



Legislative Assembly of Alberta

The 27th Legislature
Fourth Session

Standing Committee
on
Resources and Environment

Department of Agriculture and Rural Development
Consideration of Main Estimates

Tuesday, April 19, 2011
6:30 p.m.

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Fourth Session**

Standing Committee on Resources and Environment

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Department of Agriculture and Rural Development Participant

Hon. Jack Hayden Minister

Also in Attendance

Hinman, Paul, Calgary-Glenmore (W)
Notley, Rachel, Edmonton-Strathcona (ND)
Pastoor, Bridget Brennan, Lethbridge-East (AL)

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Tuesday, April 19, 2011

[Mr. Prins in the chair]

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

The Chair: I would like to welcome everyone here tonight for the Standing Committee on Resources and Environment. I would like to call the meeting to order. Welcome, everyone. I'd like to remind everyone that the usual rules regarding electronic devices and food and beverages in the Chamber continue to apply.

Members and staff should be aware that all the proceedings of the policy field committees in their consideration of the budget estimates are being video streamed. The minister whose department estimates are under review is seated in the designated location, and all other members wishing to speak must do so from their assigned seat in the Chamber. Any official or staff member seated in the chair of a member must yield the seat should a member wish to occupy his or her seat. Members are reminded to stand when speaking.

Note that the committee has under consideration the estimates of the Department of Agriculture and Rural Development for the fiscal year ending March 31, 2012. I'd like to note that pursuant to Standing Order 56(2.1) and (2.3) Mr. McFarland will be substituting for Mr. Marz. Regarding the speaking order and times, they are prescribed by the standing orders and Government Motion 5, passed on February 23, 2011, and are as follows: (a) the minister may make opening comments not to exceed 10 minutes; (b) for the hour that follows, members of the Official Opposition and the minister may speak; (c) for the next 20 minutes the members of the third party, if any, and the minister may speak; (d) for the next 20 minutes the members of the fourth party, if any, and the minister may speak; (e) for the next 20 minutes the members of any other party represented in the Assembly and any independent members and the minister may speak; and (f) any member may speak thereafter. Within this sequence members may speak more than once; however, speaking time is limited to 10 minutes at a time.

The minister and a member may combine their time for a total of 20 minutes. Members are asked to advise the chair at the beginning of their speech if they plan to combine their time with the minister's time.

Committee members, ministers, and other members who are not committee members may participate. Department officials and members' staff may be present but may not address the committee.

Three hours have been scheduled to consider the estimates of the Department of Agriculture and Rural Development. If the debate is exhausted prior to three hours, the department's estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn. Otherwise, we will adjourn at 9:30 p.m.

Points of order will be dealt with as they arise, and the clock will continue to run.

The vote on the estimates is deferred until Committee of Supply on April 20, 2011.

Written amendments must be reviewed by Parliamentary Counsel no later than 6 p.m. on the day they are to be moved. An amendment to the estimates cannot seek to increase the amount of the estimates being considered, change the destination of a grant, or change the destination or purpose of a subsidy. An amendment may be proposed to reduce an estimate, but the amendment cannot propose to reduce the estimate by its full amount. Any vote on

amendments is also deferred until Committee of Supply on April 20. Twenty-five copies of amendments must be provided at the meeting for committee members and staff.

Written responses by the office of the Minister of Agriculture and Rural Development to questions deferred during the course of the meeting can be tabled in the Assembly by the minister or through the Clerk of the Legislative Assembly for the benefit of all MLAs.

With those opening comments I would invite Mr. Hayden, the Minister of the Department of Agriculture and Rural Development, to begin his remarks. You have 10 minutes, please.

Mr. Hayden: Well, thank you very much and good evening, Mr. Chairman. Tonight I will highlight our 2011-2012 budget for the Ministry of Agriculture and Rural Development and speak about how it reflects our continued commitment to building and maintaining Alberta's largest renewable resource.

It's vital that Alberta agriculture and its industry remain competitive both domestically and globally. You'll see that our budget also shows our dedication to rural development in connecting with rural Albertans.

I'd like, Mr. Chairman, to introduce my ministry staff. They are here with me this evening. To my left John Knapp, my deputy minister; to my right Jim Carter, my senior financial officer; two from my left Brad Klak, my president and managing director of AFSC; and Krish Krishnaswamy, my vice-president, finance and corporate affairs for AFSC.

Mr. Chairman, we are seeking approval of the ministry's budget of \$1 billion, which is slightly less than our 2010-11 budget. I'm pleased to tell you that we were able to preserve virtually all of the program funding for the 2011-12 budget for our producers.

Mr. Chairman, I'd like to begin by speaking about an issue that's important to all of us, and that's the health and safety of Alberta's farm workers. Keeping Alberta farm workers safe is a priority of my ministry and of this government, and the announcement of my Farm Safety Advisory Council signifies our commitment to further enhance our farm safety programming.

We are aligning the best practices with industry partners who can champion the increasing need to address the business risks and implement the best practices for this industry. In addition, most of our youth programs are now including a requirement of farm safety programming, and this of course includes the 4-H program – the 4-H program is the largest youth group program in the province of Alberta – our green certificate training, and our summer farm employment program. Also, many resources are made available to schools, youth clubs in rural areas, and directly to families to enhance the understanding and awareness of the hazards in the farm setting. My ministry also provides \$120,000 annually to the Alberta Farm Safety Centre, which consistently delivers farm safety program training to more than 50,000 students per year.

Agriculture remains a significant contributor to the economic well-being of our province. It's the second-largest industry in the province of Alberta, and of course it's our largest renewable industry. It employs people not only in rural Alberta, but there are four off-farm jobs for every on-farm job in the province, so it's an important contributing factor.

The past several years have proven to be very challenging for the agriculture sector. Last year, of course, we experienced flooding in southern Alberta while parts of northern Alberta experienced serious drought and a very challenging and changing global economy. This year's risks for producers continue to be weather conditions and commodity prices and, of course, input costs. These are only a few of the examples of the changing envi-

ronment producers work in. They must work hard to stay competitive, and we must work together.

As I said earlier, agriculture programs are maintained through the ministry's expense budget of approximately \$1 billion. Highlights include funding that is going 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. This year's federal-provincial-territorial agreement expires March 31, 2013 – that's the five year program – and it will be fully implemented by that time. Under Growing Forward my department is delivering 21 programs, and two additional programs will be launched this fiscal period. Our government has already begun the development of Growing Forward 2 and are currently engaging industry to develop common vision and policy objectives. Once the agreement is signed, Growing Forward 2 will be cost shared, as most initiatives are with the federal government. The expectation is a 60-40 cost-sharing ratio.

Alberta Financial Services Corporation is another area where we assist our agricultural producers, and Alberta producers will once again have that support and access to capital from AFSC. They also provide a variety of support programs, including income stabilization, lending assistance, and production insurance, and it will continue to be funded by the Alberta government, agricultural producers, and the federal government.

Also, of course, we have our cattle price insurance program. It's an example of one of the made-in-Alberta risk management tools, and 2011-12 will see all beef cattle being covered under the CPIP. Alberta producers for the first time in Canada are going to be able to protect their downside price risk for calves, feeder cattle, and fed cattle. Alberta has among the best risk management programs – and I would say the best, including crop insurance – available anywhere in this country.

