



Legislative Assembly of Alberta

The 27th Legislature
Fifth Session

Standing Committee
on
Energy

Department of Agriculture and Rural Development
Consideration of Main Estimates

Monday, March 12, 2012
6:30 p.m.

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Standing Committee on Energy

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Xiao, David H., Edmonton-McClung (PC)

Department of Agriculture and Rural Development Participant

Hon. Evan Berger Minister

Also in Attendance

Boutilier, Guy C., Fort McMurray-Wood Buffalo (W)
Groeneveld, George, Highwood (PC)
Notley, Rachel, Edmonton-Strathcona (ND)
Taft, Dr. Kevin, Edmonton-Riverview (AL)

Support Staff

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Liz Sim	Managing Editor of <i>Alberta Hansard</i>

6:30 p.m.

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[Mrs. Ady in the chair]

[Audio for this meeting began at 6:37 p.m. due to a malfunction]

**Department of Agriculture and Rural Development
Consideration of Main Estimates**

[Minister Berger introduced the following staff: Mr. John Knapp, deputy minister; Mr. Jim Carter, senior financial officer, financial and business planning services; Mr. Brad Klak, president and managing director, Agriculture Financial Services Corporation; Mr. Krish Krishnaswamy, vice-president, finance and corporate affairs, Agriculture Financial Services Corporation; Mr. Merle Jacobson, vice-president, risk management, Agriculture Financial Services Corporation; Mr. Gordon Cove, president and CEO, Alberta Livestock and Meat Agency; Mr. Jason Krips, assistant deputy minister, industry and market development; Mr. Colin Jeffares, assistant deputy minister, policy and environment; Mr. Jamie Curran, assistant deputy minister, food safety and technology; Ms Cathy Housdorff, director of communications; Ms Emly Anderson, executive assistant]

[The following members introduced themselves: Ms Blakeman, Mr. Groeneveld, Mr. Jacobs, Mr. Johnston, Mr. Lund, Mr. McFarland, Ms Notley, Dr. Taft, Mr. Webber, and Mr. Xiao]

[The chair reviewed the committee procedure]

Mr. Berger: Good evening, Mrs. Chair. I'm pleased to appear before this committee to highlight the 2012-13 budget for the Ministry of Agriculture and Rural Development as well as the 2012-2015 business plan.

The 2012-2015 business plan lays out a number of priorities for the ministry, those being a competitive, self-reliant industry; environmental stewardship; farmed animal health and welfare, plant health and safe food products; and a vibrant, resilient, and sustainable rural Alberta. It is vital that Alberta's agriculture industry remains competitive both domestically and globally, and with this budget we continue the commitment to building and maintaining Alberta's largest renewable industry and our dedication to rural development and connecting with rural Albertans. We are seeking approval of approximately \$1 billion, virtually the same as last year's budget.

Agriculture remains a significant contributor to the economic well-being of our province. It is the second-largest industry in the province, it is the largest renewable industry in Alberta, and it employs 70,000 Albertans directly and indirectly. Exports alone are worth close to \$7 billion.

Alberta producers are some of the most determined and resilient people around, and they have to be. Producers overcame last spring's weather challenges and produced one of the best harvests on record, with high yields and good quality.*

The year 2011 was a great year for livestock as well as market receipts rose by close to 6 per cent to \$4.6 billion in 2011, led by higher receipts for hogs, dairy, and poultry. I'm optimistic that 2012 will be even better for our producers.

As I said earlier, agriculture programs are maintained through the ministry's expense budget of approximately \$1 billion. Highlights include funding that will continue to help develop an industry that is competitive, innovative, and proactive. Growing Forward is a federal-provincial-territorial initiative that better positions Canada's agriculture industry for success. More than \$28 million is provided for the joint federal-provincial Growing Forward suite of programs, including the cost-shared program

AgriFlex. These key initiatives are intended to strengthen and diversify the sector and advance innovation.

Alberta has 24 operational programs. Since Growing Forward was introduced, we have received more than 4,000 grant applications across the province. We're moving into the last year of the Growing Forward agreement, which expires March 31, 2013. After that point Growing Forward 2, the second policy framework and the new national agreement, will begin. We're currently in discussions with the federal government on the new agreement and working towards that.

Alberta supports the principles of the proposed framework as it stands, including focusing on competitiveness in domestic and international markets, adaptability, and sustainability. Alberta's producers will once again have the support and the many programs and services of the Agriculture Financial Services Corporation.

6:40

The AFSC budget is \$696 million in 2012-13, including \$421 million for crop, hail, and livestock insurance programs. Those dollars deliver hail, crop, and livestock insurance and lending and income stabilization programs as well as financial services to support the development and expansion of agriculture, agribusinesses, value-added enterprises, and commercial operations. AFSC continues to be funded by the Alberta government, agriculture producers, and the federal government. I'd like to say as well that AFSC is leading the nation in innovative, time-responsive business risk management programs. The federal government actually looks to Alberta and AFSC for input for future development of policy.

The Alberta Livestock and Meat Agency, ALMA, continues to implement the livestock and meat strategy. With a total of \$39 million committed in 2012-13, ALMA programs are designed to help build an internationally respected competitive and profitable livestock and meat agency. With the \$80 million that has been invested in ALMA over the past while, it has leveraged \$313 million in industry partnering and investment.

The 2012-13 budget allows for a \$1 million increase through agricultural service boards. Increases to the ag services board budget have not occurred since 2005-06; however, costs to deliver their programs have continued to increase. This funding goes to activities that are critical in municipalities and communities and include weed and pest control, soil and water conservation, assisting in the control of animal diseases, encouraging sustainable agriculture to improve the economic viability of producers, and promoting agriculture policies that meet the needs of the municipality. Funding to these municipal organizations assists with the enforcement of provincial legislation and delivers programs that sustain and improve agricultural capacity in Alberta.

Research is an increasingly important part of sustaining agriculture. We just recently officially opened the Greenhouse Research and Production Complex in Brooks at the Crop Diversification Centre South, and \$750,000 of the 2012-13 budget is allotted for operational costs for this facility. The 60,000-square-foot, state-of-the-art greenhouse research and production facility was constructed in July 2010. The operating funds will bring this facility into full operational use. Another interesting point on that is that we now have 310 acres under roof in Alberta, and we have a lot of opportunity in that regard. We have the highest amount of sunshine units in Canada, and we're the second-largest energy reserve in the world. If you combine those, we have plenty of opportunity that's untapped yet.

I'm very proud to say that the ministry staff works hard to

*There is no audio for the preceding portion of the meeting.

ensure programs and services reach producers and rural Albertans. Action requests for Agriculture are third among ministries, just slightly behind Health and Wellness and Education, so we are busy. Manpower cost increases for the department as well as the Alberta Livestock and Meat Agency include an additional \$4 million for the 4 per cent salary increase to be provided to employees effective April 1, 2012. An additional \$1 million has been included to offset increases related to desktop and laptop computer support costs. Activities within this ministry are information and science based; therefore, analyzing data is extremely important to us.

In closing, I'd like to stress the importance of Alberta's agriculture industry remaining competitive both domestically and globally. We look into the future and we know that in the next 10 to 15 years there will be six countries that produce more than they consume. Canada is positioned very well within that, and Alberta is positioned very powerfully in Canada to be one of those major suppliers.

We often hear how many people are involved in a program or a ministry or how many that ministry may represent. Mrs. Chair, I would respectfully submit that Alberta Agriculture and Rural Development represents every Albertan and many others around the world that eat our agricultural products. If you eat, you're involved in agriculture.

Overall, there have only been minor changes to the funding commitments of this ministry. Strategic thinking, strategic programs, and strategic funding will help to ensure that Alberta's agriculture industry and rural communities continue to thrive and prosper today and into the future.

That's all I have there, so thank you very much.

The Chair: Thank you. Well, I certainly like to eat, so I'm in; I'm in agriculture.

Dr. Taft, have you made a decision? Do you want to go back and forth?

Dr. Taft: Sure. Well, it's always more interesting to go back and forth if the minister is okay with that.

The Chair: I'm just going to let the 20 minutes flow into each other unless you indicate otherwise for your hour.

Dr. Taft: Will I hear a little beeping every 20 minutes?

The Chair: Yeah. You'll hear beeping, so you'll know.

Dr. Taft: Okay. That's fine.

Thank you, Mr. Minister. I appreciated your comments.

Representing, as I do, an urban constituency with many – obviously, all the constituents are urbanites although the old University of Alberta farm is in my constituency, so I have some livestock there. But one of the questions that comes up – and we can have really easy answers or we can have deeper ones – is the general question around agricultural subsidies. This is, as you say, a billion dollar – I think it's a little over; it's actually closer to \$1.1 billion, and a lot of that is premiums and so on. But an awful lot of it, by my estimation, maybe \$400 million or more, is actually taxpayer money. Over the years as I've been an MLA I've seen some years where there have been just enormous funds paid to the agriculture industry.

Just a general question. You know, we all need houses, and we don't spend anywhere close to this much on housing. We all need clothes, but there's no subsidy for the clothing industry. There's no subsidy for the restaurant industry or any of those other things. So how do you justify, coming from a fiscally conservative

government, the fact that hundreds of millions of dollars every year go into farm subsidies? Is that essentially political rather than economic?

Mr. Berger: Actually, thank you for the question. I would dispute that. I would say that currently there are no direct subsidies. I think that when you take a look at the overall perspective of investing in agriculture, what you're looking backwards to would be a time of something in AgriRecovery or one of those other ad hoc programs that would have been instigated because of a situation beyond anyone's control, being that of BSE or a flood or something like that.

When you go backwards and look at what the producers put into there, into the overall picture, what the AFSC puts in, transfers to date would be \$329 million into AFSC, and the producers matched with \$273 million into that program.

Where we're trying to go here as a policy message is: look, we want to have a suite of business risk management programs that the producer can buy into and be a partner in, and that should eliminate the need for any ad hoc programs over the years as we move forward. But prior to something like BSE or other issues that have come out of left field, there wasn't that total availability.

As I said in my opening comments, Alberta now leads the field, and we're trying to work that way. One of my main messages throughout my speaking engagements since taking over as minister has been that we have to bring youth into agriculture. The intergenerational transfer and the expense of doing that is huge. How are those people in the younger years of their life with a mortgage, kids, school, and all of that able to actually take a look at that without it all becoming unpurchasable by them? There has to be a suite of business risk management programs and tools that they can buy into to have that opportunity, and that's what we're working towards with the cattle price insurance, the hog price insurance, the crop insurance. We have over a 73 per cent uptake on crop insurance now on the grain and oilseed side, so we are moving that way, and we are moving producers into that.

6:50

Dr. Taft: All fine and good, but we are talking about a budget of over a billion dollars here. There are federal transfers coming in of – I can't put my finger on the total right now – \$300 million or something. This is a lot of public funds and a lot of services. Your term is "suite of business risk management programs." Again, the question has to be asked. We don't have a suite of business risk management programs for any other sector. You could argue that you do in the energy sector in Alberta, but we don't for the sectors that most of us encounter every day.

Of course I understand that we all need food to live. But as I said earlier, we all need clothes to live in Alberta, we all need quite a few things, and we don't go this way. In looking at a government that says that it's a market-driven, fiscally accountable government, you know, my challenge to you is to either admit that you don't live by those principles or to actually live by them.

Mr. Berger: Thank you for those comments. First off, the transfer through the government of Canada is \$292 million into that business suite.

Dr. Taft: Okay. Thank you.

Mr. Berger: When you look at the big picture overall, all nations are subsidizing food production, basically, and what little that you may see here and believe to be a subsidy is actually levelling the playing field. But I'd submit to you, as we move forward with six

countries producing more than they consume, that this thing is going to turn around big time. We've always been price takers in agriculture, not price setters.

If we want to keep that industry alive and have an opportunity to feed the future, we're going to have to have farmers in the field. It's easy for everyone to complain about the farmer with their mouth full, but I don't hear many of them complaining about them when they're short of food; they're looking for them.

I'd also submit that if you were to run around naked in Edmonton in the summer, you'll last a lot longer running around naked than you will without eating, I'm sure. It's warm enough that you might get by with that, but I'm pretty sure you won't be able to live without eating.

Dr. Taft: Okay. Well, we don't need to pursue that image very far.

Mr. Berger: To go further on the subsidy, I was just in Washington with the state legislators on agriculture and the discussions that took place there. It was very interesting to hear Tom Vilsack, the Secretary of Agriculture for the United States, speak about their \$50,000 per farm operator direct cash payment. Now, here's a group that says that they don't subsidize. Fifty thousand dollars per farm operator. Every farm turned into two farms, two operators because each one, husband and wife, could collect \$50,000. We don't have anything even close or near to any of those.

Dr. Taft: And I'm glad we don't.

Mr. Berger: I am, too.

We have the most competitive, most productive farmers in the world here without those subsidies, without those protections, but we are competing with those folks on a world stage. Our ability to compete depends on us making sure that we level the field somewhat to keep our producers in business.

Dr. Taft: Okay. Don't misconstrue what I'm saying as arguing to gut the budget of your department. I just want to keep those broader issues in mind. We all know that ag subsidies have been a huge plague on international trade agreements; the Europeans and the Americans are both notorious for their huge agriculture subsidies.

While we're on this kind of topic, does any significant amount of money from this budget go to the poultry or egg or dairy marketing boards?

Mr. Berger: Actually, we have that in the budget. We go through all boards and commissions.

Dr. Taft: Which page would that be on?

Mr. Berger: It's not specific to the board but to the industry. Just a second here; we're digging.

Dr. Taft: Would it be 4.9, agriculture service boards?

Mr. Berger: Agriculture service boards, no. That's through the MDs and counties.

Speaking there on marketing councils and the flow through to marketing councils, which includes some of those councils, that isn't directly to the egg producers or any of those.

So what you're looking for is: are we having a payment directly to supply management?

