think a new gen co-op where producers own it is a good idea, and I think the marketing management is a good idea. I think that there are opportunities for our producers to diversify their income by having ownership down that value chain. That’s something that we’re going to push. That’s something that we’re going to work through our programming. By that, I mean that the producer might own a piece of that biodiesel production facility. The producer might own a piece of that slaughter facility, which is what’s going on today. The producer might even own a piece of that pasta manufacturing plant some day if we could ever attract somebody to invest in one, so that you didn’t have a single-source supplier, which is currently the problem. The producer might even be in ownership in a malt plant here in this province, a brand new malt plant, if we could ever attract someone to invest in our area when we can get rid of the fact that he would have to have a single source of supply. That’s an important factor, hon. member.

So these consultations – we did one in Airdrie, we did one just last night in Westlock, and I attended both of those. Unfortunately, I won’t be able to attend the one that’s coming up in Red Deer very shortly. What we’re doing is not turning these into big political things. You didn’t hear about me going out and meeting with a bunch of farmers. That’s not the intent here. The intent here is to come out with some ideas and some solutions and some road maps as to how we can help our industry move forward. When we get those three done, we’re going to bring those industry groups back together again at Government House.

The hon. member would know that I had about four consultations at Government House last year on various issues. Food safety was the first one. The next one was on the BSE issue. The next one was on the CAIS program, and it was the producers in that meeting, all 48 producer groups, that decided on the Alberta position for the CAIS program – and that was last May, June – because I wanted to know from our producer groups what they wanted me to take to my first fed/provincial/territorial meeting on CAIS.

The basis of where we’re going on CAIS today came from those producers that met with me at Government House and came out of there with a consensus on almost everything except inventory evaluations, which we couldn’t even get the accountants to agree on, which we’re still working on. But that’s the basis of where we’re going with our CAIS program. I’ll talk a little bit more about the CAIS program later, but the message I wanted to get back to the member is that the consultations are what’s driving our policy as to how we’re going to come out of this crisis.

The WTO. For 20 years the Doha round, all of these things we’ve been talking about – well, if the Americans don’t move, the Europeans won’t move, and if the Europeans won’t move, we don’t have a deal. We talk about in the past that Brazil, India, and some of these countries did not have the power they have today in agriculture, hon. member. The largest producer of beef products today is Brazil. The largest soybean grower today is Brazil. The largest markets around the world are no longer the United States and Europe. They’re in those other countries. So there is a substantial amount of influence being pressed into service, if you will, and remember that the WTO is not just agriculture. WTO is a whole raft of other things that have become in some country’s minds even more important than agriculture. The services sector in India, as an example, has become a huge business for India. There is a huge amount of contracting out under the technology industries that we

have today that is going straight to India and coming back the next day. These types of service deliveries are becoming an important part of the WTO negotiation, and they are pressing all of these countries to sit down and make a deal.

I find it very, very interesting, hon. member, when you talk about the farm bill in the United States. I find it extremely interesting that there’s not a lot of talk of the replacement of the farm bill. There’s a lot of talk about a fuel bill, about how the United States’ ethanol production is going to double between now and 2012. Well, what makes ethanol? Corn. About how the development of the biofuels and biodiesel industry in the United States is growing at a tremendous rate – what makes biodiesel in the United States is soybeans. In Brazil they do not import a lot of oil. They are 85 per cent blend on ethanol. They create their ethanol out of sugar cane. Do you know what happened to the price of sugar cane? It went up.

The subsidy to farming is going to be in the draw off of the product taking it out of the supply, which will increase the price. They finally figured out that by ad hoc programs or per-acre programs all they did was capitalize it into the land base. We don’t want to go there. The rest of the world is going away from there. It’s the last thing that we want to do, but it’s a heck of an opportunity for us.

Mr. Chairman, to the hon. member, I think that if there has ever been a better opportunity to try to get a deal out of the WTO, it is now, and it is to help convince these countries that an aggressive WTO deal is of benefit to all of our global trading partners.

It’s interesting, too, that the hon. member stated that we are the third largest exporter. We are an exporting nation. There’s no doubt about it. Eighty per cent of our product, he mentioned, goes outside the country. The Canadian Wheat Board as an organization is a relatively small organization competing with some very large corporations. I’m sure the hon. member is aware that most of the marketing that is done for the Canadian Wheat Board is done by those corporations which he mentioned. It’s not done by the Canadian Wheat Board. There are 26 agents of the Canadian Wheat Board. Well, there used to be 26. It may have been constricted. Right now I have no idea what the actual number is today because we’ve had a few go out of being agents. The simple fact is that many of those companies are the ones that are doing the marketing of those products.

9:20

The other thing that I would throw out to the hon. member is that the Canadian Wheat Board handles wheat, and it handles barley. It doesn’t handle canola. We have some guests in the gallery from the canola industry. I’m sure that if you asked them, they would not want to have a single desk. I’m sure that you’d also find out if you were out in the country – and probably at Andrew you heard this too: canola was my Cinderella crop; canola was the thing that kept me in business.

Canola, hon. member, is not a Canadian Wheat Board single-desk sold item. It is a free market, and producers are very good at marketing that product. They’re very good at marketing fava beans. They’re very good at marketing oats, which, by the way, used to be under the Canadian Wheat Board. Up until the late ’80s, when it was removed from the Canadian Wheat Board, we did not have one human consumption oat-processing plant in this province, yet we grew most of the oats in Canada. Today we have two at least, and we have a thriving pony oat industry.

The organic growers, for the most part, will tell you that they resent the fact that they have to sell their product to the Canadian Wheat Board and then turn around and buy it back before they can actually send it somewhere else. Ridiculous. It is a throttle on

value-added because the Canadian Wheat Board's sole purpose, hon. member, was set up in the late '30s to export into this global market, which you spoke of, a raw commodity. It was never intended to derive value-added industries in western Canada.

The Ontario farmers in the demonstration, which you mentioned, I would suggest to you are rather lucky because they don't have a Canadian Wheat Board. They do have an Ontario wheat board, but they can opt out of that.