The Alberta Livestock and Meat Agency also continues to implement the Alberta livestock and meat strategy, with more than \$41 million committed to strengthening the continued support for achieving an internationally respected and competitive and profitable livestock and meat industry. We're working very hard on the traceability aspects and on Alberta's reputation for excellence in food safety and plant health and farmed animal health and that their welfare is ensured and that the confidence of markets both domestically and internationally is there. My department is committed to strengthening Alberta's traceability system by encouraging co-operation and partnering rather than relying solely on a regulatory approach with producers.

We've made a conscious decision to focus on informing and educating, assisting and partnering with producers to increase compliance, and we support the industry with science-based information that demonstrates the soundness of current practices and also promotes our continued improvement.

6:40

We're dedicated to rural development, and we're connecting with rural Albertans. Community-based agriculture activities add to our quality of life and help ensure Albertans have access to various cultural experiences and opportunities. Approximately \$21.8 million has been transferred from the Ministry of Culture and Community Spirit to my department for major fairs and exhibitions. The transfer of these funds represents a continued support for the promotion and operation of various agricultural events throughout the province. Of course, there are examples: the Calgary Stampede, Edmonton Northlands, and then, of course, seven regional exhibitions that are located in Camrose, Grande Prairie, Lethbridge, Lloydminster, Medicine Hat, Olds, and Red Deer.

We're very much looking forward to working more closely with the nine major fairs and exhibitions as their activities are very important to the development of strong communities in Alberta.

My ministry staff work hard to ensure that the programs and services reach the producers in rural Alberta. The 2011-12 budget shows an overall reduction of two full-time employees, reflecting our movement of staff within the ministry and the transfer of two staff to the Ministry of Advanced Education and Technology for the Alberta Innovates Bio Solutions project.

In conclusion, Mr. Chairman, it's vital that Alberta's agriculture industry remains competitive both domestically and globally. Overall, there've 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.

Thank you, Mr. Chairman.

The Chair: Thank you very much, Mr. Hayden.

We'll go directly to Ms Pastoor, I believe, from the Liberal Party, please. You have three segments of 20 minutes. You'll go back and forth?

Ms Pastoor: We'll go back and forth.

The Chair: Okay. Thank you very much.

Ms Pastoor: Thank you. Before I get started, I'm going to register my displeasure, as I have every time I've done these budgets. I much prefer to do it in committee room, and I much prefer to have dinner with the people that we're going to have conversations with. Just so that I've got that on the record. I don't really think this format is as good as it could be.

You spoke about the insurance. No. I'm sorry. Let me back up. I probably will end up jumping all over. Anyway, I'm going to talk about major fairs and exhibitions, protection of agricultural land, environmental stewardship, value-added industry growth, food safety, farm fuel benefit program – I may not do that one – farm safety, and line-by-line questions and certainly something on land transfer, I hope. I don't know how much time we'll get.

Anyway, back to the insurance. Agricultural Financial Services Corporation: the budgeted program is \$658 million in '11-12, including \$474 million for crop, hail, and livestock insurance. The funding has been allocated to expand the cattle price insurance to include feeder cattle and calves, as you've already mentioned, and to introduce a new hog price insurance program. Could you just clarify for me exactly how they collect this insurance? I mean, our hog industry is certainly in peril. What exactly do they get paid for. I don't think I understand that?

Mr. Hayden: Thank you, Mr. Chair. The program is fully supported by the livestock producers themselves. We handle the administration through my ministry, and we've put the program together. Through AFSC we seek out the excess insurers in the marketplace to put the program together. The producers insure to a bottom-level price so that they know what their bottom price is. It's based on market conditions and time of sale as the insurance industry dictates, and if anything happens to that market, of course, the insurance then pays them that guaranteed price. They have a guaranteed number of dollars that they can work with so they know what their cash flow is going to be, and they can work with their financial institution. It's a first in Canada, I might add, and the uptake on the fed cattle, which was the first one that we introduced, has been very popular.

The Chair: Thank you.

Go ahead, Ms Pastoor, please.

Ms Pastoor: Thank you. With the hogs, then, some people have, you know, totally gone out of the business. Had they been insured, then they would have received money or they receive money even if they did go out of business?

The Chair: Go ahead, please.

Mr. Hayden: We are just introducing the hog insurance now, and it's to address exactly what you're talking about. Now, we have lost a lot of people in the industry, but I'm pleased to report that the prices have improved dramatically, and we are in a profitable position in the province now for hog producers. We expect to introduce the hog insurance, I believe, in approximately June.

Ms Pastoor: Have our exports of pork been going up as well?

Mr. Hayden: Actually, yes. When we take a look at exports as a country but especially as a province, our exports of hogs out of Alberta are actually higher than our cattle when we talk about dollar values. It's a strong industry. The producers are fairly large, so there are fewer of them than we were used to in the past, but I believe it's a market that's very viable right now and going to improve.

Ms Pastoor: Okay. So under Alberta's top export sectors for 2009, then, it would go under meat. Is that where the pork would go? It looks like it's number 7 in terms of ranking of exports.

Now, major fairs and exhibitions. The responsibility for major fairs and exhibitions, again, as you have mentioned, is transferred to agriculture as of this budget, and you've also mentioned that the 21-something million dollars was turned over to your department as well. Major fairs and exhibitions have certainly run the gamut of about five different ministries. I'm just wondering if some things are perhaps lost, not in translation but in transportation.

There's actually no program description in the culture annual reports during the time that exhibitions were their responsibility, nor is it listed in the Agriculture and Rural Development programs and services section of their website. I didn't find any documentation referring to A, B, and C levels although I know we all understand what that is. What would be included under each apart from what we've discussed and what was mentioned in Public Accounts?

Now, I also wanted to talk about Public Accounts and to thank very much your deputy minister, Mr. Knapp, who said, again what you have said, that this ministry takes the exhibitions very seriously and takes the relationships with the seven regional fairs very seriously, that they're the absolute pillars in our community – they attract a large amount of business activity – and that you are going to sit down with them and work out a process whereby Ag and Rural Development constitutes the credit necessary to a level of funding so that these, in my mind, very important fairs, exhibitions keep our rural life the way we would like, or at least I would like, to see it kept. I think it's very important. Because we have become so urbanized, I think we have to protect our rural roots.

I think he also mentioned that new funding was always difficult to find. Well, I think we can all agree with that. However, I'm certainly not above asking for new funding. The funding for the major fairs is through Alberta lotteries. Listed under 4.8, it looks like it's flow-through dollars from the fund. Line 4.8 provides \$21.8 million for major fairs and exhibitions, which you've already mentioned. The amount is fairly consistent, usually budgeted around \$23 million. So there is that slight decrease this year.

The lottery website states that the government announced \$40 million in new funding to seven major fairs to upgrade buildings, grounds, and other capital projects, which in turn support rural development, which is what we're talking about. Then it goes on to mention the particular seven fairs that did receive their money, which totalled the \$21 million.

I think what I'll do is just run through these questions, and then you can respond to them, and it'll probably just be in the answer, what's going on.