Dr. Taft: Again, I'm sitting here thinking as a taxpayer who may or may not consume any particular type of agricultural product,

and one of the things I've noticed is that in the 11 years now, beginning 12 years, that I've been an MLA, the money that we've put out as a Legislature, usually in a time of crisis, adds up to a lot of money and has been to those industries, the red meat industry in particular, that don't function under a marketing board. In contrast, the marketing boards never seem to be coming to the government for money. I'm just trying to confirm that which I believe to be true. I know, for example, there is a move afoot or a desire in many circles to dismantle marketing boards, which I have very mixed feelings about, to be honest. I'm wondering what the impact of that move might be?

Mr. Berger: Actually, when you think about that, right now the programs that are available – we do have income stabilization and insurance that is available to those in those sectors. Ag stability also would provide assistance to them. But you're talking about supply and demand and those balancing acts that they do through their marketing boards. Overall, they do definitely look after their supply and their demand, and they are working towards matching that.

The concerns that they may cause challenges at times are through trade negotiations, but there again, to go back to one of your earlier points, I'd say that as we look forward – not looking sideways, backwards, or anywhere else; looking forward – as the world moves to more demand for food and is less able to supply that, I don't think that we're looking at getting rid of anything in that regard. I have never, ever thought of that because I believe that, whether there are trade challenges or not, the world is going to be needing the food. The ability to be bold and be aggressive and set some of the terms for our exports will be different than it is currently.

I'd say as well that in a lot of cases we backfill the American market because they've gone out and got a higher value market somewhere else in the world. I think it's time we step up to the plate and say that we want to go to the higher value market, and they can backfill ours if the need be. But there is no inclination to adjust or change the marketing boards as they exist. They're functioning well, and they're doing a good job.

Dr. Taft: Okay. I thought Ottawa, the federal government, in some of its trade agreements is sort of opening the door to dismantling the marketing boards. I maybe stand corrected.

Mr. Berger: Actually, no. Minister Ritz made it very clear when I was in Ottawa with him that that wasn't on his agenda either.

A further comment to that is that when I was in Washington, Secretary Vilsack said that for Canada to join in the trans-Pacific trade partnership would be the expectation. There again, that's what I'm talking about when you say: why would we look at that when the opportunity will come in the future as they need our product? Let's be bold and be aggressive and deal on our terms.

Dr. Taft: Okay. That's fine. The thing I like about the marketing boards is that they don't come to the Legislature for money; they seem to manage that. I know that consumer prices in Canada for milk and dairy and cheese and eggs and so on are higher than in the U.S., but on the other hand, if we're not subsidizing them as the Americans may be subsidizing theirs, in some ways it may be a more accurate price.

One of the things I like is that if I don't eat eggs, I don't subsidize the egg industry at all whereas if I don't eat beef, if I'm a vegetarian, there's still lots of tax money going to beef. I'm reassured and pleasantly surprised that your sense is that the marketing boards are not under any threat, so that's good.

Just while we're on that kind of a theme, have there been any impacts on your budget that we're debating now because of the changes to the Canadian Wheat Board?

7:00

Mr. Berger: No. Basically, the changes to the Wheat Board that we are looking at are that we've had some extension programs going out to help with the ability for farmers to recognize the opportunities as well as trying to identify any issues that may be developing out of that. As far as a major budget impact I think we had 10 meetings across the province. The staff are working for us anyway, so we're talking about a difference of probably mileage and rental of halls and that type of thing. Otherwise, I think the impact for the future is that we'll be looking at more opportunities, and there'll probably be some ask for some insight into some other value-added opportunities that can take place here as well as: where do we drive this industry as we move out of that single desk and have the opportunity?

Looking forward, again, we also want to take a look backwards and say: what have wheat and barley done in Alberta in the past few years under the Wheat Board? They've both declined in acreage. I would say that when you take a look at what our pulse crops have done as well as our canola, with no constraints through the board, they have both grown in a huge amount of acres. Also, just the export of that. Alberta last year put \$865 million worth of canola into the Chinese market. That's a huge base of trade, and I would challenge anyone to give me the actual numbers that we moved in Canadian wheat into the Chinese market last year. I think that outside the board we've been doing as good a job or better of marketing products that were Cinderella crops prior, you know, 20 years ago.

Dr. Taft: Last year the minister talked about the department introducing a hog price insurance program to the hog industry. You'll know better than I did, but it's been through a pretty wild ride. Even I figured that out. Is that in this budget? Was that actually done? How is it working?

Mr. Berger: Yes. Actually, we have the hog price insurance. We have three suites of cattle insurance – the fed cattle insurance, the feeder cattle insurance, a cow-calf insurance – as well as the hog price insurance. Those are all price insurances that operators can take out to set a floor price for themselves into their selling time.

Now, for hogs from wean to finish you have the same opportunities. Sold at a weight of 265 pounds, you can set a price there. The hog price has been on the increase. We're not having a huge number sign up yet. We're hoping to get more that sign up, but I think that will come once they see that they can ensure themselves a better bottom line. There is no cost. It's a full premium that they pay. All we are paying in there is the administration of that. So we're just looking at it through our AFSC and our other suite of insurance programs as one more piece of business risk management. As with all the cattle price insurance, the livestock price insurance programs, there is no subsidy into that whatsoever. They're self-sustaining. All we are doing is facilitating.

Dr. Taft: Can you give me a two-minute explanation of how the hog price insurance program works? I assume they all work on essentially the same principle.

Mr. Berger: Okay. The board of trade is going to be where we're looking to base a price out of. Let's say that three months down the road when my hog should finish, there's a price of X offered at a premium of Y. If I believe that X may be lower when that comes

up, I will pay the premium of Y to guarantee myself a floor price of X. After it falls a little bit, X minus 2 cents or whatever, it triggers that, so it would be made back up to that level.

Dr. Taft: It's essentially a hedging system.

Mr. Berger: Basically, yeah.

Dr. Taft: It's administered by your department?

Mr. Berger: By AFSC. But, you know, it takes away for the producer – he's not on the Chicago Board of Trade or the Chicago Mercantile Exchange meeting a 5,000 limited margin call on the upside or downside. It's available through there. We have the ability to do that in large mass and make that a business risk management forum.

Dr. Taft: Just so I understand, it's available if you're a smaller operator. You essentially pay a price, and if you want to, you can guarantee the price three months for your animals, and you pay a per cent for that?

Mr. Berger: Yeah. Very similar to a call or a put on the exchange.

The Chair: Are we still comfortable with the arrangement?

Dr. Taft: It's working for me.

Mr. Berger: It works for me.

The Chair: Okay. We'll continue with the next 20.

Dr. Taft: Thank you. One of the issues that I hear through my rural network, such as it is, is a concern that very small producers are facing particular challenges, so I was glad to hear about the availability of the hog price insurance program for small producers. I think that we may not be tapping into the full kind of innovation that we can get in our ag sector by not paying attention to the really small producers, who may be tremendously creative, very niche-specific. You know, if we were to look at probably all of the great food products of a country like France – all those cheeses and wines and everything else – they probably all started as some very small village effort and grew from there. You know, Camembert and brie and Stilton and cheddar and so on are all named after little villages where those products emerged. Maybe someday we'll have some special product that'll be world-famous from Rocky Mountain House, but if we do, it's likely to start from a little producer.

One of the examples is people who raise a few hundred, say under a thousand, chickens a year. For them to get those chickens processed once they're ready for processing, there are fewer and fewer options, very, very few processors around. Somebody might be able to correct me, you know, but there might be one north of Red Deer, I think, in the whole province. There's a sense that the government programs are really aimed at the big players. What are we seeing in your budget that might be targeted to the little person on six acres of land producing really specialized food for the restaurants of Edmonton or Calgary or for those kinds of markets?

Mr. Berger: I think where you would look for that is our support to the farmers' markets. That's where those niche-type opportunities will evolve from. We do support farmers' markets. We support them through the food safety end as well, so there are programs. I haven't got it, but I can dig it out of here. There are dollars in there to help with that.

I appreciate those comments. Last fall I attended the Heifer in

Your Tank program from the University of Alberta over at Farmfair. It was a great experience for me because there were a bunch of optimistic youth ready to enter into the world of agriculture, and they see it 180 degrees different or 179 degrees different from what I am used to. They're looking at things that are leading directly to what you're talking to. They're speaking of alternative uses for by-products that we've never thought of before, you know, straw and that, car interiors. You name it; they had it. I think it was that a thousand uses come out of a hog fully processed in all the different pieces of the puzzle.

Agriculture is definitely going to change. We know that. We know that the 5,000-acre grain farm or the 10,000-acre ranch isn't obtainable for that next generation unless they inherit it. They've got to have some other niche, and those are the opportunities that we want to continue to back because we want to see rural Alberta repopulated. I want to see those curling rinks and skating rinks and schools and libraries full of kids again like I did when I was young.

Also, through our budget we support the Leduc Food Processing Development Centre. We have that incubator business there. We also have financial support available to those smaller operators through AFSC to start that and go with the business program through there and work their way into a niche as well as up to \$5 million per operation for borrowing, period, to get started and buy the land or what have you, equipment and that type of thing.

Overall I think the changes that we're going to see in agriculture in the next few years are going to be stunning. We're going to see a lot more produced on less, probably, in many cases. We're going to see a concentration. I would bet that before long you'll start seeing some greenhouses on roofs of large buildings here in our cities and some production going in that regard because we can't continue to cover up all of our landscape with cement and then hope to produce enough food to feed the world.

7:10

Dr. Taft: Yeah. I think the value of the local product getting branded was brought home for me once when I was in Hawaii and went on a tour of the Kona coffee plant. I mean, everybody has heard of Kona coffee. It's at most a few thousand acres – at most – but they've managed to take that one specific little product and make it world famous. It's not an original thought for me at all. I mean, others are miles ahead of me on this one, but that's that kind of model.

Mr. Berger: Another example of that would be from Broyce's area with the Taber corn. There's a fantastic amount of fame that comes out of there with that production.

Dr. Taft: That's exactly it.

Just by extension, then – I was thinking of raising this anyway, and you opened the door to it with your comment about rooftops of buildings – there is also a growing move afoot for urban agriculture. My wife grew up on a farm, a big 4-H gardening club, ribbons and all of that kind of thing. Well, she lives in the city now, but she's brought that whole ethic with her as have many, many other people. It's astonishing what can be grown in Edmonton. I'm just learning. You know, apples, of course, but beautiful apples that would rival those from the Okanagan, cherries, apricots, all kinds of stuff that you don't realize you could grow here. Is there any support in your budget for stimulating urban agriculture of that sort? I mean, I can picture a city here where there are fruit trees and all kinds of things being grown quite wonderfully.

Mr. Berger: Currently we do work with the cities on an urban ag project, and we do have some funding in the budget to continue with that. There is ask. I just had some comments from the city of Calgary around that, so they're starting to see opportunities in that as well. I don't know how many chickens you're going to want in town, though. I've heard quite an argument about that so far.

Dr. Taft: You know what? That move is afoot as well. You're right. I'm not sure what would happen.

The Farmers' Advocate is a pretty crucial office, you know, when a farmer is looking for some help. I notice there's a significant shift. Over the last three years it kind of took a dip, and then it's back up quite significantly in this budget. I'm on line 1.3, and I think it's page 32. There's \$993,000 in that office, and it's up from \$745,000, but that was down. What's the explanation for that dip, and why are we up again? Are we seeing more demand?

Mr. Berger: Actually, what we see there is that we had a vacancy in the Farmers' Advocate. The actual advocate has been vacant for a while, and it's going back in tomorrow. Stay tuned.

Dr. Taft: Stay tuned. Okay. So that's all. That explains that dip.

Mr. Berger: That was the difference there.

Dr. Taft: Okay. All right. That's useful to know.

Well, I might as well wade into some of the other issues. Again on page 32, and I think it turns up in two or three places, line 4.8, major fairs and exhibitions. Those are the – is it five or seven?

Mr. Berger: Actually seven and two.

Dr. Taft: Seven and two.

Mr. Berger: Calgary, Edmonton, and then seven.

Dr. Taft: Okay. That's how it works. I was trying to remember. One of those is Lethbridge.

Mr. Berger: Yeah.

Dr. Taft: I've had some concerns brought to me about the state of the horse-racing barns and buildings and facilities supported by the Lethbridge exhibition association. Actually, I think the association has a deal with a private company to handle the horse racing there, and there are some concerns of whether the company actually lived up to its requirements. You probably are familiar with that because you're from that part of the province.

Mr. Berger: I haven't been privy to that discussion yet, but I assume, hearing it from you, that I'll hear it from somewhere else.

In the meantime we did put another million dollars into the big seven, I'll call them, for their facilities and maintenance upgrades, that type of thing. That was not there before.

Dr. Taft: How does your department hold those big seven exhibition boards to account? When they get money, is it a grant? What happens?

Mr. Berger: The grants that they receive are based on what they do in a year. This million-dollar grant that we just put in is to promote youth in agriculture, to promote farm safety and some of those programs that we've been working with them on. I think that they have a great opportunity, with the amount of people that they deal with over a year in their different programs, to bring forward the program that fits the area that they represent.

There's an annual reporting to the ministry as well on what they've done, days of use, on the programs and on the activities that they did present in moving those things forward. They do have a structured way of reporting to us what they've done. A million dollars went to them, and there was also a million that went to the 286 smaller ag societies on the same basis; that is, to promote farm safety and youth in agriculture and move that forward. Overall, they perform admirably for us in keeping agriculture at the forefront in these rural areas.

Dr. Taft: I'm looking at line 4.8. Under major fairs and exhibitions there's \$21,840,000 budgeted there. I have nothing against horse racing, but I think – pardon the bad pun – it should stand on its own four feet. I'm wondering how much of that \$21,840,000, if any, goes to horse-racing facilities.

Mr. Berger: I couldn't say. As far as I know . . .

Dr. Taft: Could your department undertake to . . .

Mr. Berger: I can check. I think that, overall, when you look at it, that split would be actually down to almost nothing because what we do with Northlands, Calgary . . .