Mr. Martin: They weren't very happy. That's why.

Mr. Horner: I understand what you're saying. Don't misinterpret what I'm saying. If the Canadian Wheat Board were to change itself in the way that the Alberta government is now contemplating that we change it, we would in fact be quite supportive of it. In fact, we'd help structure that so that the farmers have a good competitively owned operation.

The Canadian Wheat Board over the last few years, I will grant, has been offering more choice in some of their product categories, but I will also tell you that I had the chief executive officer of a major world-wide malt company tell me flat out that the reason they are now in a northern United States state is because they did not want to be caught with a single source of supply in the Canadian Wheat Board. By locating just outside of our boundary, they can buy from the board whenever they want. In fact, the board courts them to buy from them, but they don't have to. We lose the jobs, we lose the value added, we lose the opportunity, hon. member, and that is shameful.

An Hon. Member: How do you really feel?

Mr. Horner: Yeah. How do I really feel?

You mentioned that it's up to the farmers to vote, and I would suggest to the hon. member that we've had some very interesting recommendations on how that vote should take place. Certainly, we've had some consultations where a recommendation went forward that the vote should be weighted based on the amount of product perhaps that that producer is shipping to the Canadian Wheat Board. If he has got a bigger stake or risk, perhaps his vote should be weighted heavier. I'm sure the hon. member would agree that that may be a valid situation. It would be interesting to see how that vote would turn out.

I would also suggest to the hon. member that in Alberta – and I was talking about Alberta producers, and these are the producers I was talking about when I made the comment “let my people go,” and I apologize, probably a little bit of overexuberance on my part. In 2003 we did a survey of Alberta producers, and 6 in 10 in that survey would want choice for wheat. Seven in 10 would want choice in barley. I think that's a fairly significant factor, and we should be listening to that.

The hon. member also mentioned CAIS, and we'll talk a little bit more about CAIS. He also mentioned that the federal minister and I may be on a little bit of a different platform. I would suggest to you that after a little bit of confusion about wording, I think we're a lot closer than I thought. I answered the question in the House not too long ago by saying that I think we're a lot closer on where we're going.

Well, what Alberta wants, going back to our meetings at Government House last year, is a business risk management program that is relevant to my operation. If I'm a producer in the province of Alberta, I want a business risk management program that is relevant to my operation, perhaps even allowing me to have an individualized crop insurance program, perhaps even allowing me to have individu-

alized savings programs that are tailored to an investment in agricultural initiatives, perhaps even having the ability to be bankable. Wouldn't that be fun? That's where we need to get it to. We need to have a program, as CAIS was originally designed to be, that's bankable.

I can tell the hon. member that I met with the Canadian Bankers' Association last week, and I put it to them that I was very disappointed that what I hear in the country is that the chartered banks are walking away from agriculture. They assured me that that's not the case, but they also assured me that they are sitting back and waiting before they can use our income stabilization programs as bankable until we're done fiddling with them. The last thing that we need to do is create more instability in our banking community as it relates to our agricultural community. When I told them the changes that we want to make and where we want to go with the CAIS program, they were very pleased with that. They could see where this would help them make better decisions for their producers and the producers to make better business decisions for their operations.

So we want it to be relevant. We want it to be bankable. We want it to be simpler to understand, not necessarily simpler but certainly simpler to understand because it also has to be targeted. It needs to be targeted to those individual operations where the hurt is most felt because if it's not targeted, then, hon. member, we're not being very prudent with Alberta taxpayers' dollars and we're not being very prudent with the industry as a whole.

In order for it to be targeted, it has to have a level of complexity. Therefore, it can be simple, but it still has to be targeted and has to be complex. It also has to be timely. It has to have a component in it that can be triggered quickly, like an advance component, so that I as a producer knowing what my entitlement is for the last year can go to the CAIS office and say: “Boy, I'm in trouble this spring. I need to get an advance on what my CAIS entitlement is going to be. I need it quick and I need it now.” Hon. member, we're there. We have the advance mechanism. There is a half billion dollars available to producers in the programs that we're offering today. We need the producers to take the steps to help us in a very difficult situation. I agree with CAIS, but it's there.

The other thing it needs to be is a tool. We lead the nation, I believe, in the software development of the CAIS program. I applaud the Ag Financial Services group and the president and the entire staff of my rural development and financial groups in the department because under very trying circumstances, as you may imagine – and as an MLA I know that you get these calls as well. Think of the calls that AFSC is getting. At the same time that they are trying to essentially create a program out of scratch, create software out of scratch, take old program information from FIDP and NISA and all these other things and try to make that the history for every producer in this province on 35,000 or 30,000 applications – and we've asked them to make all these other changes along the way – they have done yeoman's work to get us to where we are. When we make a presentation on where we're going, they have the credibility that we're going to get there, and I think they will. In fact, I'm banking on it, as many of us are.

So it needs to be a tool where the producer can go online. I don't know if the hon. member is familiar with a program called QuickTax from Intuit Canada. It's a very simple program. Plug it in. A nice little voice comes on and says: well, we're going to do your taxes today; you need these forms. Hon. member, I want to get to that point where the producer can use it, play with it, use it as a planning tool, and then print it off and take it to his bank. We'll be there I hope by the end of this year if not sooner.

9:30

I think I've talked enough about CAIS. I think I've given you an idea where we're – oh, the difference between us and the federal

government. Alberta has advocated for some time – and this also comes out of our round-table discussion at Government House – that the disaster component should be separated from the income stabilization component. On that I could make this statement. I agree that the disaster component of CAIS needs to be replaced. The income stabilization component of CAIS needs to be transformed. There you have some semantics, but between ourselves and the federal minister we're basically on the same page.

As it relates to the grains and oilseeds industry, rural development is not just agriculture. Rural development is the rural way of life.

The Deputy Chair: The hon. Member for Edmonton-Manning.