6:50

Why was the major fairs and exhibition program transferred to Agriculture and Rural Development in this budget? What spurred the transfer rather than when culture was split into its own ministry independent of Tourism, Parks and Recreation? Why did they wait? Why is there no program description for the major fairs and exhibitions program on the minister's website? Why wasn't there a description in the Culture and Community Spirit annual report despite being listed as a program and a line item in each ministry's budget documents? Is there a written agreement that commits a certain level of funding for the major fairs and exhibition program? How does the agreement determine the level of committed funding for each organization included under this program? Is there a copy of the agreement that could be made available?

I believe that I'm aware of a 12-year funding agreement that was apparently reached between the government and the fairs and exhibitions in 1998, but it wasn't implemented, if I'm right, until April 1, 1999. Since then, as I've mentioned, the fairs have been transferred a number of times. My staff hasn't really been able to locate any agreement of that sort. If the plan does exist, it probably would be set to expire this year or April of next year, depending if they're counting '98 or '99.

If there is a new plan being established through this ministry to guarantee a certain funding commitment to the fairs and exhibitions, what would the time frame of the new commitment be? I guess the other question would be: knowing that this agreement, the 12-year agreement, is going to be up very shortly, has the conversation started about going forward after this particular agreement has come to its end?

The lottery fund for \$40 million: is that additional money above and beyond the \$21.8 million, or is the \$21.8 million part of the \$40 million? Northlands and the Stampede are A-level, and they receive a significant amount in funding from this government in the form of grants. In the years ended March 31, '10, and '09 combined, they received approximately \$21 million in grants.

What I understand to be B-level exhibitions – again, you've run through Camrose, Grande Prairie, Lethbridge, Lloydminster, Medicine Hat, Olds, and the Westerner in Red Deer – received a combined total of around \$2.8 million in those same years. How is this funding level for these exhibitions determined? Why do the smaller fairs, which inevitably also receive far less by way of corporate sponsors, for example, receive just a fraction of the funding? I also might add onto that that they don't have the population draw. Both Northlands and the Calgary Stampede can count on huge tourism dollars where people actually come and it's a destination event, and the smaller ones don't have that. They draw from a much smaller population. If rural development is truly a focus and a priority of this ministry, why don't these smaller exhibitions receive a fair portion of the dollars?

I'll let you answer those. Thank you.

The Chair: Thank you.

Go ahead, please, Mr. Hayden.

Mr. Hayden: Thank you, Mr. Chairman. Well, first of all, I want to say that I agree with the hon. member opposite about the importance of the connection of rural Alberta and the agricultural community with our urban neighbours, and I also believe that these fairs are amazing opportunities to introduce some of our urban population to agriculture, which is one of the main functions that we see with these fairs. The member asked what sort of things they had in common or what description would probably combine them or connect them. That description would be that all of the fairs that we're talking about are, in fact, ag societies.

Ms Pastoor: There are seven, right?

Mr. Hayden: Actually, all nine. The two largest ag societies in the province are the Calgary Stampede and Northlands.

Ms Pastoor: I don't usually put them in that class.

Mr. Hayden: Yeah. They may not make it into everyone's conversation, but they are actually major contributors to the agriculture industry when I think about the agricultural shows that take place at Northlands, as an example, and also the livestock shows and performances that take place at the Calgary Stampede. When I think about the Calgary Stampede, I also think about one of the most successful bull sales – it's an annual event – that takes place anywhere in the world.

The opportunity for people to get up close and see the livestock and get a good idea of what agriculture brings to Alberta: I think these fairs and the smaller fairs do the same thing. I think these fairs do a great service to the agriculture industry.

The question was asked about the agreements. There are individual agreements with each fair. We also are putting up the description of the major fairs on our website. Of course, it's just come over, so that's a work-in-progress, but that will go up.

I think that the question was asked: why now? Why did it come over? I would probably say that the question is: why not before now? It's because they are ag societies, so better late than never. I believe that they've found a home where they should be, and of course we're dedicated to working with these people.

The capital that the member referred to is outside of the \$21.8 million, the \$40 million. That's strictly capital, and it isn't through my ministry. That's for capital projects in the fairs, and it doesn't go through my ministry. It, in fact, goes through Infrastructure, I believe, but I can check on that for you.

We see huge advantages for our industry through those fairs and the demonstrations that they put on, and I'm just really thrilled that they're in agriculture now. I believe that's the proper home for them.

I think I've touched on most of the questions.

Ms Pastoor: I'll just make a couple of comments here. Of course, Lethbridge has one of the largest seed fairs and probably the oldest seed fair in Alberta.

Some of my questions. How is the funding level for the exhibitions determined? Why do the smaller fairs inevitably seem to get less? The other two big ones can get corporate sponsors. Why don't the smaller exhibitions receive a fair portion of the dollars? Those were my real questions.

The Chair: Go ahead, please.

Mr. Hayden: Thank you, Mr. Chairman. Probably for the same reason that you don't feed a dachshund the same amount you feed a Great Dane.

Ms Pastoor: Okay, then. Thank you, Mr. Chair. Maybe I'll try this one again because the Great Dane is still Calgary and Edmonton, and I am worried about my dachshund. I want to know how the funding level for the exhibitions is determined. I guess I'll keep it on the B ones, those seven. How is it determined? It isn't equal to all of them, and you say that each one of them has a separate agreement. Would it be fairer to have an agreement that would be equal across them, or is it because they're all so different and populations are different, and, actually, what each one of them can offer is different? I still want to know how the funding level is determined, what the formula is.

The Chair: Please go ahead.

Mr. Hayden: Thank you, Mr. Chairman. I was a little flippant with my answer.

Ms Pastoor: You see, that's why we should be in the committee room, Mr. Chair. It's much friendlier.

Mr. Hayden: I'm comfortable here.

The core funding starts at a quarter of a million dollars, so \$250,000. Each of the seven smaller fairs gets that. The additional funding that's added to that is based on the agricultural activities that take place along with that fair. That earns them extra credits.

If you look into the way that the agricultural societies are funded, there are certain requirements of things that they have to do for the agricultural community in order to receive their funding. In fact, in Alberta the ag societies are pushing very hard to make the funding totally dependent on the individual events or programs that are offered by each ag society, which I think has merit. We need further discussion.

The truth is that the size of the fairs, you know, is hugely different between our two majors and the seven other fairs. There are some differentials in funding within those seven fairs based on the activities that they offer.

Ms Pastoor: Thank you.

One of, I guess, my pet mantras is protecting agricultural land. I think that Alberta is one of the few provinces that doesn't have legislated protection for agricultural land. Why is there nothing in your business plan regarding the protection of agricultural land? In order to achieve a competitive, self-reliant, and, indeed, growing sector, land is required. I really would like to see that it's being protected because I think we look now as far as the eye can see, and we can see land, but one of these days we're not going to be able to see that if we haven't protected it and looked after it properly.

7:00

The Ministry of Sustainable Resource Development transferred 84,000 acres of tax recovered land to municipalities, and the land had previously been treated as if it was public land, some of it used for agricultural purposes. The land was handed to the municipality without any restrictions related to further use. What role did the minister of agriculture play in the transfer, and were you consulted? Does the minister have any plans to introduce or to encourage the Minister of Sustainable Resource Development to introduce a requirement for public consultation whenever public land is sold or transferred in Alberta, even if originally they think it's going to be agriculture use? What restrictions are in place to ensure agricultural land isn't lost forever because public land is sold off to the highest bidder and can be without any public overview? What role has the ministry played in negotiating land-use

priorities to be included in the land-use framework's regional plans to date?