Dr. Taft: Well, Calgary is out of it now.

Mr. Berger: Yeah. Then all of these take their funding that they do all of their different programs on. Like you say, Calgary is right out of it. I don't know the actual deals amongst them. If you go from Calgary, what's left? Grande Prairie, Edmonton . . .

Dr. Taft: There's Lacombe, Lethbridge . . .

Mr. Berger: Yeah, but in the big seven, that we're talking about here, we have Lethbridge, Camrose, Grande Prairie, Lloydminster, Medicine Hat, Olds, and Red Deer, and not all of those are involved in that. I would say that very little, next to nothing, goes through this program into that.

Dr. Taft: Does money from other programs in your department go to support horse racing?

Mr. Berger: No, not through here. I think that the commonality would be that if they've got a track there, it's part of their ag facility.

Dr. Taft: Yeah.

Mr. Berger: We don't have any direct into there.

Dr. Taft: Okay. I'd just like to get really clear. Just looking back, we talked for a bit about the hog price insurance program, and my understanding was that you indicated that that's pretty much completely self-sustaining. Would the same be true for the three that relate to cattle?

Mr. Berger: Right.

Dr. Taft: Okay. That's good.

Mr. Berger: You know, the big thing there is that we need to encourage more and more producers to get involved in that because as you pointed out earlier, these other programs aren't sustainable, and they aren't going to keep a small new operator afloat either. We need to have these people mitigating their risks in some manner, and the more that are participating, the better options we have in that. So that's an opportunity.

7:20

Dr. Taft: Okay. How are we for time here?

The Chair: You've got a little over five minutes of your second 20.

Dr. Taft: Okay. Well, I'd like to talk about farm safety programs. You probably knew that was going to come up sooner or later. For many years the Alberta Liberal caucus has wanted the extension of workers' comp and OH and S and other protection to, for lack of a better word, industrial farms.

This afternoon it was nice to see your father up there, and you talked about your son. We understand that it's one thing when you have truly a family farm, but the exemptions under the legislation allow what would be considered by anybody a lot more than a family farm. Some of these operations will have payrolls of 40 or 50 people. They'll have truck drivers. They'll have all kinds of people onboard, none of whom are covered. So if you're driving a truck for a feedlot, you don't have the same protections as if you're driving a truck for a cement company. We have a lot of problems with that inconsistency.

The department talks about the farm safety program being a return on investment. I think that's the phrase I remember. It just doesn't feel like your department is making much of an investment in that kind of farm safety effort, and we just really disagree on that. I think there's \$320,000 in here – I'm trying to think; that was maybe indicated in the comments from last year – for farm safety promotion. You know, Mr. Minister, that's not very much money for that.

Mr. Berger: That, I believe, if I'm remembering correctly, was a grant through to the ag societies for a special promotion of farm safety. Now, as you know, in 2011 the minister at the time set out the Farm Safety Advisory Council. It was made up of 15 representatives representing 50,000 industry representatives. Now, that wasn't just in agriculture. That's in peripheral industries to agriculture as well. They have brought forth a set of recommendations, that I have. We're reviewing them to see how we can make that apply and how it would work, where we go from there.

To go further on your comments there, I appreciate what you're saying, but I think that, truly, if you were – and I'm not calling you misinformed – just a little more informed, you would see some of the complexity of the problem. You're speaking of one level of a factory farm, and there are probably different things out there and circumstances. If I were to look at it and say that 2.2 kids is the average Alberta family, is it mom and dad and 2.2 kids, or is it the other family down the road that has seven or eight kids? Is that the family farm? Where do we set some of these limits, and then how far are we taking the extension of family in some cases? I think that's where you're going to run into some different difficulties. You know, we do have some operations that are fairly large that have families that may be one more extension than what you and I are thinking.

Dr. Taft: But there are family businesses of all types. There are family construction businesses; there are family grocery stores. There are all kinds of family businesses.

Mr. Berger: Well, I'll also say that no one is forced to work on a family farm or any farm for that matter, so they make a choice in their employment as well. There are probably trade-offs, not saying rightly or wrongly. Right now we're looking at the recommendations, and then we'll come forward.

Dr. Taft: Those recommendations haven't been made public yet, have they?

Mr. Berger: No. I have received them, though. I've got them.

Dr. Taft: Will you be tabling them in the next day or two?

Mr. Berger: I don't think I'll have them ready to be tabled in the next day or two.

You know, additionally this year, the million dollars that we were speaking of earlier that went to the ag societies, to both the seven regionals and the 286 smaller ones, is directed, again, to farm safety and farm awareness and the promotion of that.

But you know what? My son, I know, did chores this afternoon, and I know he did them safely, but there was no legislator or regulator or anybody else standing there. If you looked up there in the Speaker's gallery today, you'd have seen that my dad has five fingers on each hand, as do I, as does my son currently. So a lot of these pieces of safety are some things that are procedural. They have to be trained. We have to make sure that we're practising it. The other part of farm safety is that usually we're in a rush, so maybe we have to slow down.

Dr. Taft: Sure. I think we're not going to come to an agreement on this particular issue. It's just that, to us, there is a double standard.

Just to pursue it one last step, though – and I just don't know the answer to this. For example, some of the Hutterite colonies get into more and more manufacturing on their agricultural base. If they are manufacturing farm equipment or prefab wall panels or various things that I know are getting made, are those factories, such as they are, covered under occupational health and safety and workers' comp and so on, or are they exempt because it's happening on a farm?

Mr. Berger: You know, right off the bat I'd say that, most likely, it isn't even recognized that they're there in many cases, I would say, unless they're reported to the local municipal district or county. In many cases there is probably manufacturing taking place that may not even be that. In other cases there is advertisement.

Now, no. I would say that they're the same as other colony personnel.

Dr. Taft: Okay. And that's wheat and seed.

Mr. Berger: I'm glad you brought that up, though.

Dr. Taft: Yeah. Okay. We'll just have to agree to disagree. I'll leave it like that.

For farmers from more remote corners of the province, remote particularly from the U.S. border, is there anything in the budget here to assist them with transportation to market? If I'm growing barley or grains in High Level and trying to sell now, especially without the Wheat Board, into the U.S. and I have to go up against somebody from the Lethbridge area, is that just a fact of the marketplace, or is there any effort to level that out? I'm not saying that there should be or shouldn't be. I'm just curious.

Mr. Berger: Well, actually, that brings up some interesting pieces, too. When you take the province as a whole and, say, the south end – now, you're assuming that the difference from the single-desk marketing through the Wheat Board is that grain will automatically head south. It may; you know, there's no question that that's a possibility. But also keep in mind that we have the port of Prince Rupert, that is 35 hours closer to our Asian markets.

It's not only 35 hours closer; it has the best capacity on the west coast for grain shipment. I think that more wisely than an ad hoc in that is to make sure that we utilize our opportunities to get over to Prince Rupert, which is a short haul from that area, and be able to export from that area.

We also as a province own 921 or 920 – I think one was in a wreck – hopper cars that we can sort of work with to try and help in that. Then the other issue with the far remote areas is that one of the other things that we do have is the remote heating allowance to help them with some of their costs in that regard.

But going back to that, I think we're better off to work with CN to make sure that we have the opportunity to fully utilize the port of Prince Rupert. Its loading capacity is 4,000 tonnes an hour. Its cleaning capacity is 4,000 tonnes an hour. If you take a ship at \$300,000 a day demurrage and it's sitting out there for eight days waiting to load at the port of Vancouver, those eight days of demurrage comes off the farmers' cheques. It's off the bushel of barley or the bushel of wheat, however many thousands go on that boat.

So 35 hours closer in both directions for Prince Rupert, no demurrage, instantly in and basically out of there without a big lineup: we need to definitely even work southern Alberta up to that end. You know, there's opportunity there for a lot of western Canada, I would say.

7:30

You asked questions about Prince Rupert. Currently 65 per cent of the incoming traffic into the port of Prince Rupert goes to Chicago by train, and 15 per cent of the export through the port of Prince Rupert comes out of the Powder basin coal reserves in Wyoming and travels up there. I'd like to see us work that as a long-term solution and make sure that we're really utilizing our past investments there to the full capacity that we can. I think that's a long-term solution to all of this as well as an enhancement.

You know, earlier you spoke of subsidy and that type of thing. Take those dollars that are lost into demurrage and all these different pieces of the puzzle, and put them back in the farmer's pocket. He's paying somebody there for doing nothing. In the meantime he's losing that out of his cheque. There's plenty of opportunity there that, I think, will suffice for the northern end of the province. To be able to access that, that's a real short trip for them.

You know, the other side of that is that there's a lot less exposure travelling on that train and track and all the rest of it to get there. Southern Alberta: maybe the American market will be a draw point to it. But I would bet that with the dollar being quite close to equivalency, there may be trade going either direction in that regard.

Dr. Taft: Since we're down to the last 10 or 12 minutes, probably, just a few specific line items in the budget. I'm again on page 32 of the estimates, and it's under ministry support services, line 1.4, corporate services. It's virtually \$12 million; \$11,968,000. What is that?

Mr. Berger: The difference in that?

Dr. Taft: What is covered under corporate services?

Mr. Berger: Corporate services includes financial and business planning services, facilities management, information technology, information management, FOIP, and Ropin' the Web, our website. All of those pieces fall under corporate services.

Dr. Taft: Okay. Over on page 33, line 6.4, the AgriStability program is \$101 million. Can you just tell me what that is? I

probably ought to know, but I don't. It's a lot of money, \$101 million.

Mr. Berger: Okay. Line 6.4 is our contribution into the AgriStability program. AgriStability is shared provincially and federally. We're a 40 per cent partner. We match the federal government's 60 per cent. That's our share.

Dr. Taft: That's price? What is that?

Mr. Berger: AgriStability is actually for catastrophic income drop. That's the insurance program that producers can buy into to cover catastrophic loss.

Dr. Taft: So if there's a good year and not a lot of catastrophic loss, if there's money left over, is that carried forward somewhere?

Mr. Berger: Yes. What you're looking at here with higher prices and better yields is an increased liability as things move forward, but if it's not gone, we have to make sure that we're matching the federal portion, and they set the rules around some of these pieces of the puzzle. If they're going to this level, we have to have our piece of the puzzle in there as well.

Last year we had a great year. We didn't use a lot of it because we had a good yield. We had a long harvest. In looking forward, though, and making sure that we are there to cover our commitments, for Canada right now, not just Alberta, after the trigger point if you had a drop in the wheat price and it was to the point where you were triggering payments, a 10 cent drop per bushel below trigger equates to a hundred million dollars in payout. That's not Alberta; that's Canada.

Dr. Taft: That's fine. But when I look at last year's budget versus forecast, because it was a good year, this program came in \$22 million, \$23 million underbudget. I have a feeling this is going to be another good year. I'm optimistic. What happened to that \$22 million? Does 60 per cent go back to the feds, or is it going to a bank account?

Mr. Berger: It lapses and comes back into the overall budget. The whole formula is federally driven, and we are a participant in that. Once again, it's \$2 to \$1, so if they're putting up two of maybe what we sent down as transfer payments, we need to make sure we have our one ready to go in case there's a comeback on it.

Dr. Taft: Okay. Again in the same document on page 38 – I'm just trying to put some of this together – the second line under expense by program, agriculture income support, that \$101,252,000 gets voted in. Then it's matched by the feds, and it totals \$226 million. Is that how I would read that line?

Mr. Berger: That \$226 million? Yes. That's our share, 60-40.

Dr. Taft: So the \$226 million is the combined federal and provincial funding. Okay. Thank you for explaining that.

On the next page, page 39, under revenue there's the transfer from the government of Canada of \$322 million. My question is really about the next line, investment income, which is \$130 million. All right. Have you had a chance to follow where I am? Page 39.

Mr. Berger: That difference is the balances in crop insurance funds that are invested.

Dr. Taft: Which difference?

Mr. Berger: You're talking about the \$130,229,000, right?

Dr. Taft: Yeah. It says investment income. In my imagination when I hear that, I imagine a big pile of money somewhere earning income of \$130 million, but maybe I'm misreading that.

Mr. Berger: It's there for reserve, for the next. We don't do an outside investment. It's there for the program, I believe. I'll double-check that.

Dr. Taft: Sorry?

Mr. Berger: I'll just double-check. It's there for the program, so we're not looking back to the government for it. We want to be self-sustaining, so that's part of that.

Dr. Taft: I'm just wondering what's invested. To earn your department \$130 million, you need a pretty good-sized investment somewhere.

Mr. Berger: Through AFSC some of this will be loan interest as well that can come back in there.

Dr. Taft: It might be in here. The total capital account that is generating you \$130 million this year, where does that turn up in here? It's got to be accounted for somewhere. That's like \$2 billion or more somewhere, I'm guessing.

Mr. Berger: We do have over \$1 billion in crop insurance funds set aside. There's \$1.3 billion that's set aside for that. So we do have that as well as interest in all the other pieces that play into that.

Dr. Taft: So \$1.3 billion in the insurance programs and you're earning \$130 million. That's a pretty good investment if I may. Okay.

Mr. Berger: No, no. We're talking about the lending is \$80 million out of that. So you've got all of that. You've got interest in all these other pieces that come back.

Dr. Taft: So the investment income includes loan repayments.

Mr. Berger: Loan interest. Loan repayment.

Dr. Taft: Okay. And that's managed under AFSC?

Mr. Berger: AFSC.

Dr. Taft: And the Auditor General then audits that every year. That's a nice little stream of income.

Then the premiums, fees, and licences: \$289 million. Where does that come from?

7:40

Mr. Berger: That is the producer premium on crop insurance. I think you touched on it real early in your questioning at the beginning, and we mentioned that that is the producer's side of the premium.

Dr. Taft: Okay. You know what? If your department had a fairly simple fact sheet or a couple of paragraphs just explaining those two lines.