Mr. Backs: Thank you, Mr. Chair. I'm very pleased today to rise to speak to the estimates on the Department of Agriculture, Food and Rural Development. Some of the things that I've just heard echo why many farmers that I've talked to in Alberta are afraid of what's happening with this government and afraid of the upcoming WTO talks. The cheap food policy, as mentioned by the Member for Edmonton-Beverly-Clareview, can be reflected in the pricing of commodity goods and the pricing of commodities that we've seen for our foodstuffs and our farm production for many years.

The nature of farm income is such that right now if we didn't have an energy boom, if we didn't have \$60 to \$70 a barrel oil price, many, many, many farms would go under. I think the figure is something like three-quarters of farm family income right now is off-farm family income, and that is indicative of what has happened to agriculture in Alberta.

My family used to farm. Did pretty good actually. Got a good offer on the old homestead. I still kind of miss it in a way.

An Hon. Member: It was more than a dollar, was it?

Mr. Backs: It was more than a dollar.

I still kind of miss it, actually miss it quite a bit, especially in the spring.

Mr. Rogers: The smell of the manure?

Mr. Backs: The Member for Leduc-Beaumont-Devon asked me: the smell of the manure? Certainly.

We would bring all the school kids out some years and herd cattle, get a few of the neighbours on horseback and bring them four or five miles, and it was a big show. But that's not there anymore, and that's not there for a lot of families. In fact, I think that on our old road probably three-quarters of the families have moved, and those farmsteads are no longer there. That's what's happened to Alberta agriculture. It's not there anymore.

We seem to see a move more and more and more to give up to the big foreign owners, the big foreign producers, the big guys that were there in the early days of agriculture in Alberta, the days when the co-ops were formed, when the Wheat Board was formed a little later. The reason why people wanted to have a single source of supply was so that they could control the price to some degree against people who were controlling the price against them, who were keeping the prices down as they're being kept down today.

The source of the lack of farm income right now is the fact that people cannot produce their commodities because they're not getting a decent price. If anybody's read the *Western Producer*, if anybody's read *The Economist*, if anybody's followed Doha, if anybody's followed any of the rounds of the World Trade Organization or any world trade talks that have anything to do with agriculture over the last generation, they would know that the farm bill never

really changes in the U.S. They would find that the Europeans never really change in their price supports for farm goods, and there are some good reasons for that. Many people in Europe in the Second World War starved.

Food price policy is defence policy, and it's considered very differently from what we consider it here today. It seems that it's considered very differently, I guess, by our governments across Canada and in Alberta. I find that odd in terms of how we're going to deal with price supports. Many farmers are afraid of what's going to happen at the WTO if their livelihoods are dealt away even more than they've been dealt away in the past.

It's not only a cheap food policy; it's a high input policy. I mean, the problems – especially if you look at the harvest last fall, which coincided with a very high energy price. A high energy price affects many inputs, everything from fertilizing to grain drying, you know, the gas for grain dryers. People are just getting away from that because it doesn't work anymore. It's not cost-effective in many areas. Many of these things are very problematic, and the inputs are almost not worth it. I mean, to put anhydrous or something like that through, the cost of doing that is prohibitive for many producers now, yet those are the types of inputs that increase production and make an operation efficient.

I have a number of questions regarding page 90, the ministry statement of operations. Just looking at some of the aspects, I can see that there's \$100 million increase between the 2005-06 forecast and the 2006-07 estimates. I think that many people look forward to seeing what that proves to be. But – and there are some big buts – we look that over time the '04-05 industry development of \$132 million is down to \$44 million. That's almost \$90 million. I read \$88 million or \$90 million decrease from that time, just a couple years ago. I wonder about that \$100 million. I mean, it doesn't look so good anymore.

I look at the farm income supports and how they drop from the 2004-05 actual to almost half in '08-09. I look at the program expenses dropping from \$1.287 billion to \$969 million. That's a fairly substantial drop over time, and it seems to be dropping almost every year in the forecast of program expense accounts. I would hope that some of the supports would go down as agriculture prospers and increases, but I see no real reason to expect that. I just see that as cuts, and I would ask the minister to explain those.

Some items seem hard to find in these figures. I just wonder: in terms of some of the alternative cropping, I can't exactly see from these where we're seeing the development of some of the specialty crops like borage and rhubarb and, you know, developing more market and cropping for seed potatoes. I think there are some other areas of Alberta that could do quite well with that. And fibre crops: you know, I was pleased to see the minister speak of some development in organic flaxseed.

9:40

I think fish farming is something that we really have not seen develop an awful lot. There is some for stocking of government fisheries and dugouts and such. But, for example, where is our market development for plate trout, for restaurant trout and things like this, which there is obviously a market for? There are many restaurants which put that forward as an Alberta delicacy.

Mr. Rogers: Rhubarb?

Mr. Backs: Actually, rhubarb is. You know, the Member for Leduc-Beaumont-Devon is speaking up an awful lot. Rhubarb is actually very, very well established, and if I remember correctly, I think that this is one of the best areas in the world to produce

rhubarb if anybody is looking for different crops. It's a good area for things like borage. Some members probably don't even know what that is. There are many things like this that can diversify agriculture and can actually improve it. I would hope that the members on the government side would support the development of alternative crops. Actually, rhubarb, for example, is very traditional to the western Canadian diet, so to speak. I could take a little diet.

Back to the WTO, there's no doubt that subsidies are counterproductive on a national and international scale, but I don't think that we can honestly expect the American farm bill to be repealed next month or two months from now. I do not expect, with all the far more larger demonstrations that we see in France and other countries – Germany, Britain even – when any of those supports are decreased just a little bit, that we are going to see those go away.

Certainly, you know, we have some things in common in some ways with countries like Argentina and Australia, Brazil perhaps, in terms of beef production. I even worked for a while on a ranch in Argentina, come to think of it. You know, just remembering some of these things.

Mr. MacDonald: A gaucho, or what do you call that?

Mr. Backs: I wasn't really a gaucho. I mean, I rode a horse and did some things, herded some cattle around.