I think that the land-use framework is certainly the umbrella policy, or the umbrella plan. I guess I would like to see it go much, much faster, and I think they're looking at five or six years before it's finally done, when they get all the different regions based on the water basins. But people are going ahead of the land-use framework, and I just think that it's going to create a lot of problems. If you don't have the land-use framework first and then come underneath it, people are going to have made 20- and 25-year plans in their municipalities or in their regions, and then along will come the land-use framework, and they're going to have to – because my understanding is that it is the ultimate, final word on what will be happening. So in all of that, I think that we have to protect agricultural land, and the land-use framework really doesn't specifically say agricultural land.

The Chair: Go ahead, please.

Mr. Hayden: Yes. Thank you, Mr. Chair. I can tell the hon. member opposite that I absolutely agree. It's extremely important that we protect agricultural land. We as Albertans can be very proud of the fact that we have protected agricultural land. In the last 14 years we have only lost .4 per cent of our agricultural lands. That's not to say that we can't do better. I absolutely believe we need to, but when we're looking at a province that's expanding to what's predicted to be, you know, 5 million people in the fairly near future, things like our land-use strategy and our South Saskatchewan plan, that I know the hon. member is familiar with, take into consideration the needs of agriculture and the importance of that as our second-largest industry in the province and our largest renewable industry.

Not only are we protecting the land, but we're protecting it in many ways. Environmentally we're protecting the land. We now direct seed about 75 per cent of the crops in our province, which is a huge number of acres of land that are now not eroding and are being much better taken care of. Most people don't realize that the province of Alberta contains 50 per cent of the pasture in our nation, so a huge block. And most people don't realize, also, that two-thirds of the land in the province of Alberta is public land and in the green zone. So we have a limited resource of agriculturally acceptable land, I'll say, or land that could be used for cultivation or for pasture, but it's still huge.

These land-use plans, I know, are going to be extremely important to the preservation of farmland, and they're doing their job. The plans that have been released for comment actually have been very well received, and we're hearing very good things back. They're designed by the agricultural community at the table to ensure that those lands are protected. I know that's extremely important to the hon. member down in the area that you represent because that is your main industry in southern Alberta.

Ms Pastoor: Thank you, Mr. Minister, for that.

Again, though, one of my problems is that there doesn't seem to be anyplace where there is actually public oversight when land that was used for agriculture could be sold.

The 5 million people, I think, are going to have to learn to live up and not out. I would like to send everybody in Alberta to Europe to see how they live. They can live with a much, much smaller footprint than what we have been very privileged to have, certainly, in Canada.

Neither the Alberta government nor future land-receiving municipalities are obliged to disclose or invite public input regarding the acceptable future land, and I spoke to that. I think it's very

strong. I'd like you to again comment on that because I think it's going to be a huge issue. The yet-to-be-determined future land use subject to future decisions of municipalities may have undesirable environmental impacts within the unknown land parcels and their region due to their underdeveloped wildlife status over the last 60 to 80 years. One of the things – and I know that the 84,000 acres that were transferred are not necessarily near the land where that Potatogate was, but I just sometimes think that this can look like an end run around the province having to make the decision on what's going to happen environmentally or agriculturally or, in fact, being able to sell that land and play with water allocations in the south.

I guess I would really like some comments on the fact that the public, particularly Albertans that own public land, wouldn't have a say in what's going to happen to it.

The Chair: Thank you.

Go ahead, please.

Mr. Hayden: Thank you, Mr. Chair. Through the chair to the hon. member, of course, we had conversations many, many years ago as we represented the land authority, yourself on the urban side and myself on the rural side, where this discussion was exactly what we're talking about, where I talked about the protection of agricultural lands. And it continues. In fact, people at the community level do have a say in the use of those lands, and I can give a prime example. Public land in special areas, which is in my constituency, as an example, is tax recovery land, and it's in the hands of the Special Areas Board, which is the local land-use authority and locally elected individuals. Their decision on those lands is that when it is sold to an adjoining landowner, there's a caveat on the land that it remains in permanent cover. It is not broken up but protected as pasture and in its natural state. So, in fact, those things do happen.

The transfer of tax recovery land back to municipalities has been going on ever since – I have no idea how far back it goes, but I can assure the hon. member that I know it's more than 25 years because I was involved in it. When those lands go back, they serve a number of purposes. Generally speaking, they go back into agricultural production or remain in agricultural production, but the one big change that takes place is that they now come onto the tax rolls, and they help support the local infrastructure. They are a revenue source for the local municipality, and they're in full production.

The agricultural producers in the province of Alberta are amazing stewards of the land. We have some of the most pristine environment that there is in the world, and the reason that that's the case is because if you want to make a living at agriculture, you have to treat the land properly. If you treat it properly, it treats you properly, and our producers know that. The reason that we have so much to protect is because those individuals that are out there today and have been there for generations continue to protect that land.

As I mentioned before, the transfer of tax recovery lands back to municipalities isn't anything new. I think it's really healthy that it's done.

I would like to make one comment that I think that the hon. member would be interested in with respect to what sort of restrictions are put on land. Yes, our land-use plan will designate areas that we try to protect for the agricultural community, but we have to remember that these people are private property owners, and there's a fine line there. People have to have the right to market their land as they see fit. I have always argued, as has the hon. member, I might add, that the decisions with respect to that land

use are best made at the community level, and should they decide that that land needs to be used for residential purposes, that is not a decision that we make at the provincial level. That's a decision that's made at the municipal level.

I trust Albertans to make their decisions properly, and I also very much defend the right of a landowner to sell or dispose of his land as he sees fit because it is his or hers.

Thank you.

7:10

Ms Pastoor: I agree. I agree. I think that if you own your own land, then certainly you have that right. However, I was talking about public land that has now been turned over without any sort of public consult.

I think probably one of the best examples in all of Alberta in terms of good stewardship of the land is the McIntyre Ranch. It's probably the most pristine land in all of Alberta, and of course it is in southern Alberta. Have you ever been there?

Mr. Hayden: Yes.

Ms Pastoor: Yeah. Okay. Southern Alberta. Let's talk about water.

Oh. I just wanted to make one other comment. I agree with you that some of these tax recovery lands that have been used for grazing leases: people that have used it have built up land that was right down. I mean, there was no topsoil left at all in the '30s, '40s, when we had the dust bowl. These people have built up the land, and they have been good stewards. I think that they certainly deserve credit for all of the hard work that they did because it couldn't have been easy when they first started way back when.

On page 40 of the fiscal plan the government is providing \$24 million over the next three years for irrigation rehabilitation. What specific programs are included under the irrigation rehabilitation grants? Will these programs focus on water conservation, for example, and if so, what are the specifics of the program?

Water allocation, especially in southern Alberta. We've heard a lot about water transfers and a water market, for example, with Balzac, that has evolved in southern Alberta because of the moratorium on water licences in the region. As soon as I hear the words "water market," I get just a little bent out of shape. It causes some concern when we're hearing about irrigation districts selling portions of their water allocation off to the highest bidder. I'm of the opinion that water for human consumption and agricultural use is the top priority, and once this allocation is sold, it's gone forever. Why is this practice of selling allocation being allowed and, indeed, nurtured by the government? What protections are in place to ensure that water for agricultural use is protected in the long term? What role has the minister of agriculture played in the water allocation system review that, despite delays, the Minister of Environment has suggested is finally going to come? And what role would you play as this process continues?