Mr. Berger: Simple fact sheets. The difficulty – and I'm not trying to be facetious – is that these programs are all federally partnered, so we're sometimes working with something that may

change, and there's back and forth on that and working through policy.

Dr. Taft: Well, you've got it down to the last thousand dollars here, so there had to be some basis for those lines there. It would just be useful to me to understand what the basis of those two lines is.

Mr. Berger: You're looking at that, and it's going down, right?

Dr. Taft: I'm not so much concerned about the change as I am just about: what is there? That's a lot of money. Those two lines are earning your department 400 and some million dollars.

Mr. Berger: Well, the \$289 million is direct premiums for crop insurance.

Dr. Taft: Okay. So it flows through. It probably just flows through.

Mr. Berger: Well, I go out and seed, and part of my \$289 million comes out of the farmer's pocket into that. That's all premium, \$289 million. There's a little bit of a difference from the budget and that, but it's actually due to performance on the premium. There's a slight break, you know, if you haven't drawn on it. You get a little bit of a discount on your premium.

Dr. Taft: Would it be too much to ask, Mr. Minister, for just a short discussion memo to me just explaining those two programs.

The Chair: Actually, it would have to be tabled in the House. If you do provide it in writing, it would need to be tabled.

Mr. Berger: Yeah. That's fine. We can do that for you.

Dr. Taft: Yeah. It could come through the chair.

Mr. Berger: Those are reasonable questions. You know, when you take a look at this and AFSC, we shop some of our insurance programs out to reinsurers. Overall we take on around \$4.5 billion in liability with our insurance programs. There are reinsurers. There are premium deductions. There are all sorts of different pieces. So I can understand that it's not easy to follow.

Dr. Taft: No. That's right, and it's a lot of money, too. That's good.

Three minutes left. There was a lot of fanfare around ALMA. There's \$39 million there. Let's just finish up with that. What's happening for \$39 million? How do we know that we're getting \$39 million of value from that agency?

Mr. Berger: Well, I haven't got it right here with me. I can also get you the list of ALMA-funded projects that go forward to promote the livestock and meat products throughout Alberta, as well as even into crop research and research throughout. One of the points that's a real special one with ALMA is the help with the \$80 million that I was speaking of earlier, that they have invested into these different things that has actually leveraged \$313 million of industry investment. There was an investment into meat patties in Spruce Grove. Now we have 3 million hamburger patties a day being produced in Spruce Grove. They are the sole provider to McDonald's restaurants across Canada. That was an ALMA project. They helped to work the facility to streamline their production and that type of thing. Those are the investments.

They're also, as I said, investing in barley production just outside of that because it's helping with the crop as well as the fed cattle, fed chickens, everything that's fed on barley. So they're

strategically investing. As well, they're very instrumental in the group that works through the board, is the board, basically, is made up of the board, in opening up foreign markets for us. We have there some of the best expertise that you can find in the country. You have one of the negotiators for the free trade agreement for North America, NAFTA. There's all sorts of brain power there. They're working throughout. They also work on food-borne disease research. We have many projects going on there. I think if I gave you the whole list, you can look through those.

Dr. Taft: Okay. I'm just conscious we're down to – so I'm wondering if you might want to provide these last two answers in writing. Page 42, wildlife compensation: it's about \$9 million.

Mr. Berger: Okay. Wildlife compensation is for crop damage. That's through AFSC and our insurance programs.

Dr. Taft: Okay. That's strictly crop damage?

Mr. Berger: Exactly.

Dr. Taft: So if a ranchman loses his animal to a grizzly bear . . .

Mr. Berger: That is through Sustainable Resource Development. For us it's crop damage.

Dr. Taft: Okay. So this is mostly birds, is it?

Mr. Berger: It could be birds. It could be elk going in and cleaning out a field.

Dr. Taft: The last one was around traceability. I was flipping through here. I'm sure that I saw an expenditure line around market traceability or something to that effect. I'm wondering: could you maybe have somebody explain . . .

Mr. Berger: What it was in there? Sure. You bet.

Dr. Taft: I appreciate that. Thank you, Minister.

The Chair: Hon. member, thank you very much. If the minister would respond in writing.

We are now going to move to the third party, the Wildrose Party. Did you want to go back and forth, or what's your pleasure?

Mr. Boutilier: I will go 10 minutes, and the reason I'll go 10 minutes with the minister is because I cannot be in two places at once. I'm going to be questioning the Minister of Transportation on highway 63, so I will use my 10 minutes.

The Chair: So you'd like to use your 10, and then the minister will respond. Thank you.

Mr. Boutilier: Thank you.

Congratulations to the minister. I understand this is his first ministry as a minister, so congratulations to you and the very best in your ministry.

With that, I have quite a few questions for you, and I certainly would appreciate answers. I want to say that many of the people I see in the room who are within the ministry have, I know, a lot of experience in agriculture, so you are a very lucky minister, unlike other ministers, in that you have a considerable amount of experience there. I congratulate you for surrounding yourself with good people.

That being the case, my questions are as follows. The former minister of agriculture's mandate letter talked about how

Albertans want to realize some important things in the agriculture ministry. This was a letter to the former minister of agriculture, Jack Hayden, from the then Premier, Ed Stelmach. He highlighted:

We can realize an Alberta with

1. The strongest financial position of all provinces.
2. The most innovative and competitive economy . . .
3. The best performing public health care system in Canada.

But it also talks from an agriculture perspective about

4. The most advanced infrastructure in North America.

Of course, that leads to my first question, that of water storage. The question really is: what are we doing about water storage, especially in southern Alberta, in terms of on-stream and off-stream storage when it comes to the issue of infrastructure pertaining to storing water? We know that it is the most valuable resource that we have.

That being the case, I went through your mandate letter from the now Premier, Alison Redford. I do not see a similar letter as that that was put to the then minister, Jack Hayden, from the former Premier. That mandate letter doesn't highlight the issue of infrastructure, so that concerned me pertaining to, specifically, the importance of on-stream and off-stream storage in agriculture. I just want to highlight that. Perhaps it was an oversight.

Some of the other questions that I do have, though, I think are very important. The Auditor General gave three recommendations to Agriculture Financial Services Corporation pertaining to lending controls. The government, I'm pleased to say, accepted the recommendation and has said that it "is in the process of reviewing its policy and procedures to implement changes to further improve the effectiveness of internal controls in specific areas by March 31, 2012." My first question on that recommendation of the Auditor General: I would be curious to know what the status is pertaining to this recommendation, the fact that it has been accepted, pertaining to a road map of what progress has been made pertaining to this recommendation. Also, will they all be completed, the recommendations, by March 31, 2012, which is, of course, just a couple of weeks away?

Question two is on the Agriculture Financial Services Corporation, the AgriStability accrual process. The government and Agriculture Financial Services accepted the recommendation to establish "procedures and approvals for determining the AgriStability accrual. During the 2011-12 fiscal year, the documentation of procedures will be formalized along with the segregation of duties, review and approval." Have the procedures been formalized as of yet, has this been fully implemented, and can we expect that in the 2011-12 year-end report the deficiencies of the accrual process have been corrected as recommended by the Auditor General?

7:50

The third question on recommendations is on the Alberta Livestock and Meat Agency, and that is pertaining to enterprise risk management. The government accepted this recommendation: "Alberta Livestock and Meat Agency Ltd. has developed and implemented a risk management process which has been incorporated into its strategic and business planning process." My question is: has the risk management process been incorporated into the strategic and business planning process, and what did it cost to study and implement this process as well? I would certainly appreciate answers to those questions.

Finally, one of the Auditor General's recommendations pertaining to the Alberta Livestock and Meat Agency was with regard to compliance with contracting procedures. What exact

changes were made to ensure compliance with its contracting policies? Can you give some specifics to Albertans in terms of what was taking place there in terms of a road map? Are the changes going to significantly reduce the red tape for agricultural producers? Those are just a few of my questions.

Also, pertaining to questions, one was asked of me by a citizen of Alberta who is a farmer: do farmers have the right to farm? I think it's somewhat of a rhetorical question, but it was a question that I promised to ask for an Albertan. Do farmers have the right to farm? Also, pertaining to the water licence priority, the importance of that.

Another issue is: why can we get tallow into China, but we can't get our beef into China? I guess that's a question that was also asked.

I am relaying to you questions from people I know in the farming business that wanted me to ask these questions. In other words, I'm talking for Martha and Henry tonight in terms of what they're asking.

Do you want to be called Minister, or are you okay with just Evan?

Mr. Berger: Whichever you prefer.

Mr. Boutillier: Okay. Well, you can call me Guy, so I'll call you Evan.

I know that the Liberals did ask the question about ALMA programs. I was wondering about the number of complaints about that program. Also, a fair question is: what are the benefits from that as well?

In terms of the issue of on-stream and off-stream storage, as I live in the oil sands capital of the world, one thing is for certain. If I had the choice of being in a desert, would I prefer to have black gold or blue gold? Clearly, blue gold is what we believe is the ultimate gift. I say that as a former Minister of Environment. I believe blue gold is the ultimate treasure, that we all cherish.

I would say to you that being able to store in both in-stream and off-stream capacities is so important, and of course that was recognized in the former Premier's mandate letter to the former minister of agriculture. I would be very eager to be able to determine if, in fact, that is still a priority as it was not directly mentioned in your mandate letter from Premier Redford, but it was mentioned by former Premier Stelmach when he sent his mandate letter to the then minister of agriculture, who, I might add also, did a very good job in agriculture. I want to compliment him, the Hon. Jack Hayden, for the excellent job that he did, and I have no reason to believe that you as a new minister in this portfolio will not do an equally good job for the people of Alberta based on your experience.

How much time do I have left, Madam Chair?

The Chair: Two minutes.

Mr. Boutillier: Two minutes left? With two minutes I will say thank you for your answers. And because of frugality and because any time we use our energy, we're spending money – and I don't want to run a deficit – I'm cutting it a minute short of the 10 minutes that are allotted to me. That means I'm under budget.

Thank you.

The Chair: Hon. minister, the floor is yours.

Mr. Berger: Thank you very much. Those were definitely rapid-fire. I assume that's because he's subdivided in his time.

It brings up some very interesting points. Of course, he started out with the most advanced comment and led right into water

storage. It makes me very happy to hear that. Unfortunately, he's unable to listen to this, but he'd be interested to know that there are actually 50 man-made water bodies in southern Alberta. There are two natural lakes, one being Pakowki, that's dry 6 years out of 10, and the other one being Waterton. Out of those water bodies, the 50 man-made water storage facilities in southern Alberta provide all of our irrigation to that area, which, again, is quite interesting because less than 5 per cent of the land base produces 20 per cent of the production in Alberta with irrigation.

Off-stream or on-stream, either way, water storage has been the boom for southern Alberta. But I wish he was able to understand that without an act like the Land Assembly Project Area Act, we will not be able to build any more on-stream or off-stream water storage, that or what amended that in Bill 23. We had a court ruling in 2002 that said that we could no longer use the restricted development area act for purchasing that, and that's what brought forward Bill 19 to come to the table to go forward, the possibility of building more water storage or highways.

Obviously, that member would understand that these water storage bodies, being 50 of them, I would guess, being familiar with southern Alberta, there are probably only one or two that were built on public land or partially on public land. The majority of them were private land. That land had to be purchased. There had to be agreements. There had to be an availability of an act to go forward and do that.

In looking at that, that brings up another point. When you look at an irrigation canal, I defy anyone in this room to find me one that follows directly along a road allowance. They don't. They cut off. They go here, there, and everywhere because they follow topography. They follow the geography that's out there. They have to maintain slope and flow. So those canals subdivide our properties in Alberta anywhere, but especially in southern Alberta, to get to where they're used. Somehow there had to be an availability for the Irrigation Council to go forward and purchase land or for the actual government to purchase the land to build that irrigation canal on.

Then to go further on that, when he discusses the water storage, it even gets a little more interesting. If the hon. member was to take a look at the recommendations that came forward in the South Saskatchewan Regional Advisory Council advice, they speak directly to the need for more water storage, especially in that area of southern Alberta. They speak to the fact that we do let 70 per cent of the water cross the border, and we could keep fully 50 per cent and allow 50 per cent to cross. But there again, when we speak of these different acts – the Land Assembly Project Area Act or the Alberta Land Stewardship Act – in the Alberta Land Stewardship Act there is a mechanism for purchasing back public land, to negotiate with the operator to be able to get that land to put in a water storage project.

If you look at the area right now that we may be able to consider for water storage projects, there is currently an environmental impact assessment out on an area, and I think that's the one that maybe the member was discussing or talking about. In that environmental impact study for that specific area 40 per cent of the land needed to put this water storage in place is private land; 60 per cent of the land needed for that is public land under lease. In looking at the stand of some folks, we would be unable to do that because we couldn't utilize either of those acts. If they're repealed, well, I guess we wouldn't be doing any of those projects.

When you go back to the fact that 5 per cent of the area produces 20 per cent of our production, it's money very well spent. It's very well intended to do the job we need, but we have to have the availability of the acts to actually work with the

producers, with the farmers, with the landowners to create these value-added opportunities that we do when we store water.

The member is absolutely right. He can call it blue gold. It is if you're looking at an area down there, and I said that over and over again when I was on the southern tour. When you look at these areas and you say, "We want to rescind all these acts," do we want to drain all of the actual water bodies, then, that took up private land at the same time? Do we want to give up that wealth that's generated because of those water bodies in southern Alberta? No. We need to be looking to the future and creating more of them, and that's one point we do agree together on. The opportunity is there for us to utilize more of that water, create more value-added, but rather than running around saying what we should rescind, we need to work on: how do we create these opportunities to have more water storage in southern Alberta to create wealth and continue down that path?

8:00

Further than that, the member went on to ask about the recommendations by the Auditor General, and I'll start into those. First, regarding the AFSC recommendations on the lending controls, they have been implemented. That was question 1. They're implemented and done.