I would urge the minister to deal with caution when he goes to the WTO because many, many Alberta farmers are fearful of what might become of that.

Thank you, Mr. Chair.

The Deputy Chair: The hon. minister.

Mr. Horner: Thank you, Mr. Chairman. I'm going to get to the hon. member's comments, but I'm going to maybe finish off a little bit on the questions from the previous hon. member. He mentioned the budget drop. He thought that it was somewhere in the neighbourhood of \$200 million. I just want to perhaps go back over that fact. This somewhat answers some of the other hon. member's questions with regard to why the fluctuation in our support program payments and our estimate versus what our actual is.

One has to remember that a large, large portion of our budget is based on our estimate of what the support payments might be through crop insurance, through CAIS, and through some of the other programs that we run: revenue insurance coverage, those sorts of things. We try to estimate based on the best information we can. I mentioned the 20-year historical. We try to estimate where those numbers might land. It's a very difficult thing to do because we don't know and we don't have a great crystal ball as to where those crops and how those things are going to all pan out.

To be more specific, the actual ministry spending decrease from the '05-06 budget is approximately \$53 million. That's a result of a combination of things, one being that the Canada/Alberta fed cattle set-aside program of \$133 million, which was in previously, is gone because, thank God, our borders are open on under-30 month animals, as well as \$43.7 million for production insurance expenses, which also were reduced and therefore reduced our budget. Then we add back in the hundred million for the RDI, for the rural development initiative, and we add back in \$20 million for specified risk material disposal research, and we also add in \$2 million additional money for the irrigation infrastructure rehabilitation. So that kind of balances us out to, net, roughly a \$53 million drop. It's based on the assumptions that we have.

The planning and competitiveness. Both hon. members suggested that, well, gee, we must have cuts in those areas, and nothing's

further from the truth. What we are doing, though, is that we have programs which are no longer available to us, either the fed cattle set-aside program or some of the other programs that were part of the APF. We're working to have what, I guess, would be called APF 2 come forward.

To give an example, the hon. member had asked about the farm water program. The farm water program is an important program, and we do value it. The farm water program budget actually has decreased from \$7 million in '05-06 to \$2 million in '06-07 due to a lack of continued funding from the federal government as per the APF agreement. We are currently working on our agreements with the federal government to restore some of that, and hopefully, hon. members, we'll be able to bring that forward in due course and in due time.

The other thing that the hon. member brought up were the mobile butchers. For many years in Alberta we've had what we call on-farm slaughter for personal use or family use, family being a broadly defined type of a situation. Mobile butchers are operating in the province, and they are for on-farm slaughter. We've had a lot of, you know, somewhat eloquent discussion of what farming was in the past. In many cases I'm glad that farming isn't the way it was in 1930, or we would have a problem. We'd have serious problems all the way through our industry. We want to ensure that mobile butchers are of quality because in large part farmers aren't doing the butchering themselves. They're getting somebody in, or they're taking the quarters to a facility. These mobile butchers have decided to utilize their equipment and their expertise to do on-farm slaughter. They can do that, and it is something that producers and families need to be aware of, that that meat is for their own consumption; it is not for resale. We do have people that are watching that very closely right now, hon. member.

I'm going to move on to, well, the rural development fund. How are we going to do this? I mentioned before that we wanted it to be at an arm's length because the rural development initiative is not based on supports to agriculture and farming. For the farm years of '03, '04, '05 our business risk management programs, our support programs have already put over a billion dollars into the farming community. As I mentioned earlier, there's a half a billion dollars that's still on the table.

The federal government is discussing. I understand that they are going to have some dollars in their budget when it comes forward. When their budget comes forward, we may, hon. member, have to make some decisions about whether or not we are going to participate in whatever they might do, whether or not it's something that we've already done. We might have to do something more. My colleagues are prepared for that discussion, and as and when it happens, we're going to move forward. That's for the short term, and that's to answer the questions as they related to the letter that the hon. member mentioned about the farm community being able to survive so that there is a rural development to have.

9:50

As I said before, rural development is not just agriculture; it is the rural community. It's the vibrancy of rural Alberta. It's the economic development of rural Alberta that isn't just the agriculture sector. It may indirectly be the value chain of agriculture, and I hope it is because that's really where it should be. It should be the expansion of our livestock sector. It should be the expansion of our value-added components that might even be indeed owned by a new generation co-op that's producer owned, or it may even be a partnership with one of those large companies which some members across the way seem to have a fear of. Well, in actual fact, for most production of agriculture a lot of those big companies are our

customers, and we should be acknowledging that we do have those customers.

I'm going to switch now to the other hon. member. I'm not exactly sure or understand which big foreign owners have been buying up small farms in Alberta because I don't know of any, and perhaps the hon. member misspoke. We don't have a large preponderance of corporate farms in Alberta. Well over 90 per cent of the farms in Alberta are family owned, whether that's in a corporate sense, as I mentioned earlier, or whether they're owned as a partnership or whether they're owned in a co-operative venture. You know, we have a large contingent of the Hutterite Brethren in our province that owns a number of operations. I would hope that the hon. member is not referring to those in a negative way. It would be understandable if he misunderstood that, but I hope that's not where he was headed.

He mentioned, too, that he was concerned or fearful about what was going to happen at the WTO. I am hopeful that he also understands that 90 per cent of Canada's agriculture is trade dependent in one way, shape, or another. The WTO is the single biggest thing that is hampering those industries from growing and actually getting the value out of the product that he mentioned that they're not getting. On the one hand, you can't be saying: I don't want that to happen. I'm hoping that he's not suggesting that we would come in with a farm bill type of situation in Alberta. Certainly not only Alberta; not the rest of Canada. As I said before, what happens in those areas – and you did mention that the subsidy levels in both areas have not really changed all that much – is that it does distort those commodities that those subsidies are on, and it distorts the prices. That's why countries that don't get into subsidy game are very much adamant about getting an aggressive outcome in the WTO.