One additional comment I'd like to make is that I know the St. Mary River has an international agreement with Montana. I can recall that probably – I don't know – maybe 15 years ago, maybe not that long, I sat in at an international conference where Herb Gray and another fellow that I can't remember the name of actually were sort of looking at that international agreement. The farmers from Montana were coming up and telling us how lucky that we had Peter Lougheed because he had the foresight to make sure that we had good irrigation pipes and good irrigation reservoirs and ways to save the water from evaporating when, in fact, all they had, I think, was still the wooden canals. So I'd like to know if you know how far along it is, if anything has changed on

that, and if they have maintained the agreement that I believe they were going to maintain and if Montana has increased their ability to protect the water in their reservoirs and also in their canals. Have they managed to create pipes that would stop the evaporation of the water?

The Chair: Thank you.

Go ahead, please.

Mr. Hayden: Thank you, Mr. Chairman. A number of questions there. I think I'm going to start with the allocation of water first. We have 13 irrigation districts in the province. The money that you referred to – and I believe it's around \$24 million – that's in the budget is for the irrigation infrastructure.

I'm going to talk about the allocation, but maybe I'll talk about the infrastructure first. That is rehabilitation of that irrigation infrastructure. I found something out this year that I hadn't realized, and you will have seen it in southern Alberta as you travelled around and saw all those beautiful concrete irrigation canals, which seemed like a wonderful idea because they work very well in the southern and central United States. But in an area that gets 20 and 30 below and water can collect, it turns out that we have some real problems because as the water freezes, it expands. It actually breaks some of the concrete, so we're taking a look at new ways to manage that and to make a more resilient system, I'll say.

With respect to the allocation of water the South Saskatchewan system is fully licensed. But what we have seen is that those 13 irrigation districts and the farmers that irrigate have taken advantage of new technologies and in many cases can irrigate the same crop with half the water because of the new irrigation systems. I know the hon. member has seen those systems. Technologies continue to help with those types of efficiencies, which does bring about the possibility for us to provide water that might have otherwise been with agriculture to people. That's where we talk about the reallocation of some of those water licences. I think that's good news because we make better use of the water in the agricultural sector than we have in the past. The member asked what our role as a ministry was in that area. We're very involved in the technologies with respect to the new irrigation technologies. We're very involved with working with the irrigation people on new ways to move their water with less evaporation and better use.

I think those are all good news because they allow us more flexibility for people and for other industries that add value. Southern Alberta and the Lethbridge area are prime examples when we look at McCain and a number of the different processing facilities. Not only do we grow the crops, but we process the crops. We process those crops, and they're not for the market in Alberta, but they are for the world. They're exported globally.

Of the 900 and some countries that there are in the world, we know now that by 2020 there will only be six countries out of those 900-and-some that will be exporting nations of food products, and Canada is one of them. Because of the irrigation in the south and the way we make use of that water, there are huge opportunities that we're going to enjoy.

With respect to the allocation to the United States and the same areas that the hon. member made reference to, our agreement with the United States is the same as it is with Saskatchewan. We have agreed to release 50 per cent of the runoff. Those agreements are still in place, so 50 per cent of the flow in our river systems that goes into Saskatchewan or the United States has to be delivered to those jurisdictions. I would be less than forthcoming if I didn't share with the hon. member that I do have a concern because the

allocation that goes to the United States in many cases is for the maintenance of a river barge system, to float boats, not so much for the use of humans for consumption or agriculture but, in fact, for a transportation system, which concerns me a bit.

Our relationship with Montana is very good. The co-operative relationship that's been in place for the storage of water and the release of water on the American side of the border that comes back across into Canada has been good in that we've helped each other from being flooded out on many occasions. We've managed a resource that's only become more and more important every year that goes by.

The Chair: Thank you.

Go ahead, please.

Ms Pastoor: Thank you. Further to that, have the Americans managed to get some more money to put into the protection of the water that they do get? Well, I guess, for lack of a better word, there was a lot of waste on that side because of the way they actually stored their water and ran it through their canals.

The other thing is that we hear about water markets. What is your definition of a water market?

7:20

Mr. Hayden: Answering your first question with respect to the repair and maintenance that's been required on the American side of the border and the loss of water, that continues.

Of course, we as a world just went through the worst economic correction in 85 years. Unfortunately, our neighbours to the south fared poorly in that correction. So monies being directed towards the maintenance and upgrading of that system are very hard to come by at the moment. But we have, in fact, as a province and a country been helpful in a lot of the design and work with respect to their infrastructure because we have a stake in it, too. I know that our American neighbours would like to see us invest more strongly than we have, but we've been of a great deal of assistance.

The member made a reference to a water market. I did not make a reference to a water market. I don't believe there is one. We don't sell water in Alberta. I know that there are transfers of licences that take place, but those are agreements between sometimes municipalities, sometimes an irrigation district and a municipality, and I think that that's healthy. But I don't see our water as a marketable resource. I see the value of our water here in Alberta, and that we have agreements with other jurisdictions. I think we need to make the best and highest use of the water we have, both for the improvement of our environment but also for the expansion of our different industries, adding value, and for the safe, secure supply for our population and for our industry.

Ms Pastoor: Thank you. Well, I am disappointed to hear that things haven't been a little bit better for the States because it was 16 years ago, and they had a lot of money in those days.

You mentioned the value-added going into the industrial growth. Do you see any decreases in support through this ministry to the agricultural sector as a result of initiatives implemented by this ministry to fulfill goal 1 of your business plan in the coming years? Nearly \$1 billion year after year is a remarkable amount of support. Are those kinds of dollars going to continue to be going forward? I guess, sort of in a kind of a crass way: will the industry ever really be able to be self-sufficient? Our producers are certainly behind the eight ball. I mean, when we look at our farmers, and they all have to have jobs off the farm, I think that there's something wrong with that picture. I guess I'm not really begrudging

the money to help them, but do we foresee a time when those kinds of dollars would not be necessary as subsidies?

The Chair: Go ahead, please.

Mr. Hayden: Thank you, Mr. Chairman. The situation with agriculture with respect to its sustainability and profitability, of course, changes because of a number of factors: commodity prices, global markets, environmental conditions, weather, moisture. There are all kinds of things that go into it. But I think that the hon. member would be pleased to know that in 2009, 51 per cent of the world's population lived in urban settings. By 2015 we expect that to have increased to 59 per cent. As people move to urban centres, they consume more meat, as an example. Their diet improves, and the ability for exporting nations to provide to those markets is an unbelievable opportunity.

Just to put it into perspective, in China right now there are 400 million people under the age of 17 that have a taste for beef, that enjoy the use of canola in their diets now. That's becoming a standard practice, you know, things that we export to China and Japan and all over the world. They expect in China that by 2025 an additional 400 million people will move into their cities and improve their situation. The markets available to us in India, in South Korea, in the European Union are phenomenal. So when I look at a budget of a billion dollars, my question might be: are we spending enough? It is our second-largest industry. Up until probably 30, 40 years ago it was our largest industry in this province, and it will again be our largest industry because it's renewable.