Number two was on the AgriStability accrual process, and I'm proud to say that we have made satisfactory progress. We're currently working with the office of the Auditor General to clear off those and the remaining recommendation.

When we move into the ALMA, your enterprise risk management question, it has been implemented, and we're working with the Auditor General. There has been no additional cost to moving forward with these proceedings. It's been implemented, and the internal contracting procedures have been modified. We're working with the Auditor General and the office to continue and clear up all of these that had been brought forward.

The next one: compliance and red tape was what I wrote down. I'm not quite sure where you were on that one, hon. member, but you made a comment around: do you have the right to farm? I'd say yes, you have the right to farm. But let's go a little further on that. Do you have a right to farm? You bet. How long will that right last if we don't start looking after agricultural production and agricultural land? I'm not sure because if you take the past 40 years, on a per capita basis Canada has lost 50 per cent of its arable land.

On a per capita basis Canada rates third in the world for arable land. We follow Australia, who is number 1 with no water, we follow Kazakhstan, who is number 2 with no infrastructure, and there is Canada. In Canada Alberta ranks right up there in the top two for production. So do you have the right to farm? Yes, you have the right to farm, but we'd better be planning to make sure that we continue to have the right to farm. A lot of the mixes that take place on the landscape all of a sudden put the pressure on there.

You'll find that once you're out into a rural area and acreage development takes place, all of a sudden your operation as a farm isn't all that popular. You're working late at night. You're creating dust. You're creating smells and all these different things. Without land-use planning and the Alberta Land Stewardship Act to make sure that we guarantee those rights and continue, I would think that there's more pressure going to come on our land base to higher value uses that will be more competitive than a young guy coming out of university trying to buy a quarter section to start farming.

Another question that you had was based on tallow into China. Well, I'm happy to tell you that you can go back and let your constituent know that actually we're sending beef into China as well. Tallow is just one piece of it, but we're already shipping beef there. Interestingly enough, the Chinese market for tallow represents over \$420 million, so it'd be nice to get a bigger stake in that game.

As well, we have re-entered pretty much every Asian market that we were in prior to the BSE in 2003, and in some of those cases when you take a look at the one that we got in just before Christmas – thank you to the federal government for getting us back into South Korea. South Korea represented a \$42 million market for us prior to losing that to the BSE. So all of these markets are returning, but it's also ... [Mr. Berger's speaking time expired] Rats.

The Chair: Thank you, hon. minister. Good work.

For the next 20 minutes the member of the fourth party, the ND party. Again I would ask: do you want to go back and forth, or do you want to go 10 and 10? What's your preference?

Ms Notley: No. I'll try going back and forth. That should be okay, I think.

The Chair: Okay.

Ms Notley: Thank you to the minister and to his staff for being here, and congratulations on your appointment to this position. Again, it's always entertaining to watch somebody the first time around as they come through this process, but I'm sure you'll find that when it's all finished, you'll be very relaxed and happy and think: oh, it's nowhere near as big a deal as I thought.

Anyway, I have a few questions. It's hard because being the third person to question you, I'm kind of bouncing around because I want to try not to ask questions that have already been asked. I apologize if I seem a little bit disorganized in my questions, but I'll try and break it down.

I want to talk a little bit about farm safety, not too long, a bit about food processing safety, a bit about sort of performance measures as it relates to your value-added and your investment leverages as well as the sort of issue around a resilient, sustainable rural Alberta, that goal in your business plan. Then I'd like to talk a little bit about a subject you just ended on, which I really do care a lot about, which is protecting agricultural land and where things are going with that, and then a little bit around your ministry's work in the area of environmental stewardship. Then if I'm not out of time at that point, I'd like to ask a little bit about the Farmers' Advocate's office above and beyond what the Member for Edmonton-Riverview has already touched on.

In terms of farm safety when I was here last year – I was looking through the notes – I think I spent the whole time debating this issue with the minister, and I don't want to debate it. I want to ask you three questions. The first two are a little bit provocative and designed to start a bit of debate but not too much because I have to at least get my point on the record, and the third is just more dollars and cents. We've had a lot of conversation about protecting workers on the farm, and I've heard the statements made by the minister and other members of his caucus on why they would rather not take a direct hand in that.

I guess in response to the conversations that I've heard thus far, my first two questions are simply that I haven't heard an answer yet for how we deal with temporary foreign workers. They are not members of anybody's family. They have no other contacts in the community. They cannot go to OH and S because, of course, they're not covered by OH and S, and they can't go to

employment standards because they're not covered by that. Of course, those people are very much at risk as we have seen over the last year of accidents across the country, frankly. That's my first slightly provocative question. How do we deal with that? They're not at 4-H, and they're not at fairs. If their employer hasn't happened to read your safety pamphlets and chooses not to manage their farming operation – and typically when you've got temporary foreign workers, it's a bigger operation – in a way that respects people's need for safety, what do you do and what do they do?

The second question. You've mentioned to the Member for Edmonton-Riverview, you know, that he needs to sort of understand the complexity and that if he did, he'd understand it's not possible. But how do you answer, then, to the fact that most other jurisdictions in the country have found it possible? They've managed to wrestle the complexity down and put in some more significant safety measures for these workers in our agricultural sector. They've managed to get a handle around it, so why can't we?

The third thing that I'd like to know about – and this is the more sort of black-and-white kind of question – is simply: how much is currently being spent globally by your ministry in the various and sundry education efforts that you engage in? I appreciate they're done through different programs and in different silos, but I'd like to know what the total is. Then from that, I'd like to know, given that we are investing that money in education, how you are measuring your success. I don't mean how many people go to programs. Are you, even though it's not covered under occupational health and safety, keeping track in some fashion of the injuries and fatalities that occur, and is there a way for you to publicly measure the success on a per capita dollar investment basis of your investments around keeping people safe in the farming industry?

Mr. Berger: Could you start that one just again, Rachel? I missed the very start of it.

Ms Notley: You bet. It's simply this: I'm looking for the global number of how much you're spending on safety education in the various programs, knowing that it crosses different programs in your ministry. Then: how are you tracking your performance in that level? As I said, I'm not interested in hearing how many people have attended a course. I'm interested in the results to draw from, I believe, Bill 1's language from this session since that's what we're all talking about now. I'll leave it at that for that series of questions.

8:10

Mr. Berger: Okay. That's great. Thank you for those questions. On farm safety and the temporary foreign workers: very good points. They are included in the recommendations that have been brought forward from the Farm Safety Advisory Council, so we will be working through that. They actually were in the deliberations of the council. When I met with them, they had actually sent questionnaires back to temporary foreign workers to have ratings done. It was very interesting. There were a lot of positive comments that came back from there.

The other thing. I think when you talk about the temporary foreign workers, most of the employers are hoping to get the same temporary foreign worker back in many cases because they do invest in training, and they work hard to make sure that they have trained their workers. In the longer term what's happened recently is that the federal government has moved the two-year term up to a four-year term, so that enables them to come forward.

Now, on the global tracking of the investment that we have made, we have invested \$1.5 million into farm safety through ag societies and staff costs and grants and that type of thing. I think when you look at our overall record of farm safety with the number of people involved in farming and the number of reportables, we are trending down. We're gaining ground. We're getting more farm safety acceptance, and it's gaining. I think the message was very well put out through the ag societies.

Last year I attended one of them in Stavely. Three ag societies had joined together and had presented, actually, a two-day farm safety program. They brought in school kids from all over the areas involved: Nanton, Stavely, and Claresholm. They brought in colony kids from all over. They had a group of farmers there, many of them with one finger missing. It could have been a casting call for *The Simpsons* or something like that. But there were all sorts of different farmers that were there to represent what accident they had seen or witnessed.

So the farm safety end, I think, is measured in the number of accidents. We have stats kept online. Anyone can go to the agriculture site and go through the farm-related fatalities. It's not that we want to see any accidents or any fatalities on the farm, but we also have to once in a while take a look at that list and distill out what actually wasn't farm related but took place on a farm because there are some that are included that have no relation to the farming activity but happened on a farm.

There are a couple of different approaches to looking at that, but I think overall we are trending. But we are trending through education, and I have to say that it is huge. When you take a look as a farmer or as a father or as the minister of agriculture, safety is of utmost importance to me. I said it today in the House, that my son is at home doing chores while I'm here, and I hope and pray that he is doing it through a procedurally safe manner because that's what we've drilled into him, that's what we've discussed, and that's what we continue.

Education and awareness is still going to be – I think, you know, when you take a look at workers' compensation or any of the other issues that you brought forward, ideally we don't want any accidents or any safety issues, so that's the end goal. But I appreciate where you're coming from on that, and we are going to work through it with the recommendations.

Ms Notley: Okay. Well, I'll just add one more question to that, but then I'm going to jump to another issue before I give you the chance to answer that. Just to clarify, you're saying that it's possible to get online information about accidents and then you said fatalities, so if you could just clarify for me if the online information includes . . .

Mr. Berger: It's the farm-related fatalities.

Ms Notley: It's just fatalities. Okay. So then my concern is that that's a start, but what we need and what your ministry needs to be doing in terms of its own performance measures and its own accountability is keeping stats on accidents as well as near misses. Now, near misses, I guess, you're never going to be able to keep track of, but injury-causing accidents need to be tracked, too. Otherwise, you have no way of knowing, really, whether your education efforts are having an impact. So that's what I'll say there, and if it's not the case that you're doing that, I highly recommend that you move to it.

I'm going to quickly jump over to the issue of environmental stewardship. I have a few questions just relating to some stuff that I pulled out of last year's annual report. On page 12, goal 2, you have some measures about environmental stewardship that relate

to "average percentage of improved environmentally sustainable agriculture practices adopted by producers." I'm not quite sure how you measure that, if that's like an average percentage of the overall number of practices being used in the province or the number of producers throughout the province that adopt one of them. I'm not quite sure what that number means. So I'd like to start with an explanation of that.

Then I see, as well, that your targets are quite low, and your footnote describes that the actual practices that you're measuring have changed over time. My question is: what exactly does that measure mean, and how have the practices that you're measuring changed? If that's too detailed, you can certainly put that in a response to me.

Just a couple more questions because I'm afraid I'm going to run out of time. Again, you have in your annual report a reference to something called an environmental farm plan, which appears to be something that's educating farmers about ways to engage in more environmentally friendly practices, I believe. My question is: how much money is spent on that, and what kinds of performance measures do you have there in terms of the improvements you are seeing?

The same thing for your cows and fish plan. How much money is going into that, and what are the performance measures in terms of, you know, better kept land or more acres protected or that kind of thing?

An interesting question that I have. In the annual report you talked about a program where you've drilled a hundred groundwater wells to test confined feedlot operations' effect on groundwater and that that was a joint process going on between yourselves, I believe, SRD, the feds, and something called AAFC. My question is: what is AAFC? How far along in that process are you? I know it was a five-year thing, but will we be getting some preliminary results? Will they be released publicly before the five-year series of testing is over?

Of course, I'm connecting this process to the sort of new so-called commitment to transparency that we're seeing in the ministry of environment, and we would of course expect to see the same thing going on and see those results put up on a website as they are acquired. So my question is: would we see that? The final question in this area is on the odour management tool pilot project from last April. Where is that at?

I know I threw a lot of questions at you, but I was worried that I was going to run out of time.

Mr. Berger: You're making good use of your time.

Actually, on the environmental stewardship, that has been an ongoing project over the years. You know, it's interesting that you see a 1 per cent change in there. The reason for the change is that it's like anything else. You promote that, and maybe it's something as simple as minimum-till or zero-till practices that have been promoted, and producers adopt that. You'll probably never get to every producer, and that may be because of specific cases of the environment that they are farming within. There could be many different reasons why not. What we're saying there is that 59 per cent have adopted those practices.

One other point there is that that goes into their crop insurance record as well. When you are applying for crop insurance, they ask: what are you doing, minimum till, zero till? So we're promoting that in many different ways. It isn't always out there directly.

They started the Alberta Conservation Tillage Society years ago. I think it probably started way back, in about 1984, when we first ran into the droughts. Is it still exactly relevant? Well, probably most producers have moved long beyond that. They

could teach that back to people now. These things do evolve, and pretty soon the ability is there. Especially when you look at high fuel prices, the producers are looking at any way they can mitigate any of those issues. So environmental stewardship is progressing very well all the time.

There's another point I'm going to go to, the Alberta Land Stewardship Act. When we talk about these different pieces of the puzzle, there are four pieces of that puzzle that allow a farmer or a rancher to actually have compensation for an environmental good or service that is provided. You've got your conservation easements, your conservation offsets, the other two pieces of that conservation directive. If you should happen to be there, there's compensation for that. I can't remember the last one right now, but it will come to me. All of those come with something that promotes better production, better agriculture, better habitat, and all of those pieces of the puzzle. Once again, it's saying: okay; if you do this, there is some reward for that. We're looking at that very strongly.

8:20

The cows and fish program is very good, and it's jointly funded. There's funding from municipalities, there's funding from Environment, and there's funding from Alberta Agriculture on that. I think, overall, when you take a look at what we leveraged there, the bang for your buck is phenomenal because of the sweat equity, the sweat labour that goes into there. I know in the Pincher Creek area they have a blueweed picking day every spring. They walk that whole Yarrow Creek and clean up all the blueweed. I know we have the same thing in different areas. Throughout the southwest corner we have projects going on where we're repairing areas that quad and dirt bikes have torn up. They're out there through these projects.

I could probably dig out the exact dollar figure that we've got going specifically to that. It would be joint between the different departments as well as a municipal contribution. I don't have that right now. It's not huge, but it's great leverage that we get out of that.

The odour management. We've been making great progress with that. That leads into another piece of puzzle that will be coming forward. Of course, right now we're working with injection in covered lagoons and those types of things to mitigate that. As we move forward, there's a lot of opportunity here for the methane extraction and the closed loop, where you'll actually utilize everything that's there as a fuel source and maybe offsetting by generation of electricity or any of those other pieces. So there are plenty of opportunities that we're working with there.