You mentioned Argentina, Brazil. All of these countries do not want to get into capitalizing the land values with subsidy. That's what's happened in Europe and the United States. I happened to have the blessing of being able to live in the United States for about three years and work for one of these large companies which I'm sure the hon. member would feel that he would have something to fear from and had a good deal of time to talk to producers in that area because it was an agricultural venture. I would suggest to you that agriculture and the farmers in the United States feel that their livelihood is just as endangered and that they don't get the return that they should get for the commodities that they produce even though they have this big farm bill. It's because those subsidies have been capitalized in their land values, and the only way they'll get them out is if they sell the land. As we generationalize our farming operations and you have per-acre subsidies that continue to be put into the value of the land when it's sold, you have to continue to raise that per-acre in order to have any additional benefit to it.

The other problem with the farm bill is that it's targeted at a commodity. It's not targeted at an operation; it's targeted at a commodity. I understand that the hon. member had some experience in some international trade and perhaps even some of those ventures where he would understand that a subsidy targeted at a commodity distorts the market for that commodity. That is what we're dealing with. That is where a substantial amount of our problems are being derived from. Subsidy distorts the commodity, distorts the market.

That's what we like about CAIS, by the way. That's why CAIS is considered green under the WTO. It's not targeted at a commodity; it's targeted at the operation. If that operation is in need from whatever disaster may have befallen it, then it should respond. As we've said a number of times in this House and a number of times in the public, it's not responding properly right now. We need to get it there, and we need to make it happen.

When we talk about the competitiveness issues or the drop in support payments, again, I'll go back to the fact that our support level is based on the risk management programs that we have. If there is a higher need, those numbers will go up. If there is a lower need at the end of the year – we see here in our estimates now that we had a reduction of \$43 million on the crop insurance side because we did not pay out that much. We believe that we're going to have some fairly substantial payouts this year, and we understand that and we're prepared for that. But we have to make those estimates in our budgets, and we have to make the estimates on the best available information that we can find based on crop conditions, drought, you know, whether or not we're going to have a large production year, whether we're going to have producers taking up the crop insurance programs that we have out there.

At the beginning of this year and prior to this budget coming in, we did put \$30 million, hon. member, into research and development. The majority of that, \$18 million, went into crop development in the Alberta Crop Development Industry Fund, ACIDF. I probably got the acronym wrong, but pretty close. What that is intended to do is exactly what the hon. member is talking about doing. It's to help the cereals industry develop new products, new ways of working with the cereals that they have or the crops that they have.

We also are working in partnership with the applied research groups around the province. We made a commitment to a group called ARECA, which is really the umbrella of those applied research groups. We have a capital request out there for equipment. The applied research groups around the province are looking to replace what is some very specialized equipment, and I'm very glad that prior to coming into the House and out of last year's dollars we were able to provide over a million and a half dollars to that group for capital funds to be distributed amongst applied research groups across the province. I'm even more pleased with the fact that we were able to give that very large boost to the research and development that we need to do to move our industry to the next step, to move our industry and the value chains that we were talking about, to move our industry along the lines of where it needs to go.

Market development for lake trout. There may be a market for lake trout, hon. member. I really don't know. We do have a business development group that would be more than happy to look at that and perhaps even help you build the business plan around it because that's what we do. We help entrepreneurs in the agricultural sector every day. We look at their business plans, look at the research that's out there on various other ventures and feasibility studies, look at the library of other feasibility studies that might be done, and in fact in some cases help fund those feasibility studies on various new product developments. The member would also be interested to know that the Leduc food laboratory that we have is considered world class in helping entrepreneurs in the agricultural sector develop new products that they can take to market. In fact, we'll even help research the marketplace to find out whether or not there may be a market that they can use this new product in.

We also have a level-three laboratory that is going to be up and running very, very soon to help us with our food security systems to prove to the world that we have the safest food, bar none, of any country in the world. We're able to use that in our investments as a marketing tool. We've done, I think, a yeoman's job in terms of trying to help our beef industry open new markets around the world. At the same time that we've been doing that, we've been talking about other products that we might be able to deliver into those marketplaces.

Last year I was privileged to sign an agreement with the state of Heilongjiang in China, where they are going to mirror our food development laboratory. While it sounds like a little bit of a, you

has been a great deal of attention, to say the least, to the AISH legislation in this province lately. The attention not only centres around the lawsuit from December of 2005, when the government of Alberta settled a class-action lawsuit allocating a hundred million dollars for the victims of decades of illegal debt collection procedures. The government was accused of arbitrarily interpreting its own policies and legislation in order to recover overpayments as far back as possible.

This is one example of this government's attitude in the past toward AISH clients. Certainly, there were comments made by the Premier, and I'm sure that a lot of hon. members of this Assembly on the government side have regrets in regard to those comments. There have been other cases where people have asked repeatedly for an increase in the AISH benefits. I was pleased to see a modest increase in AISH benefits, changes that were made in the last budget.

Specifically with this bill, Mr. Chairman, I think that it's time that we have a look at improving it. The bill, as I understand it, will replace the existing AISH Act and consolidate AISH-related legislation under the Minister of Seniors and Community Supports. It is expected that changes in the act will increase flexibility in reporting income and result in fewer incidences of overpayments and underpayments. This act, as I understand it, will also allow for health benefits to be provided to disabled individuals who do not meet the income eligibility requirements but face financial hardships because of their high health costs.

10:10

Now, I think that what we need to do so that there is no doubt for citizens or clients of AISH or their families that they will see an increase in their benefits – it shouldn't be at the political whim of the governing party. Other government programs are indexed. Certainly, with the federal government some seniors' programs are indexed so that as the consumer price index, the cost of living, rises, there is at least a modest increase in their benefits. We as members of this Assembly have a similar program. In fact, it's just this month that I think we received over a 5 per cent increase in our compensation packages. We didn't ask for it, but certainly it was factored into not the cost of living but the productivity of the entire workforce of the province. So if it's good enough for us, it's good enough for other government programs.