We have unbelievable opportunities for the future, but we have a responsibility to do the research that's necessary to make certain that what we produce is safe, as environmentally friendly as possible, and that we develop those markets and develop the opportunities for the industry. That's why those supports, I think, are hugely important. The vast majority of my budget is a flow through right to producers on programs. They have to qualify for those programs, but those are supports that level the playing field for them on a global basis and assure them of protections in the case of problems with weather that you saw in your area last year and they saw in the north.

Is it enough? Is it too much? I would say that because our industry is as healthy as it is in Alberta, we've probably hit a very good balance. Would I like to see more invested into agriculture in the future? Absolutely, because there are so many new things that we could do. We don't just provide food to the world now, but nutraceuticals are another amazing opportunity, and we've got some unbelievable opportunities coming forward: market gardens, some of the things that I know the hon. member is very much supporting. There are some great opportunities out there.

Ms Pastoor: Thank you for that. Yes, I keep thinking about the thebaine that we could be making in southern Alberta, and we still don't have the permissions or whatever that we need. I think it stopped at the federal level, so perhaps the minister would like to go to Ottawa and have a little talk with his counterparts.

The million dollars that you're speaking of: in your answer, then, if I'm to understand it, it isn't just subsidies to producers; it actually is to help create markets and that whole picture of being able to be a very successful export marketer of meat, chicken, and all that sort of stuff. One of the other things that I think probably in time we're going to have to export will be diet programs because they may end up looking like us at some point in time.

Performance measure 1(a) relates to the number of value-added products introduced into the market, and the actual from 2009-10 is 71. Can the minister provide some details on what kinds of

products are included in this count? What would be considered successfully introduced? Does that mean that the product is actually working and that it's sustainable and that there's a market for it to continue? How are the targets of 63 new added products from '11-12, 64 for '12-13, and 65 for '13-14 established, and why are they lower than the actual from 2009-10? With all of these different kinds of numbers I don't think you need to run through the names of 71 programs, but if you could just give me an overview of the kinds of products, and I think one of the important questions is a definition for successfully introduced.

The Chair: Go ahead, please.

Mr. Hayden: Thank you, Mr. Chair. To the hon. member: I would like to run through the 71 programs. No, I won't.

I would like to point out that meat products are the vast majority of those products that have been developed for markets, and they are successfully being marketed. But I think that there's one word that would probably explain to the hon. member what I consider success in a value-added product and program that takes place, and that word is Spitz. I think that that's a wonderful example of what can happen, and those are the sorts of success stories that we look for in this province and the sort of success stories that we're experiencing.

I should also let the hon. member know, because every now and again my brain gets full of some things that are useful at times like this or not at all, that we are the producer of 100 per cent of dill for the North American industry. We are the producer of 50 per cent of spearmint for North America. So no matter where you live in North America, if you pick up a tube of toothpaste, you've got a 1 in 2 chance that the spearmint in that tube of toothpaste came from, actually, southeastern Alberta. These are the things that value has been added to. In the case of spearmint the value is added in that it's taken to a spearmint oil and processed and then marketed.

We have a number of success stories. I could list off several of them, but I think when I made reference to Spitz, that's a prime example of what some really hard-working, clear-thinking Albertans have done to add value.

7:30

Ms Pastoor: I certainly agree with the Spitz example. I guess what I was thinking of is what we have successfully introduced in China and in India.

One of my questions, too, is that often we have what we call a balance of trade in terms of dollars, but I'm not sure that the balance of trade is exactly equal when we exchange. We send over good food products, and we often get stuff that ends up in our dollar stores and two days later is in our landfills. So I'm just not sure. The balance of trade in dollars I think is a little bit different than the balance of trade in the actual commodity.

The Chair: Thank you.

Go ahead, please.

Mr. Hayden: Yes. Thank you, Mr. Chairman. Actually this is an area that I love to talk about because we export 80 per cent of what we produce in this province, and that's both on the energy side and the agricultural side. The export market, the balance there – and I know the products the hon. member talks about. We're talking about cars and toys and all kinds of different things that come back. I can only speak about the agricultural part of it.

What I can tell the hon. member is that I look at some of the value-added that's taken place and some of the products that have taken place. In my trade mission with the other prairie provinces

to China and Japan this past year I had the opportunity to visit with a company that markets Canadian beef in a bowl with rice. It's seasoned, thinly sliced. It's a high-quality product that people have really gotten a taste for in both Japan and China, I might add, but this particular case was in China. It's a product that they're able to market through vendors on the street as a lunch meal. It sells for retail – it's equivalent in Canada to about \$3.80, which really makes me think that these people are very good at how they do business because, of course, they have to get that beef over to China, and then they do the preparation of it.

I was able to sample three of the different types of meals that have gone through a research process in Canada for product preparation for the palate of that particular market. It's a very successful market. Two of them were prepared with beef, and one was prepared with Canadian pork, and they tasted fantastic. That's an example of one of the things that happened.

Also, while I was over in Japan, a gift that was given to me by a company while I was there was handed to me like it was a very, very rare and wonderful gift. It was a litre of canola oil, and it was Alberta canola oil. It went over in the form of canola; they added the value over there. From the research that we've done and some of the work that we've done with the dairy industry in the province, the mash that comes from the canola crushing process is added to the diet of dairy cattle and increases their milk production by a litre a day.

Canola oil, of course, is considered to be almost a health food in Japan, as an example. It is a health food, yes, as the member opposite points out. There are people in Japan that actually will take a spoonful of it a day, just like someone might take cod liver oil, because of its antioxidant qualities. They use it on their salads. They use it to fry their food. There are unbelievable opportunities. Of course, what we produce in this province, as I said, back to the 80 per cent is exported. The world gladly receives it with open arms because they know it's safe, they know it's nutritious, and the value-added opportunities are huge.

Ms Pastoor: Thank you. Certainly, I think that I do my bit in terms of the canola oil that's produced at Richardson's, which is right next door to Maple Leaf, that has fried potatoes. My office is just very close to them, and it's definitely downwind. I certainly help along with that one.

One of the other things that priority initiative 3.1 states is that the ministry will contribute to a national strategy for food safety and farmed animal health. Could you provide details of specifically what role this ministry will play and when we can expect to see a completed strategy implemented nationally?

I think I'd like to reverse that question a little bit and say that I'm not worried about the products that we export because often the countries that we export to do have high standards. They don't let our product in unless it's met their standards. They know how our product is made and how our animals are slaughtered, et cetera, et cetera. My concern is that I'm not sure that we have enough food inspectors to inspect what's coming back from other countries. I know that we hear all the horror tales about, you know, chemicals in tuna and all this sort of stuff, but it does happen. I have a real concern about how much we actually reciprocate. If they send people over here to look at our meat-packing plants and how we slaughter them and raise them and the feed and all that kind of stuff, do we actually send people over there to make sure that the products that we're getting back here are as safe as what we send over there?

The Chair: Go ahead, please.

Mr. Hayden: Thank you, Mr. Chairman. Yes, we do, but the people that we send over there are at the federal level, not at the provincial level. Any food that we export – and I'll use meat as an example – is prepared at a federally inspected facility that is overseen by the CFIA.