When you spoke about the AAFC, that's Agriculture and Agri-Food Canada. That's the other partnership in there.

Ms Notley: Okay.

Mr. Berger: Of course, as we get more results, that will be coming forward because it's part of the whole picture. We're all in this environment.

Ms Notley: Have any been posted yet?

Mr. Berger: I'm not familiar with it exactly, so I'll have to ask those questions and get an answer back to you.

Ms Notley: Could you let me know what the ETA is on their being posted if they haven't been posted?

Mr. Berger: Being in a partnership, I'll definitely ask the questions. If we have that, I'll let you know. I'll let you know

either way, but I'm not sure; we are a partner with the feds in this as well.

Ms Notley: Well, everybody is into transparency now.

Mr. Berger: Well, hey; these are things you want to know.

Ms Notley: Yeah. Okay. I guess when you get back to me – I mean, it's good having some good descriptions of some of the projects covered by some of those programs, but it would be nice to see if you do have performance measures on sort of a per acre, per quarter section, you know, something a little bit more solid rather than an anecdotal description of: this is the kind of thing that we cover.

Mr. Berger: On the environmental things, you mean?

Ms Notley: Yes, on those environmental things that I mentioned.

In terms of rural development – again, I'll ask you about the performance measures in a sec – I see that last year \$75 million was given for 68 projects focused on rural sustainability and development. I'm wondering: are those listed anywhere? What were the numbers this year, and what was the number of projects? Is it possible for Albertans to get a sense of who is being funded for those?

Mr. Berger: Actually, I think you've gone into the rural Alberta development fund, which we don't have. That is over there. We had the original \$100 million.

Ms Notley: Over where?

Mr. Berger: It's independent. We had the original \$100 million. They are arm's length, and they grant that, that board that works with . . .

Ms Notley: And do they report who they fund?

Mr. Berger: Yeah.

Ms Notley: Okay. So there's a website where we can find that out?

Mr. Berger: Yeah. Actually, I can run a few off: the Vauxhall Academy of Baseball.

Ms Notley: No. That's all right. I would love to hear about it except for the fact that the bell is going to go off in a sec.

I'd like to pop down to protecting agricultural land, and you've talked about that. I see, again, in your annual report from last year that you were working on monitoring the amount of agricultural land lost since 1996. I want to know what that is if you've come up with a number yet in Alberta.

The Chair: I hesitate to interrupt, hon. member.

Again, anything that you do in writing needs to of course come to us and to be tabled in the House.

I neglected to call a break earlier, and I'd like to give the minister at least a six-minute break here before we begin. When we return, as I said before, in the spirit of collegiality we'll be going to the other members and back and forth. So a six-minute break, and then we'll reconvene and carry on.

[The committee adjourned from 8:25 p.m. to 8:31 p.m.]

The Chair: Hon. members, our break has elapsed, and so we'll call the meeting back to order. We'll be moving to Mr. McFarland first.

Would you like to go back and forth, or would you like to do 10-10? What is your pleasure?

Mr. McFarland: How about if we go back and forth? It's fun.

The Chair: Okay.

Mr. McFarland: Minister, first of all, I also want to congratulate you on a new job and an exciting time and all the good people that you've had working with you and that have been in the department for a long time. I'd also like you to take your ministerial prerogative and pass along a little congratulations to one young Joel Berger, who, I understand, won the Alberta high school curling championship with his teammates from Nanton, Alberta. Only in small-town Alberta.

Mr. Berger: Thank you.

Mr. McFarland: A number of years ago, I think before you were here, some of us would remember former Premier Ralph Klein. He would get some irate with all the acronyms that agriculture always seems to have. I can remember one time him saying: I think it'd take a lifetime to understand what these things mean. There may have been an expletive in there, too. When we talk about those, I think it's really important because, actually, in my opinion what happens here in the Legislature and in Public Accounts and in estimates isn't nearly as important as how it's conveyed to the people that are actually producing food. Even when I hear the term "suite" of something, I think well, that sounds nice in an ivory tower, but it doesn't really mean too much because a suite in the Grange Hotel in Carmangay, Alberta, is not something you'd want. In fact, you might just want to call it what it is.

I've tried to form my comments around some of the questions that have been asked here earlier tonight. It's not to beat up on any question, but I often think of myself because this will be 40 years that I've farmed, and I'm proud of it, and I'm happy. If I could do it all over again, I couldn't think of a nicer, better time to do it. I think I would have been a lot braver and done a lot of things differently.

I don't say that from a personal perspective; I think that is something that many of us that sit around here, that have been here – and by the way, I think this is really neat. Out of fewer than 10 active farmers in this Legislature five of them are here tonight, yourself included. That means three of them have been former ministers of agriculture. To me, that's the most important department in this whole government. I don't care what anyone says about health and education because without the food that we eat, we're nothing.

I don't think there's a farmer out there purposely destroying their environment. I think even that part of it's come an awful long way because people are more aware of their surroundings and passed on their legacies and doing it in a good, conservative-minded way.

I can't remember which of the members asked about different groups that are starting now into different types of manufacturing operations. I think it had something more to do with employment and WCB and those kinds of things. My question that I would like to ask you is: would your department be able to work with your federal counterparts with respect to groups like that on exploring tax exemptions that might not be on an equal playing field party to party, if I can put it in a politically correct way?

Then I'll go on with a couple other comments after that.

Mr. Berger: Thanks, Barry. To go back, thank you for the congratulations. I'll pass on the congratulations to Joel. He'll be excited.

Your comments around the business risk management suite of products, I understand what you mean when we talk about the acronyms. It's taking me a while to get my head around all of the different acronyms that are in there, in the cattle price insurance, hog price insurance program, HPIP, or whatever. You go through it all and you have to do a double take each time.

Congratulations on your 40 years in agriculture as well. I think that's one thing, that we look around and many of our producers are long-term producers, which brings us to this intergenerational transfer that we're looking at now. When our average age is 52 years old for agriculture producers in Alberta, we need that injection of youth. That's what's going to bring back our rural communities. That's what's going to fill our skating rinks, our curling rinks, and our schools again.

Your comments around agriculture I really appreciate. With a budget of just over a billion dollars – and I look at the four main wage earning, if you would put it that way, ministries in this province. There's, I think, \$2.2 billion wrapped up between agriculture, energy, sustainable resource development, and tourism. Energy is at the top as a wage earner and agriculture, SRD, and tourism as they go through. Last year, in 2011, farm cash receipts were a record of \$10.5 billion. That's the third-highest in Canada, and that's 16 per cent above 2010. You look at these four wage-earner type ministries, and you say: okay; the rest of the budget is based on the production of these. So investment in agriculture, energy, SRD, and tourism is always a return. I think you get a very good return on investment because for every dollar that goes into rural Alberta, it transfers around seven times before it leaves. So that's a huge economic generator, and there's a lot of opportunity there.

When we look further forward into levelling playing fields and that type of thing, I think what we need is for people to come forward with the concerns, point out where these issues may reside, and then work from there with the federal government or whomever. Maybe in some cases it's even municipal governments and that type of thing. But we definitely want to have everyone competitive.

Agriculture, like I said earlier, is going to be about 179 degrees from what we expect in a few years' time because that youth, the group I attended in Farmfair back in November, the ideas that they have, they are incredible. They have optimism like I have never seen in agriculture before, and I think the opportunity that we have will never be matched in our lifetime, when you see both grain and livestock prices up at the same time. I tell everyone, when I'm speaking to groups, that this is not a high; this is a new benchmark. If you go out there and say it's a high, everyone is expecting a low, and if they stop buying, they create a low. It's not a high; it's a new benchmark. Agriculture is finally starting to catch up to its input costs. I don't see this thing going backwards when you look at the actual opportunity for food sales in the world.

8:40

That's why I also say that when we're negotiating new trade agreements, we need to be bold and we need to be aggressive. I don't think doing anything to say, "Okay. We'll give up one piece if we get the other," is appropriate right now because I think there's a transition, a paradigm shift in the world that says that you can be bold and aggressive because they're going to be looking for your product.

An example might be the recent issues around the blackleg canola going to China. When they needed the canola, all of a sudden there's no issue around blackleg. It's just: here it is; take it again. So I think we have a lot of opportunities there.

Mr. McFarland: I'll make it really quick. I don't know: two minutes left?

The Chair: No. You have 11 minutes and 37 seconds between you.

Mr. McFarland: Okay. Good.

One of the things that came up, I believe it was in the last two weeks – I'm sure some of my colleagues have also seen a similar e-mail – is that perhaps McDonald's hamburger chain is no longer using Canadian beef because supposedly Canadian producers couldn't provide enough beef and that they were going to start importing their beef from out of country. I think now is a perfect time, if you're aware of the correct answer, to set the record straight because that could have an adverse effect on small-franchise owners if it isn't true. On the other hand, I, the bull-headed, independent Albertan, would not take kindly to a company that wants to set up shop in this province not using our own product.

Mr. Berger: Thank you for that. On the Internet, you know, everybody can say whatever they like, and they're anonymous throughout. The reality of it is that traceability is why McDonald's is purchasing solely and producing here in Alberta, because of the age verification and traceability, the whole nine yards. Three million hamburger patties a day are produced just west of here in Spruce Grove, and they supply every McDonald's restaurant in Canada. McDonald's is the biggest meat consumer in Canada. If you give up traceability and age verification, you have to start looking at: what market do I want to give up? Do I want to give up McDonald's? I don't think so. Do you want to give up Korea? I don't think so.

We have moved forward, and it's going to be part of the social licence for agriculture into the future. I know it's difficult. It's difficult especially on our population of producers being at the age level that many of them are. There are a lot of difficulties in getting these pieces done, but I think that overall some of the price benefits that we enjoy, obviously, are based on the markets that we have obtained through these things. The McDonald's one is an easy attack. It's a large company. These guys like to write these things and be anonymous. But you can check it out. Alberta supplies through that plant all of the meat used by McDonald's in Canada.

Mr. McFarland: Well, that's certainly really good to hear. I was always hesitant about some of this social media that, I guess, younger people are quick to embrace. I think it can also be abused. If you guys spend some really good time in the future on communications, I think the quicker you can head off some of these fallacies on behalf of the public with some of your news releases, getting it out on *Call of the Land* and different places, you know, it's proactive to be defensive sometimes, and I think that's one example.

Another comment. I know all my colleagues here knew where Alberta was going on their Canadian Wheat Board stance. As a dryland grain producer I'll use myself as an example. I was constantly supportive of having choice, and I do know by name some of my neighbours who were very much opposed to changing anything, who felt that this was going to be the end of the world as we knew it. I would try to explain to them that I could see no good

reason why I shouldn't be able to directly contract production of my durum – I hate to use myself as an example, but I think it's honest, real-life stuff – with an Ellison mill, for instance, as opposed to artificially having freight taken off at the top of my cheque for grain that never maybe even made it to the port of Vancouver.

As an example, this fall we moved some durum, and it was literally 26 per cent of the total value of the grain that came off the top before I got a cheque. It was for things that I still don't to this day think really happened: freight to and from Vancouver, elevation and handling charges, and the list went on. That 26 per cent in any other business would have been just cream that you'd die to have. On the other hand, some of us can directly contract, you know, our mustard crops or our canola crops with different companies.

You can see the benefit. I'm not saying that it's the total answer for everyone, but for those who want to pursue their own markets and not rely on a single desk, I don't see why anyone – and here's the question: why would anyone want to think that Alberta was advocating the killing, the demise of the Wheat Board? They never said that. They said they wanted to provide choice. Am I right, or am I wrong?

Mr. Berger: You're absolutely right. That is exactly what we always said. The Wheat Board will be there for those who choose it. And that was Mr. Ritz's comment. For those who are comfortable in making in deals for themselves, they have that opportunity as well.

I think your comment around the cream or the gravy is very apropos. There will be the development of many more value-added opportunities here on the prairies. I can cite a couple right off the bat. We had a huge investment into the malting plant in Lacombe. We've had a huge investment into a pasta plant in Saskatchewan.

What I think you may see, the changes that some folks may see as a problem, is limited use of the port of Churchill, probably. Maybe it's better used as a polar bear sighting tour place than for grain export because reality says that that would be more apropos for the location. You'll see more off of the west coast to the Asian markets, I would think.

To go back to your social media comments, I appreciate that, too. All of us in agriculture – we have three generations away from the farm now, and that is a big part of our problem and our social licence – need to be proactive. We need to be getting back into the schools with a program so kids actually know that Safeway doesn't build food. It doesn't come Cellophane-wrapped. It comes from a farm. Let's get back that 3.78 million Albertans eat safe food every day that's produced on a farm somewhere. This has to be a big part of our messaging.

Getting back into the schools to do that, though, will alleviate it. If we aren't there giving our message and getting kids informed – and you know how kids can carry the message home to the parents – *Food, Inc.* and that type of show becomes the only thing they base their opinions on. There again, it can be anonymous, it can be out there, and all of a sudden we're fighting a battle that costs twice as much on the back side than doing the front side, getting people informed up front, getting into the schools and having a program.

It was an interesting day back when the Premier's 4-H award – the student that was here is a second-year or third-year university student at the University of Alberta. She's working on a program for a classroom, about grade 5, and they have to produce a computer program for that generation that they'll be going back to teach. Everyone else in her class is producing a shoot-'em-up

game. She's producing an agriculture game that she hopes can be used as an educational tool to help make students in the classroom aware of agriculture and promote agriculture.

Going back further, again – and I'll just go back to your Wheat Board question at the end – one of the things that has never been put out there when they were doing the plebiscites and that type of thing is that they never asked how many people grow around the Wheat Board. It's significant. It's huge. Many, many, many producers haven't had a permit book for years. They didn't get to answer the question. There were barristers and solicitors that were able to answer that question because there were permit books held in estates, that actually had a vote, where actual producers were missing. So there was a lot of opportunity there for those numbers to not quite reflect exactly what's going on in agriculture.