I think we should at this time, while we're discussing Bill 21 in committee, consider an amendment. Mr. Chairman, if I could be allowed, please, to have this amendment circulated to all members of the Assembly, and at the direction of the chair I will continue with my remarks.

The Deputy Chair: Hon. members, we shall refer to this amendment as amendment A1. I'll just wait for a minute.

Hon. Member for Edmonton-Gold Bar, you may proceed.

Mr. MacDonald: Thank you very much, Mr. Chairman. For the record I would move that Bill 21, the Assured Income for the Severely Handicapped Act, be amended as follows. Section 1 is amended by renumbering clause (a) as clause (a.1) and by adding the following before clause (a.1):

- (a) "Average Weekly Earnings for Alberta" means the average weekly earnings for Alberta as reported by the Statistics Canada survey of employment, payrolls and hours for the immediately preceding year;

Section 3 is amended by adding the following after subsection (4):

- (5) On or before April 1 each year, the Lieutenant Governor in Council shall review the amount of each type of benefit provided pursuant to this section and shall consider annual adjustments to these benefits equivalent to the Average Weekly Earnings for Alberta.

Now, this amendment would take the politics out of any further increases to AISH benefits. I think it's a good idea. It's about time, certainly, when you consider what has happened in the past here with this government and the AISH community. I don't think I need to review that at this time, Mr. Chairman. All hon. members are fully aware that our AISH clients have not been treated with dignity, have not been treated with respect, and it's time that we change that. Everyone has a right to live with dignity and with respect. The payments that have been made in AISH benefits in the past have not allowed a huge number of those clients any extras.

It's been very tough for many of those individuals to get by on the limited monthly income that has been provided. Again, this would certainly be comforting for the AISH clients and their families to know that every year, just like each and every individual hon. member of this Assembly, they may get a 2 or 3 or, who knows, maybe a 5 or 6 per cent increase in their monthly income. We are fortunate, many of us in this province, to be able to participate in the workforce. Many people who get AISH do not, and they have no chance of ever working because of their disability. Now, we need to think about that when we're voting on this amendment.

About 6.4 per cent of Alberta's population between the ages of 16 and 64, or over 200,000 people, have a disability. About 2.4 per cent have a severe disability. That's about 75,000 people, 1 per cent of Alberta's population. Thirty-three thousand people currently receive the AISH benefit, 32 per cent receive AISH because of mental illness, 23 per cent because of developmental disabilities, and 45 per cent because of a physical disability. The caseload has increased from over 16,000 in 1994-95 to 31,000 in 2004-05. In 2005-06 AISH funding was about \$480 million. It is projected that funding will reach \$606 million in the fiscal year 2007-08.

Now, the monthly allowance of \$950 has gone up to \$1,000. Again, for some people that's going to be very, very tight financially at the end of the month at that amount of money. Rents are going up. The cost of living is certainly going up.

I would, in conclusion, ask hon. members of this Assembly to consider this amendment and do the right thing. If it's good enough for us in this Assembly, surely it's good enough for the over 30,000 people who receive an AISH benefit in this province. Thank you.

The Deputy Chair: The hon. Member for Strathcona.

Mr. Lougheed: Thank you, Mr. Chairman. I appreciate the comments of the Member for Edmonton-Gold Bar. Speaking with respect to the increase of AISH payments this current year, I don't know the exact percentage, but the increase is around 5 point some per cent, somewhat equivalent to what, in fact, we saw in the increase in the average weekly earnings.

10:20

However, in doing the AISH review that went around the province and talking to many people and having input from across the province, the recommendation of the AISH review committee was that the amount of the AISH payment be reviewed every couple of years or so. That recommendation allows for the department and the people that can look at this and the people that are receiving AISH to have input into it to help the department determine what the correct value would be. To tie the AISH payment to some number, whatever it may be, this average weekly earnings, would assume that the number is perfect right now. We don't quite know that. We know that a lot of things are changing for AISH recipients, and we have to be sensitive to that. So I believe it's important to keep the flexibility of every couple of years reviewing the amount, making sure that it's the correct amount, and then setting it at that.

So, Mr. Chairman, although I appreciate the intent and the interest with which the member has put this amendment forward, I would have to ask that the members assembled defeat the amendment.

The Deputy Chair: The hon. Member for Edmonton-Beverly-Clareview.

Mr. Martin: Thank you, Mr. Chairman. It seems to me that this idea of flexibility that the member is talking about – why wouldn't that work here? That's what the member was saying. We do this with the weekly earnings. We don't go through this process. Why do they need flexibility for that and not flexibility for this? It's a simple, straightforward proposal.

I'm glad that there was some increase. It's up to a thousand dollars, but before we wear ourselves out patting ourselves on the back, when you take that into inflation, the most vulnerable people in this society are not even where they were with inflated dollars back in the early 90s before the cuts. So they're not living in luxury. It seems to me that this is something that we and others have advocated, that we need indexation for these most vulnerable people. The member says: well, the flexibility could be that two years from now they'll review it. Well, they've reviewed AISH a number of times before, and I will commend them for at least getting these increases. Correct me if I'm wrong, but it's around seven years before there was an increase before. As the Member for Edmonton-Gold Bar correctly points out, if it's good enough for us, it should be good enough for the most vulnerable people. I just don't see the need for the flexibility.

I just remind you that we're up to a thousand dollars as of April 1. Imagine how many people here could live on a thousand dollars. But at least it's a start. It's an increase. It seems to me logical, Mr. Chairman, that we do the right thing and put in the indexation. Almost everybody in Alberta would think that was fair, that people have to live at a certain level. If you're only living at a thousand dollars, I mean, you're not living in the lap of luxury by any stretch of the imagination. At least if it was indexed – and I think this is a good measure that the Member for Edmonton-Gold Bar has brought in – you're not going to fall behind. At least you're going to stay at that thousand dollar level. In another two years from now some of these people's income with inflation would be going down. The cost of living is going up. Why the government refuses to look at indexation for this group of people, frankly, I just don't understand, Mr. Chairman.