I think the hon. member will be pleased to hear this. We now have a pilot project that we worked out with our provincial partners and the federal government to trade in beef from provincial plants. We have three in the pilot project out of Alberta that will be shipping into the domestic market. That's an area that we really have been behind on.

Ms Pastoor: Our domestic market?

Mr. Hayden: Yes, our Canadian domestic market. We do far more business with other countries than we do in our own country, which just does not make sense. Because of the high standards that we maintain in Canada, I think we can safeguard Canadians' food supply far better by them, Ontario and Quebec as an example, doing business with us in Alberta than by importing from other countries. While we can go and look and do inspections, that doesn't necessarily guarantee that the standards that are required in those countries are the same as ours, but we do, yes, inspect in other countries.

I would like to see a better balance for ours. With the meat industry, as an example, it's been indicated to me that the healthy balance would be 50 per cent domestic, 50 per cent export. So those are the kinds of things we shoot for.

The Chair: Thank you.

Go ahead, please.

Ms Pastoor: Thank you. How does the transfer of cervids from the responsibility of Sustainable Resource Development to Agriculture under Bill 11 impact the ability to achieve goal 3 overall and, more specifically, priority initiative 3.2? I think I can speak this way and say that my understanding is that there is an amendment coming forward from the hon. Member for Lacombe-Ponoka which will settle the question of everyone being very upset about farm hunting. How is it going to achieve your goal 3.2, that suggests that we need to support food safety and plant and animal health?

The Chair: Go ahead, please.

Mr. Hayden: Thank you, Mr. Chairman. A wonderful question and a subject that I love. The transfer of cervids from Sustainable Resource Development to Agriculture is just a no-brainer. It's just common sense. These are domestic animals. They are an important part of our agriculture industry now both at the domestic level and also in the export market. We have a number of plants in the province that process different types of animals, but the one that I think about sometimes when I'm thinking about cervids and thinking about elk is the plant in Lacombe, as an example. One day we'll be processing elk, the next day we'll be processing bison, and the day after that we'll be processing beef.

It is considered a very healthy product by many consumers globally, and I think the possibilities for it are amazing. With respect to its safety for the past I believe it's nine years we've been testing all processed cervids, I think up to about 5,000 a year, and they've been disease free for that entire period of time, which is good, and it has the confidence of all of these other markets.

7:40

Now, we will be of course discussing in the Assembly Bill 11 and amendments that may come forward in the next step. We still have to complete second reading, I think, without going into too many specifics, that the section of that bill that the member makes reference to is for the control of predators. We have had a bit of that discussion, the hon. member and myself. Those are predators that can get under the fence, get in there and do damage, so the discharge of a firearm in one of these operations is necessary for the control of predators.

Any amendment that would come forward and I expect will come forward – and I'll virtually guarantee it's going to happen – will clarify that position, that that is the only thing it can be used for. It will not open up the possibility for hunt farms in Bill 11.

So a wonderful industry, a product that's well respected and comes with a lot of health and quality attributes.

The Chair: Go ahead, please. You have about one minute left.

Ms Pastoor: Well, I'll just take my one minute because I will be back after.

Again, this is a question that I'm sure you're waiting for: when will changes be brought forward to include paid farm workers under Alberta's labour laws and occupational health and safety? I know you did address it partly, but it's still only through education, and I still think that they have to be protected like every other worker in this province.

Mr. Hayden: Our farm safety council, of course, has been established, and I very much look forward to the recommendations that come forward from that group, which includes paid farm workers, farm workers' union representatives, and agricultural operations that, in fact, are on occupational health and safety and workers' compensation. I think that we're going to get some very good recommendations on best practices that will come back to us, and I'm sure we'll be able to talk more about it later.

The Chair: Thank you very much. That concludes the time for the Liberal Party.

We'll go now to the Wildrose Alliance. Mr. Hinman, please. You'll be sharing, I suppose, your time back and forth?

Mr. Hinman: Thanks, Mr. Chair. We'll go back and forth and see how that goes this evening. I have great faith in this minister and his brief answers.

I guess I want to start, because of the short amount of time that we have, by looking at the Premier's letter. Number 4 on the list is "the most advanced infrastructure in North America." Then if I flip over to Agriculture and Rural Development, the business plan, goal 1 is a competitive, self-reliant industry. Then I want to flip over to goal 2, environmental stewardship. Priority 2.3 is: work with irrigation districts, irrigators, and government to meet water conservation, efficiency, and productivity targets in support of a diversified irrigation industry. Because of shortness of time I feel like I'm going to start and focus on this if I could, Jack, and see where we get.

I enjoyed your remarks a little bit earlier with the hon. Member for Lethbridge-East talking about the St. Mary. It's actually the Milk River that we're talking about. It's in the St. Mary irrigation district, but we have a major dilemma from Calgary south. We've met our water allocations, we're taxed out, and the hon. member is very concerned about selling water and all of those things. When I look at that, the most advanced infrastructure in North America, I

would say that we have the most advanced when it comes to irrigation and the amount of pipe that we're putting in.

I know that the Raymond irrigation district has lobbied to show how much energy we could save if we put pipes in there and captured the water. Because water flows downhill, and that's the way irrigation functions, why not put it inside a contained area and capture the energy? A lot of the irrigation districts have been putting in pipelines, but every year we have this major dilemma of flooding.

We talk about our agreement. Fifty per cent of the flow goes to the U.S. and to Saskatchewan, but the fact of the matter is that very seldom do we actually capture and use even 50 per cent of our share, so it's more like 75 per cent of the flow is leaving. We never really have knowledge of how much water leaves because of these flows. To me it just seems like the number one priority for your ministry along with Environment should be water storage infrastructure. I believe the project is called Bruce Lake, northeast of Calgary, down to putting a dam on the Milk River right after it comes out of Montana. There's a good place there.

There have been a lot of studies for 50 years on where we could have water storage. We talk about being short. It would be the equivalent, you know, of every month if we don't spend all of our paycheque, we just burn the rest of our cash. We have a huge amount of water right now that's coming down and leaving the province. Where's the priority, and what are we going to do on irrigation for water storage and upgrading? I know that you spend \$21 million a year with the irrigation districts, but if you could expand a little bit on the vision of that and why that hasn't caught on? In 1993 the Oldman River dam was the last real facility that we've built.

The Chair: Thank you.

Go ahead, please, Mr. Hayden.

Mr. Hayden: Thank you, Mr. Chair. I along with the hon. member think that that should be a large priority of ours. In fact, some years we release – in my area as an example, 85 per cent is released into Saskatchewan from the Red Deer River system. Of course, the member said that every year we have these concerns with floods. Well, we don't every year. We've had an awful lot of years where we get down on our knees and ask for a flood because we've been so dry. But we do need to do good control systems for the water that we've got. There are a number of preliminary plans that are on the books. I know of some on-stream and off-stream storage options that have been looked at in my area that I'm familiar with. But in fairness it doesn't fall under agriculture with respect to the water storage projects. It benefits agriculture, but we're not directly responsible for it.

Mr. Hinman: Talk to the other ministers.

Mr. Hayden: We do. We talk between ministries.

I don't need to tell this hon. member the value of irrigation to southern Alberta and any place that irrigation is used. It's unbelievable the return that we get on that and that the producers get on it. Our highest producing area, of course, is our irrigation belt in the south. So I'm with you, and I do promote it.