8:50

Mr. McFarland: I can't pass up the opportunity to also compliment the people in the regional offices of AFSC. I know Sandy would probably be embarrassed if I mentioned her full name, but people like that in our small communities, who know all their clients: I think it is really gratifying. I was at a farm auction this year, and they started the auction – the first time I'd ever heard it started this way – with an appreciation to the people in the district office who knew their field better than they did. I thought that said tons for the quality of people that are working in the office. You know, after they'd gone through all the cutbacks in the years past, they're still there, they're still positive, and they just do a fabulous job.

Aside from that, the other thing that I was wondering. I know that this is near and dear to your heart. You've said two times tonight already how you'd like to see these small communities continue to grow. You know as well as many of the colleagues here, whether it's down in the Taber-Cardston area, in Highwood, in Rocky, or anywhere else, that we've lost all the elevators over the past 15 years, and with this has come a loss of the tax base for small villages, which has really made it difficult.

Whatever Agriculture can do in a partnership can't be anything but a positive, whether it's getting into the high schools rather than waiting for career days at a university. I think I've heard you talk about it before. It's probably better to start by educating our young folks even before high school about the opportunities that are there because, as you mentioned, there are some 70,000 people directly or indirectly employed. That doesn't mean everyone has to be a farmer or rancher or an irrigator, but they could sure be in food processing, or they could be in a food industry of some sort. I've just seen the benefit in a place like Nobleford, where a young principal brought the business community in, had the kids demonstrate their pilot projects that they're working on through mobile classrooms, and had their resumés all set up. They were trying to impress on their potential employers how they could benefit them.

Thank you.

The Chair: Thank you, hon. member.

We next have Mr. Hinman up. Would you like to go back and forth, or would you like 10, 10?

Mr. Hinman: I think back and forth will probably work well.

The Chair: Okay.

Mr. Hinman: Anyway, I'm sorry that I wasn't able to be here to hear your first 10 minutes. Doing double duty tonight makes it kind of difficult here.

I have to say that with my background and whatnot agriculture is certainly an exciting area. As you mentioned earlier, it's at a

cycle time, and we see cycles in agriculture, I think, more than anywhere. But it is very exciting. As our Member for Little Bow was referring to, without the food, there's very little that goes on. We can look around the world where different countries aren't able to produce, even to feed themselves, and are dependent on countries and provinces like ours to produce that food. I think that everyone in here will certainly agree that we produce the best, we have the cleanest, our environment is wonderful, our products are great, but we certainly do seem to have some challenges. I think the biggest one in this last decade has definitely been BSE and the struggles that we've gone through.

I wasn't aware that China had opened up with the blackleg canola problem. It is always funny how those criteria – even the malt companies one year can say that this is of no value, and all of a sudden the next year: "Did you keep that in your bin, by any chance? We'd like it." Anybody who's been involved in agriculture realizes that it's a moving mark, and don't strike it now because it can change shortly.

What do you see as the biggest barrier, you know, with China? They opened up, and they're allowing our tallow to go in there. But what's the biggest barrier that you see, and why can't we get our beef into any other country in the world? We've got the traceability. We're doing all of that now, yet we're just seeing such slow, slow progress on getting into other countries.

I'm going to ask a few questions, and then I'll let you go in there. Another one that I came across, and I think it's been two years now: down in the Taber area the foreign workers are a real struggle. I'm not sure what you can do with the federal minister, but I found it somewhat intriguing. Government programs have a bad tendency to pick and choose and to create silos that are very difficult. There are a fair number of growers in the Taber area where we have vegetable products being produced, but they can only bring in foreign workers to work in cucumber fields and pumpkins and new commodities that they don't even want to necessarily get into. But in order to have the foreign workers, they have to have 30 acres of some government-sponsored program. Do you have any knowledge on that, the restrictions on foreign workers coming in?

The Wheat Board option is truly, absolutely exciting. There's been nothing more frustrating for myself. I remember being in Lethbridge when the Premier talked to Albertans, saying that he wished there was something that he could do. What a blessing it will be. Again, it's part of that optimism of where we can go with the choice. I know one farmer who has been growing high-selenium wheat that he's been wanting to export to England for years and has been frustrated time after time, trying to work with the board and not being able to accomplish that. I think that we're really going to see the Alberta entrepreneur just shine here very quickly on that, which is quite exciting.

You talk in your ALMA program about streamlining the suite – I guess I'll use Little Bow's comment – of protection and insurance policies. What are we doing in that area to move it forward? You know, you start to talk and all of the acronyms and all of those things: it's just frustrating for a lot of producers to try and jump through the hoops. What can you say? What progress is being made to reduce all those hoops and barriers that are prohibiting that entrepreneur from trying something new or being able to? They have a commodity that is outside the program, and they're pleading to, you know, be able to allow this into their income or else their cost, and it's not there.

The last one I'll throw in there and let you have a shot at it is the actual insurance in some areas. It seems more often than not that they'll pick a highway or they'll pick a river or some geographical area and say: "Okay. Below here, you know, we're going to give

drought assistance; north of here, we're not." It just seems like too many producers are falling through the cracks. Their actual needs aren't being met in a real method, where they can say, "Look, I've lost this percentage of my crop." I have to confess that it's been a few years since I've been involved personally, but I was always discouraged in talking to neighbours and whatnot. "Well, I have to go out and combine this even though there are only 13 bushels per acre here. It's been damaged. But in order to get my insurance, I have to go out and do these things."

There are just a number of areas like that. It seems like over the years we just keep beating back an industry that's struggling, with more red tape, more conditions.

I'd love to hear a few of your comments on those.

Mr. Berger: Thank you. Good comments. Starting off with the food production and protection of that, I agree wholeheartedly. I don't know if you were in the room when I made the comparison across the world of food-producing nations and Canada being number 3 for arable land per capita in the world. But Canada itself has lost 50 per cent of its arable land in the past 40 years. It's been covered with cement or other uses. It's a very serious issue, that we look after food production and make sure through legislation that we're able to protect farmland and continue to have the ability for producers to have that actual land, or you're going to be covering every building in these cities with greenhouses to try and get the food production.

Six countries in the next few years will be producing more food than they consume. The Americans now import food. So that tells you how this is moving.

You speak in terms of barriers, you know, one being moving our beef. Currently we're back into all of our major Asian markets. A lot of that thanks has to go to the previous minister that's sitting over there because he worked very hard as well as the federal government to get those doors open. I commend George for that work because that was in tough times that he was working on that. I also commend the ALMA board because there are a lot of negotiations that they have done, working collaboratively with government at all levels to help open those doors.

Your comments around the temporary foreign workers and that issue: that's very apropos. When I was in Medicine Hat touring greenhouses, that was their concern. It was their concern in Brooks when you're looking at Alberta on the boom again. Here you are in Brooks. You've actually got manufacturing companies that are building three pieces of their manufacturing that are going to the oil sands, and they're sending two of those pieces back down across the border to get welded, bring them back up, and then they put the third component in and ship it to the oil sands because they haven't got enough help, and they aren't able to get that.

As I said earlier, one of the bonuses that has taken place is that the federal government changed the two-year temporary foreign worker thing to a four-year cycle so that those folks that are trained will be back more. We do have to work with Minister Kenney and the federal government to continue to build on that, though, because one of the limiting factors we have here right now in Alberta is workers. There's no question; there are no ifs, ands, or buts.

9:00

Mr. Hinman: Can I interject just for one second? Are you aware of the different criteria where we can bring in foreign workers, though, to work on certain crops but not others?

Mr. Berger: Yeah. They were pointing that out to us in Medicine Hat, the difficulties.

Mr. Hinman: Anything we can do?

Mr. Berger: They've got Minister Kenney working on that, and he is trying to adjust that and rectify it because when you're talking to the worker, whether it's about a cucumber or a green pepper, I don't know if it's a big difference. I think that they can handle anything. Those are good comments.

Later on, when you were speaking, you mentioned ALMA, but I think you were talking about AFSC at the time, the programs, the suite of different programs that we have. I think you were referencing specifically AgriStability and that. You'll be happy to know that we're working with the federal government to initiate a pilot project. Alberta will be the testing grounds for it. We'll have a bankable, predictable, and timely AgriStability. You'll be able to put the application in at the time of the year that you're actually doing all of this, which will probably be the same time as tax time.

Now, part of this, the remedy for this once again goes back to our friends at the Wheat Board. It was always difficult to know what was coming until they could actually have final payments all in the mix, so that's part of the reason that things were so delayed. So there is an issue there, and we're looking at that.

The federal government, I think, is going to allow us to move forward with this pilot project, and Alberta will be on the leading edge with that. It will probably require less accountant time and expense because all of these numbers are being built up at the same time for your tax return, so you won't have the doing half now, half later type of situation that we've run into. I think it'll also make it a lot more accurate for our producers, because they're busy at that time of the year, working on those numbers, not coming off the combine to try and do it in a rush. I know as a farmer that we always leave things to the deadline. Even though we could do it all year long, we always wait for September to fill that out.

Mr. Hinman: That's human nature, not just farmers.

Mr. Berger: Exactly.

The other portion of that, though, that we do have to always respect, is that there's federal input into how we manage these programs, and we have to have an agreement with them. They have a big piece of that, which comes back to your final comments around boundaries and that type of thing.

Now, when you look at that, there are different levels of drought. If you look, in a drought there are different levels that start the impact. But, once again, we're a partner; we can determine through records where the normalcy breaks. If you get right down to it, you could probably say: well, it should be in so-and-so's field because that side never gets rain. You've probably witnessed that, as many of us have. There are areas when I drive to town that I can say: this guy has always got rain, and across the road half the time he doesn't. So it's very difficult to ever pick the exact spot. Of course, if you're on one side of the line, you're always happy, and if you're on the other side of the line, you're always kind of halfway happy or not happy. The difficulty there, once again, is agreeing among all of us who are the funding partners of that on where the lines are.

Also, we've got many innovative opportunities there for producers to build up their margins in insurance as well. If they are on the other side of that line, they over time can build up that production and the recording of that, so they get themselves into a higher level, too. You know, of course, lines are difficult, but they're a necessary evil.

Mr. Hinman: How many minutes do we have left?

The Chair: You have just about eight.

Mr. Hinman: Eight minutes. Oh, great.

The next section, I guess, that I'd like to talk about is one that I struggle with greatly. When you talk about transportation and infrastructure and those other areas – you're from southern Alberta; you know better than anybody how critical water is in our system, whether it's groundwater or in our rivers. It just seems that we have a continual delay, and there haven't been any major projects on storage since the Oldman River dam, yet we continue to be pushing further and further.

I'm not sure that my colleague asked some of the questions, though, you know, about the priority of water licences, the right to farm. Can you explain to me perhaps where it is around cabinet or in caucus? We are entitled to 50 per cent of the flow of the river. I don't know if you know what percentage we're losing every year, that we're not capitalizing on. Every farmer knows and understands the importance of having capacity to store his grain, yet one of our most precious products, especially in southern Alberta – I don't know what percentage of the land produces. I've forgotten now. Is it 5 per cent that produces 20 per cent of our product?

Again, you talk about the arable land that we're losing. You know, I just came from Transportation. The water infrastructure that we have for transporting water around southern Alberta is incredible, yet we've done nothing to increase the storage capacity, very little talk about it, let alone actual plans. In Calgary we have the Glenmore reservoir, but an area like Bruce Lake or something – what impact and ability have you been able to achieve inside government? Is it something that's even on the table? Are we going to look at increasing our water storage capacity here so that we don't hit that wall and have to start choosing between industry, residents, and agriculture in those areas? It's increasing the tension between those.

Mr. Berger: Thank you. Southern Alberta water storage. You may know this already: two natural water bodies in southern Alberta, Pakowki Lake and Waterton, and Pakowki is dry 6 years out of 10. So other than Waterton, we have no actual natural lake, period, other than the odd slough. Put in the 50 man-made reservoirs as we go through that. Of course, they are supplying all of our water supply down there that accounts for irrigation. Right now we usually send 70 per cent of our water across the border, so we have lots of room to create more storage.

But I'll correct you on one point. Maybe you are just thinking of the major project being the Oldman River dam, but since that time we have completed the Pine Coulee reservoir as well as the Twin Valley reservoir, small but when you stop and look at the ability of that – we have the ability to actually raise one of our other reservoirs right now, too, to create almost half again the capacity.

Mr. Hinman: Are you talking about the Ridge or another one?

Mr. Berger: West of Calgary up there, the TransAlta. So there is that.

We also have to be respectful of the fact that the very acts that you've spoken of repealing are what it takes to create water reservoirs because we cannot supply or store that in the ether, or we wouldn't have the need for the other 50 reservoirs. That's one of the things, then, going forward. We have to have the ability to create that.

That's one thing that, there again, the South Saskatchewan Regional Advisory Council really echoes exactly. Maybe you've read what they said. They've said the same thing. We need to have the ability to retain more water; we need to create more off-stream

reservoirs here in southern Alberta and utilize our land more. You were right in the fact that 5 per cent of the land does produce 20 per cent of our produce. It's incredible. We have increased our capacity irrigationwise through increased technological advantage, which is phenomenal. That's something. If we look at our agriculture producers . . .

Mr. Hinman: Can I just throw in that there's a dam on the Milk River that crosses over into the U.S. We do have some sites. I guess that's what I'm asking specifically. There are three or four sites that have been discussed for 20 or 30 years. Are there any new sites? I mean, when we look at how long it takes to get a pipeline, how long it takes to get anything, these infrastructures are incredibly time consuming. Can you give southern Albertans some hope? You know, are you moving forward on any of those specific ones?

Mr. Berger: Well, actually, currently we've got an EIA on the go on the area over by Hanna. There is an EIA taking place on water storage there. Now, that one, again, goes back to the discussion that we're having. To create that reservoir, 40 per cent of the land required is private and 60 per cent of the land is public. You have to have the ability with the acts to negotiate that land out to make it into a water storage facility, so going back to 36 and 10, all of those pieces of the puzzle work together to create that as well as protecting agricultural land and growing our pie in the agriculture industry. That EIA is on the go currently. The expectations: I know that special areas, Alberta Environment, and Alberta Agriculture as well as Transportation, I think, are all partnering in moving that forward to look at what the feasibility of it is and the storage capabilities.