This amendment is a good amendment, and I think it gives the government one last opportunity in this session to do the right thing. Treat the most vulnerable in society with the respect that they deserve and bring in indexation. So I certainly say that we should support this amendment, Mr. Chairman.

The Deputy Chair: The hon. Member for Peace River, followed by Edmonton-Manning.

Mr. Oberle: Thank you, Mr. Chairman. I very much appreciate the comments of my colleague the hon. Member for Strathcona, and I agree that the amendment should be defeated. I'll add one more reason to his considered reason, and that would be that the average weekly earnings for Alberta simply are that: the average weekly earnings for Alberta. The amendment contemplates that we "shall consider annual adjustments . . . equivalent to the Average Weekly Earnings for Alberta," which would be a considerable boost every year. It's a poorly worded and ill-thought-out amendment, and I would recommend that we defeat it.

The Deputy Chair: The hon. Member for Edmonton-Manning.

Mr. Backs: Thank you, Mr. Chairman. I rise to speak to this amendment and in favour of this amendment because I think it's clear what this amendment means and says. We're talking about increasing in the same way that MLAs were just increased. I think the increase was 5.23 per cent. It provided some certainty somewhat outside of the political realm, I guess, for MLA increases, and it would be only fair if there was that particular increase together with what AISH recipients get. The Member for Strathcona mentioned, you know, that this is something that has been brought about.

This last increase does not even catch up with the lack of an increase for so many years. I had the opportunity here just recently to give a few movie passes, some of these \$10 movie passes, to some AISH recipients that I know. They're a dear couple and have become friends of mine since I was elected as an MLA, and I've come to understand some of the constraints in their budgeting and how things affect their life. They sometimes have had to trade off just the most minor of things. These movie tickets were kind of instructive because they went to a movie, and they bought popcorn, and they came back – there was a bunch of us sitting around a week or so later – and said that this was the first time that they were able to buy popcorn at a movie. In fact, they hadn't been to one for a long, long time, and it was a luxury for them.

It redefines, I guess, what many of us might think of as luxuries. It tells you how closely budgeted an AISH couple might be and what the constraints on this couple were. They don't have an ability to go out and earn more. They're both medically deemed incapable to work. They cannot work. There needs to be some certainty to AISH recipients that they will at least not have a declining income according to inflation and cost-of-living rises and rent increases. Very few actually do own a home, so they're paying rent increases or tax increases even if the rare one does.

There are many AISH recipients that should, perhaps, be getting WCB, but they're not because they have long-standing, contentious claims. Actually, they're being supported by the taxpayer because WCB is not willing – even with their \$850 million surplus – to begin to deal with so many of these claims.

I would urge the Assembly to vote for this amendment. Thank you, Mr. Chair.

The Deputy Chair: The hon. Member for Edmonton-Meadowlark.

Mr. Tougas: Yes. Thank you, Mr. Chairman. I'd just like to add a few comments about this amendment. I believe we as MLAs all received an increase of about 5.7 per cent or something in that neighbourhood. I don't know why we can't make the same offer to people on AISH. Now, people who are struggling on \$1,000 or whatever it is a month are going to feel even a very minor increase in the cost of living. They're going to notice an increase of 25 cents, an increase of 50 cents in some sort of product, in some sort of service whereas we in this Assembly would not even notice it. I don't know why we can't give these people the same consideration that we've given ourselves.

Now, to review it every couple of years is a fine thing. It's good to hear. But the key is that there's no guarantee that they're going to get an increase after a couple of years. This would guarantee at least that they would be seeing enough money to cover the increase in inflation and the loss of income that they're going to see on a year-to-year, month-to-month basis.

So I would hope that the members of this Assembly would consider this amendment. It's not a huge amendment. It's not going

to cost the government a massive amount of money. I think there's an element of fairness here. I certainly hope that they would reconsider your stand and vote in favour of this amendment. Thank you.

10:30

The Deputy Chair: Are you ready for the vote?

Hon. Members: Question.

[Motion on amendment A1 lost]

The Deputy Chair: Anybody else wish to speak on the bill? The hon. Member for Edmonton-Manning.

Mr. Backs: Yes. Mr. Chair, I'd like to rise to present a second amendment, that has been recommended to me by the Member for Lethbridge-East. I'll just get that to you and wait until that is distributed.

The Deputy Chair: Hon. Member for Edmonton-Manning, you can proceed. We shall refer to this amendment as amendment A2.

Mr. Backs: Just to read this into the record, Mr. Chair, it's an amendment to Bill 21, the Assured Income for the Severely Handicapped Act. It reads that the following is added after section 12:

13 By June 1, 2011 and every 5 years after that, a special committee established by the Legislative Assembly must begin a comprehensive review of this Act and must submit to the Legislative Assembly, within one year after beginning the review, a report that includes any amendments recommended by the committee.

Mr. Chair, this is being recommended as a good way to open up this act on a basis after five years and to report within a timely period. I think that it is something that, at the very least, allows review of what goes on with this group in our society so that they will not be left for any longer time than that.

Thank you, Mr. Chair.

Mr. Loughheed: Mr. Chairman, I've just received this amendment, and upon looking at it, I appreciate that the member recognizes that legislation needs to be reviewed and to be amended and changed. That's why this act, in fact, is before us as a rewritten act, and that's why there are 30 or 40 or 50 other acts in front of this Legislature. They have been deemed to be requiring change and looking at and amending. But to designate a five-year term upon which at the end of that five years we have a mandatory review I don't believe addresses the needs that may come forward as times change, as things in the act are found to be wanting. If the act is not as good as it could be now, we would have looked for changes earlier and sought to make those in the act we brought forward. We believe it's pretty good as it's been presented, and if it's found wanting, we'll certainly look at it before five years. If it's not, we'll wait some longer period of time.

So again, Mr. Chairman, I'd recommend that we defeat this amendment.