9:10

Mr. Hinman: We're running out of time. Nothing on the Milk River, then?

Mr. Berger: The Milk River probably is a better discussion.

Mr. Hinman: The most controversy.

Mr. Berger: Well, you go further over, and there are always people talking about the Meridian. But what good does the Meridian do in Alberta? It's the last opportunity, which isn't very feasible. So there's discussion. We're weighing all these things all the time and trying to see what we can do. We have to have that opportunity to have the public input into that and worked through because it's a huge investment. It's also a very financially gaining investment because of the productivity that comes in the spinoff industries and all the other pieces of the puzzle. It's huge. That assessment: we are not only there, but we're doing assessments in other areas, too, to see what possibilities there are and the availability of properties, that type of thing, too. Where would the dam fit? Can it be off stream? Off stream is always going to be easier than on stream.

Mr. Hinman: Yeah, it is. But, again, all of these reservoirs that we've created in the past – I mean, we had the Expropriation Act, and we got the Oldman River one built.

Mr. Berger: Actually, that's one thing. I'm not trying to be condescending, but if you take a look, in 2002 we were ruled against using the restricted development areas act, which they had used for those different ones. So, you know, in comments that are made when you talk about the Land Assembly Project Area Act, you have to keep in mind that irrigation will never follow road allowances or any of those pieces of the puzzle that are already in

place. They are always going to be topographically driven, so you have to be able to acquire land.

The Chair: Thank you. I hesitate to interrupt, but the time has expired.

Next I have on my list Mr. Jacobs.

Mr. Jacobs: Thank you much, Madam Chair. Well, Minister, as has been pointed out numerous times tonight, you represent a very important ministry relative to the future success of development in this province and this country.

I'll just make a couple of comments to begin with, following up on my friend from Calgary-Glenmore, relative to water storage. You know, we've talked a lot about that for the last 10 or 12 years. We're better at talking than we are at doing, actually. The hon. member referred to storage on the Milk River. I can tell you that there have been several studies done, completed, showing the economic benefits of storage on the Milk River.

As you probably know, at this point the Americans divert water out of the St. Mary's drainage into the Milk. Their diversion dike is in really bad repair, and they are not getting nearly the water they want down their system. They go through the Milk River to get into parts of Montana where they have some irrigation. So this is a good time to consider that one because the Americans are needing to fix that diversion, and there are some points there that probably need to be considered.

Secondly, I'd like to talk a little bit about some comments made earlier by one of the other members from the opposition who seemed to feel like we shouldn't be diverting money – subsidy money, as he called it – into agriculture. I'd like to just make a couple of points that I don't think have been made yet tonight. One, North Americans, including Canadians, have probably the best bargain on food of any country in the world. When a family can spend about 10 per cent of their net income to buy their food, that's a tremendous deal compared to countries where they spend 30, 40, and 50 per cent. So the farmers and ranchers of this country and this province have done a tremendous job and have been extremely efficient in producing food at a very reasonable price.

Now, I remember from my study in economics that one of the reasons that that happens is because the competition in agriculture is what economists call perfect competition. Perfect competition is defined as when no one buyer or seller can affect the price one receives for a product when he sells it or buys it. That's what you have in agriculture whereas in the auto industry you probably have two or three competitors who, basically, if they wanted to – and I'm not making any allegations – could collude as far as their price. In agriculture nobody can collude. It doesn't matter how much I produce of my product or how little; I'm a total price taker. I don't make the price; I don't control the price. It doesn't matter if I'm losing thousands and thousands of dollars every year, I have to take the price that's being offered to me.

That's okay because it's certainly done a good job of producing food, but having said that, that's one of the reasons we probably need to be cognizant of times when producers, through no fault of their own, lose money. We have to have some ad hoc programs and AgriStability, which tries to alleviate some of these problems.

Having said that, I'll get to a couple of questions which I get as an MLA quite a bit. I know this isn't totally your ministry, but perhaps it won't hurt to make this point to you regarding wildlife damage, when ranchers lose cattle to predators like grizzly bears, wolves, cougars, whatever. We do have a program to compensate the producer of the livestock for the loss. The problem is in getting the loss confirmed as a kill by a predator. It seems like the game

wardens come out and look at the carcass, and they invariably conclude that it was not a predation kill whereas the owner probably saw, probably chased, for example, a grizzly bear off the carcass and has pretty good evidence that it was a grizzly bear. But there's no hard evidence, so he gets no compensation because they couldn't prove or confirm that it was a kill. People would like that opened up a little bit so that there is a little more latitude. I realize we have to be careful. We can't give people carte blanche, but I think we could be a little more reasonable in assessing what is a kill.

I'll let you answer those questions, and then I have another one if we have time.

Mr. Berger: Thank you, Broyce. Those are good comments again. When we look at the Montana infrastructure on irrigation, it is in very bad shape. Ours is in very good shape. We are negotiating with them on some of the flow back and forth, and we can maybe utilize that opportunity to get a little bit of an advantage there – or not an advantage but a better deal for both of us that would be a lot more feasible.

I like your comments on discussing what was looked at as a subsidy. We do have the best bargain on food in the world. You know, it's amazing to me that someone will spend \$150 to go to a hockey game or \$150 to go to a concert and it's nothing, but the \$150 grocery bill seems to be quite an issue with them.

Also, with our investment into research and different things, interestingly enough, we're even getting more efficient all the time. Now through genomic research we're able to have a cow that gets by on fully one less big round bale per winter. Well, let's translate that into summer, and now we've got a much more efficient cow that we are coming forward with. It's going to make a big difference because, again, there's a limited land base. When we talk about property, that's the only thing in this world that is absolutely limited. There's no other way around.

When we talk about perfect competition in agriculture, that's a very good analogy. I shouldn't say my age, but when I was younger and driving a tractor, I used to ride back and forth to the farm with my father, which was 20 miles away from where we lived, and I was always talking about grain prices because he was talking about grain prices. I said: why can't we sell it by the kernel and, you know, get the price up there a little bit? He said: because farmers could never get together long enough to save one kernel to sell. I think he was right on that. It is perfect competition; somebody would always ship one.

Your comments around wildlife damage were excellent. We do work on the damage to the crop, but we don't have the other side of that. We should be looking at examining the criteria on the wildlife predatorwise. Some of the comments I've made prior to this, when I work with my counterparts, ranchers and friends in the constituency and in your constituency, is that the compensation does get triggered by a confirmed kill. That's great because let's say that you're out there every other day; you're not going to be there in time to get a confirmed kill in most cases because if the wolves take it down, the grizzly comes around and kicks them off and consumes the rest of it, so there's nothing left to check on. If that's not the case, there are arguments around that.

9:20

I had one rancher that brought the officer out to check a kill on a calf. He had actually shot the calf because the calf's guts were hanging on the ground, basically. Well, then it doesn't qualify. I think we could do this a whole lot better because that does us no good whatsoever, and it does the rancher no good whatsoever.

I think we have to look at this as more that it's a multipronged

approach. There are probably issues around the number of predators that are present in some areas. It's far different than what we're led to believe at times. I can assure you of that. I have pictures – I don't have them with me tonight – of grizzly bears going in and out of a bin not far west of you, not out in the forested area but more like close to Twin Butte in the flats. They've identified through those pictures 31 different grizzly bears that were playing in this guy's bin in his farmyard all the time. They're all there. It's an amazing set of photos. We have more predators than we currently think we do, I think, but we also have to have a more fair way of addressing that because it does get to be – maybe there's a capability through AFSC to do something in that regard.

Another point that may be more fitting I've said often. When you're talking about people going into community pastures and that type of thing, 9 times out of 10 or 99 times out of 100 there is a rider that checks the health of the incoming animals. You're not sending animals that are ready to kick the bucket into these mountain areas, and you're not sending sacrificial animals in to be wolf bait either. That fact is there, then.

So why don't we look at this and say that there must be a reasonable alternative? Maybe it's in the fact that we look at that and say that there's a deductible. Let's say that the first 2 per cent you're going to eat, and we're going to call them poisoned, this, that, or the other thing. If you go beyond a certain level, you don't have to come up with everything; it's a confirmed kill. But you're going to eat the first bunch or whatever.

I think some of that comes with our increased traffic farther in the backcountry on public lands with quads and that type of thing. They're also moving these animals out. In many cases the areas have become so forested that these animals are moving out for foraging and that. They were the plains grizzly bears before they were ever hanging out in the mountains. So there are plenty of things there.

Mr. Jacobs: Thanks, Minister. I can see that your 89-year-old father did a great job of teaching you common sense. He also had a great understanding of farmers when he made his comment about: it's hard to get them together on anything. So, yeah.

Minister, I couldn't leave this discussion tonight without raising one of my favourite subjects – George will really like me for this one – and that's age verification and traceability. In our operation we've been doing those programs for as long as I can remember – well, not quite that long but quite a while – so we obviously understand the importance of the program. I and many of my friends disagreed with the program when we made it mandatory. We believe that it should be a program that if there's merit there, ranchers would have enough sense to tag their animals, do the process of age verification and traceability because it will add dollars to their pockets.

A couple of years ago we did an interesting thing. We made it mandatory. Now I get auction markets calling me and saying: "Well, okay, Broyce. If it's mandatory, how come everybody doesn't do it?" Well, you know, your predecessor – not this one but the one in between – said that he didn't care if people did it. It was okay. They didn't have to do it. He wasn't going to charge anybody. My point: okay, Minister. I think we should do it. I think we should do it for the right reasons. But if we're going to make it mandatory, then we probably should enforce it. Otherwise, let's go back and make it voluntary. I would appreciate your comments on that controversial subject.

Mr. Berger: That is, because as we look through the big picture – and I said it earlier – with McDonald's, the biggest beef buyer in Canada, demanding this, our entrance back into Korea is based on

both pieces of that, so there are definitely troubles if we aren't doing it. But I think what you're saying – and I appreciate the comment – is: will the marketplace reward for doing it, or are we going to be penalized for not doing it?

Also, look at the dynamics of the situation that we're in now as to what we were in two years ago or three years ago, four years ago. All these markets weren't opening up to us, and we're doing everything we can. I believe that the decision to make it mandatory at the time was the right one because I think we had to make a statement to our external trading partners that, no, you can count on it; we are going to work on this. There was an Alberta advantage in that, that we were leading edge on that, too. I appreciate what George went through because I can guarantee you, with your comments, that he had a lot of those types of comments, and they weren't always easy to deal with, I'm sure. He did the right thing in making that go forward.

But overall – and I guess this one goes back to the age of our producers – I think that becomes a difficulty for some. Are you going to run around and charge those that don't know? Is there the possibility that we can catch them up, or are they going to hire the kid from the local hardware to come out and help them do tagging, that type of thing? Maybe that's going to have to happen. Or do they get to the market and it winds up that they are at a \$20 discount or something like that? Who knows? Those are all possibilities.

I think that when you look at our social licence in agriculture, it's not going to get any easier. It's going to get tougher because when the price goes up, also then go the demands and the scrutiny. You know, I say right off the bat – and the Member for Edmonton-Riverview was talking about subsidies and that type of thing – that when I was in Ottawa at the discussion around the Wheat Board, Tom Clark had a couple of big evening programs. It was all about scrutinizing the farm and milk production and this type of thing because people were seeing a return on investment in other parts of agriculture and now that's not fair all of a sudden. We want to say: this is not right; these guys are making it.

That's what I'm saying, that all of a sudden you come under the microscope. I don't think we can lessen that. Can we help in the challenges in regulatory and other areas? I think we probably can. We may have some issues, barriers we're able to remove, but I think that one is going to be part of our social licence to move forward, and I hope that we continue to build on that.

Another piece that always comes in there is that people believe that age verification is to the day, the hour, that type of thing – there's quite a bit of leeway – but you also get into Korea and all these countries with under 30 months. You have to have some ability to be able to say, "Yes, they are under 30 months," which brings you age and trace and all these pieces of the puzzle.

Mr. Jacobs: Thanks, Minister. I appreciate your comments.

One final question. I think one of the big challenges facing agriculture today is generational turnover. The age of farmers and ranchers is getting up there. I don't know if it's 60 yet, but it's at least high 50s. That means that unless people start living to be a hundred, we're going to have to turn these operations over in the near future. The challenge today – you've already alluded to it – is that the cost of acquiring a working ranch or farm today is almost capital prohibitive to a young man, so for a father to turn over to the son or the nephew or whatever is becoming a huge challenge. It seems to me that in the interest of future food production, in the interest of preserving rural Alberta and agriculture, as governments, both yours and the senior, we need to address this

issue because it is an issue that will affect the future production of food in this country.

Mr. Berger: Very good points. In Alberta the average age is 51, Canada's is 52, and in the U.S. it's 56, so, you know, you're right on the ball there. As we move forward, one of the things that I've initiated through the ministry is that we've got the next generation of the ag producers' council coming forward. We want to talk to them, see what their ideas, opportunities, and abilities are. How do we work with them and bring these walls down where they are?

Now, everybody in agriculture, of course, is dependent upon the money that has accumulated in their equity.

The Chair: I apologize for interrupting. The chickens have come home to roost here.

Ms Blakeman: They have?

The Chair: They have.

For a rookie minister you certainly know your subject, which means you've had a lifetime of experience, and I think you've done a wonderful job tonight, actually beautiful.

I must advise the committee that the time allotted for this item of business has concluded. I'd like to remind committee members that this is the last meeting scheduled for the Standing Committee on Energy to consider budget estimates for fiscal year ending March 31, 2013.

Pursuant to Government Motion 6 the meeting is adjourned.

[The committee adjourned at 9:30 p.m.]