The Deputy Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Yes. Thank you, Mr. Chairman. Certainly, I would urge all hon. members of this Assembly to support this amendment A2. Whenever we look at some of the other statutes that the hon. Member for Strathcona mentioned, certainly there are

obligations to review those acts, whether it's FOIP legislation, health information. There are any number of statutes where there is an obligation to strike an all-party special committee to review that respective legislation, hold public hearings after there is notice circulated throughout the province to the public. If it's good enough for those acts, why is it not happening with this?

The hon. Member for Edmonton-Beverly-Clareview was absolutely correct when he stated that there has not been a review of AISH benefits for so long that the modest increase that occurred at the first of this month doesn't even help them catch up. It's a help certainly, but whenever we look at the past 10 years of this program in this province administered by this government, I'm sorry, but it has not been good enough.

This amendment would help at least a little bit in ensuring that in the future people are going to have an opportunity and can count on having an opportunity to give their views to Members of this Legislative Assembly on what works in the program, what does not work in the program, what needs to be improved, what needs to be changed.

Now, I would urge all members to support this because certainly it's a step in the right direction towards this House and this government being more accountable to the citizens. Thank you.

The Deputy Chair: The hon. Member for Leduc-Beaumont-Devon.

Mr. Rogers: Well, thank you, Mr. Chairman. I rise to speak to this amendment. I don't believe that the Legislature is in the habit of tying the hands of the government with respect to individual pieces of legislation. When we suggest that this piece of legislation must be reviewed in five years, first of all it restricts us to a five-year period from this point forward or from whenever this would pass, if this amendment was successful and passed in conjunction with the legislation.

I have to agree with the Member for Strathcona that an effort that allows this Legislature the freedom to look at this legislation on an ongoing basis – and I agree with the members opposite that the people that are served by this act certainly do need our support on an ongoing basis to recognize that as times change, there may be a need for the Legislature to review the provisions of this legislation and other similar pieces of legislation. But I believe that we would be doing a disservice by specifying a five-year period by when we would review this. I think we need the flexibility as a Legislature to look at this legislation on an ongoing basis. If the need arises, we would have the ability to come forward, maybe within a year or sooner, to revise this legislation to the benefit of the people that it serves.

So with that, Mr. Chairman, I would encourage that all members defeat this amendment.

The Deputy Chair: The hon. Member for Calgary-Bow.

Ms DeLong: Thank you very much. I, too, would like to speak on this amendment. I think that if we approach it this way, we are approaching it backwards. The reason that the AISH review was so successful was that we looked at the whole picture of how AISH was affecting the AISH recipients and their whole environment, how Aids to Daily Living was affecting AISH, their housing situation, their living situation, how they were interacting with other people. We looked at the whole picture of how AISH recipients were working in the world or not working in the world. Out of that came the legislation. If you start by looking at the legislation and reviewing the legislation, I think you're starting in the wrong place.

I would very much be in favour of another AISH review in five, six years. I think it was a really valuable exercise that we went through, but I think that if we look at it as a way of just focusing in on this legislation and the possibility of changing this legislation, I think we're going at that the wrong way.

Thank you.

10:40

[Motion on amendment A2 lost]

Mr. Martin: I will just raise a couple of quick issues specifically on the bill, and if the member wants to reply to them in third reading, that's fine. It has to do with section 1(i), which states that a

“severe handicap” means an impairment of mental or physical functioning or both that, in a director’s opinion after considering any relevant medical or psychological reports, causes substantial limitation to the person’s ability to earn a livelihood.

The issue here is twofold. Is the director in any way capable of making medically based decisions? In other words, is the director going to be a medical doctor or psychiatrist and, therefore, professionally bound to recognize these issues before being concerned with the bottom line? So I'd like the member to talk about that at some point. Along those lines, how is the director to determine what are relevant medical reports? I think that's also important, knowing what I do from that area.

Then 4(a), ministerial discretion regarding allowing persons whose financial resources – the minister and I talked about this. I think this is a positive thing. It leaves some flexibility.

But 10(2) is another one that I have some concerns about because I don't understand it. It says, “a person affected by a decision of a director, or a person on his or her behalf, may appeal that decision if it is not exempt from appeal under the regulations.” I guess that I'm asking: what could possibly exempt a decision from a client's basic right to appeal it? Perhaps when the member is talking about it, we could have an example of such a decision and what that process would look like.

Thank you, Mr. Chairman.

The Deputy Chair: The hon. Member for Strathcona.

Mr. Lougheed: Thank you, Mr. Chairman, and the hon. Member for Edmonton-Beverly-Clareview. We will address that in third reading if that works.

The severe handicapped definition that you talked about there was part of the deliberations in the review. Utilizing people knowledgeable in the area of disability and impairment and being able to evaluate it beyond the medical definitions are important, and that's all part of it. We'll get that response to you one way or another in third reading.

With respect to the other ones I'd have to study that a little further from what you were saying to try and determine what you're talking about there and get back to you on that.

Thank you for those comments.

The Deputy Chair: Are you ready for the question?

Mr. Lougheed: Ready for the question.

[The clauses of Bill 21 agreed to]

[Title and preamble agreed to]

The Deputy Chair: Shall the bill be reported? Are you agreed?

Hon. Members: Agreed.

The Deputy Chair: Opposed? Carried.

The hon. Deputy Government House Leader.

Mr. Stevens: Thanks, Mr. Chairman. I move that the committee do rise and report bills 10 and 21.

[Motion carried]

[Mr. Shariff in the chair]

The Acting Speaker: The hon. Member for Peace River.

Mr. Oberle: Thank you, Mr. Speaker. The Committee of the Whole has had under consideration certain bills. The committee reports the following bill: Bill 21. The committee reports the following bill with some amendments: Bill 10. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

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

Hon. Members: Concur.

The Acting Speaker: Opposed? So ordered.

The hon. Deputy Government House Leader.

Mr. Stevens: Thanks, Mr. Speaker. I move that the Assembly do adjourn until 1:30 tomorrow afternoon.

[Motion carried; at 10:46 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]