Mr. Hinman: Well, thank you, Mr. Minister. Like I say, I'd really urge you to push water storage. We're losing so much of our precious water. Then we do – nine-tenths of the year it's a matter of a shortage of water, and one month out of the year we have this huge deluge, and it goes out to Saskatchewan or down into the States. Like I say, it goes right in there in your main bullets of what you want to see.

Now, I guess I'm going to fire off a bunch of questions, and we'll see where we get to because it's tough to do in a short amount of time. Going through your voted expense by program on page 46, I have some concerns on where the money is actually being spent and what value it is when we're having such a tough time fiscally to balance our books. The minister's office: you're up \$17,000. You talked about reducing personnel. The deputy minister's office is up \$60,000 this year. Then corporate services: if you could explain a little bit just exactly what corporate services is. Thankfully, it's down a million dollars, but what is the purpose of that? Human resources: I mean, we've gone up \$343,000, and I guess I'm just somewhat concerned on where that is.

Then if we jump down to policy and environment, and we look at policy, strategy, and intergovernmental affairs, an increase of \$7.4 million. That's a huge amount considering the size of your budget and where it goes there. If you could explain a little bit about that. The rural development fund – and I should know this, but I don't remember. We've gone from \$21 million down to \$1.5 million. In 2009 we were at \$12 million down to \$11 million. It's fluctuated a lot. If you could explain what the value is and what we're getting out of those areas, it would be really great. I'll probably leave it at that. Those are the major ones.

7:50

We'll come back if I have time, but I want to switch and throw off a few other concerns here. You know, BSE had a major devastating impact here on the province. It's going to be coming up on its 10-year time frame faster than what we'd ever believe. We're nine years into it now. We've gone to the RFID tags into the cattle and trying to market all of that. There are two things in there. You've gone from the cattle, and now we're tracing the sheep. We're looking at the cervid animals that you've given out \$90,000 to and \$900,000 to the sheep industry, and my understanding is that now the pork industry is coming on board. They're concerned that they're not getting any help. Whether it's needed when you look at a 120-day life cycle before they're usually shipped and gone to market, I'm not sure. I'm concerned about that.

As I go through that segue, the real frustration in the pork industry that I talked to is federal government interference on what they're doing for farm labour, to try and bring people in. It's one of the tougher ones to bring workers in. If you live in the Red Deer region, you have to advertise at \$18 an hour for a farm labourer who is coming to work in the hog industry. Down in Lethbridge it's \$15. The federal government is stepping in and making it very difficult for our hog producers to compete with Manitoba, Saskatchewan, and other areas. Are you doing any work with the federal government on that, generally just bringing in farm labour?

I was down in the Taber area earlier this year, and again they'll say – and I've forgotten the commodities, but it seems like if you're bringing in foreign farm labourers, you can bring them in for pumpkins and watermelons, but you can't bring them in for our big industries, sugar beets and corn, and that's where they really need them. Is there any way of working with the federal government on that?

I'll let you fire off a few of those answers and see where we get to.

The Chair: Thank you very much.

Go ahead, please.

Mr. Hayden: Thank you, Mr. Chair. There were a number of questions there. We may be better off to go with a little shorter lists, but I'm going to take a shot at it.

With reference to the budget line for minister's office expenses and deputy minister's office expenses we factor about average for government ministries, which I think is good. The reason that I say that is because we are an exporting industry; 80 per cent of what we produce we export. So it is very time intensive, very involved with respect to marketing our industry and our products.

Mr. Hinman: You mentioned that you were two staff down, but your cost has gone up.

Mr. Hayden: Yeah. But I'm just talking about the two offices now, which is not the department. The two staff down is in the entire department.

Mr. Hinman: Oh, okay. I heard you wrong.

Mr. Hayden: I'm just making reference to the office. I would argue that those are very realistic numbers, and I think that we do very well to promote the second-largest industry in the province with that kind of an expenditure.

Some of the items, like line item 2.4, are actually Growing Forward. That's federal dollars that are 60 per cent, and we're 40 per cent. Those are programs that are part of Growing Forward.

Also, in the area where you made reference to a real fluctuation in the dollars, our rural broadband initiative is in there. Those are one-time funding items, so that would explain that.

The farm labour: I absolutely share your concern, and we are working with the federal government on that. We see it not just in hog processing or beef processing; we see it in a number of areas. One of the ones that really concerns me is in our greenhouse industry. When I look down in Medicine Hat at the Red Hat group of businesses that are down there, they've been using temporary workers out of Mexico that are very well trained and come up every year. Some of the changes that the federal government have made have caused us some real problems and caused those businesses real problems because if they can't keep bringing those workers back in, they have to train the new people that come in, and it's a huge expense.

Mr. Hinman: What can you do about it?

Mr. Hayden: Well, we're working with the federal government to correct that. We're saying that we need these people. I think that we're going to achieve some success there. I think that it's becoming more obvious how important they are to our industry.

I think that's most of them. I was writing as fast as I could, but I can't write as quickly as the hon. member can talk.

Mr. Hinman: I appreciate that and realize that, like I say, with the short time constraint, it's really rough.

Line 1.6 you didn't address. That was the human resources, up \$343,000 on that one.

Again, the hon. member talked a little bit about the fluctuation in insurance and AgriStability, but to switch over to – let's see here.

How much time do I have left?

The Chair: Two and a half minutes.

Mr. Hinman: Oh, gosh. It's not going as fast as normal tonight. That's good.

Going over to item 6.1, agriculture insurance and lending assistance, lending decreased from \$10 million to \$7.5 million. That's a huge decrease. I'm kind of wondering what the criteria are? Why is that? Because the economy is doing that much better? Again, under item 6.2 insurance has gone up a tremendous

amount. I don't know, like I say, that there's much you can do about that. The lending assistance, I guess, if you could just share a little bit about that because that's always a concern for the agricultural industry.

The Chair: Thank you.

Go ahead, please.

Mr. Hayden: Thank you, Mr. Chairman. We actually are putting more emphasis on beginning farmers and trying to work with that group. Under insurance – I'm going to deal with that one first; that one is really simple. If the value of the crop is up, the insurance costs are up just to cover that value. So we're seeing higher prices. We're seeing something that we've never seen before, and that's a Canadian dollar that's higher at the same time as commodity prices have increased. That's never happened before. It's kind of an interesting time to live in this country and especially to live in Alberta.

I can report to the hon. member that we are very fortunate with the lending that we do have and the system that we do have for agricultural producers. Our delinquency rate or nonpayment rate is considerably below that of the banking industry in the province. Our agricultural producers are very good at paying money back, and it's a very successful program. We're performing very well. It's one of those things where it depends on how much people need and how much they want, so it's market driven as to what we get asked for. When times are good, I think that it's very possible that we could be asked for less.

Mr. Hinman: Okay. Jumping around back to your statement of sustainable industry, one that has really concerned me – again I know that there are a lot of different methods of creating renewable energy – is ethanol and the money that the government has spent on that. Again, a federal issue here, a little bit, but the renewable fuel standards for biofuels have to be into the diesel and whatnot, becoming rancid and deteriorating the quality. I don't know. Do you agree? Should we be going down this road? I mean, where we started with the ethanol and looking at, you know, \$300 million for that and the 14 cents a litre, do you really feel that there's value to be pursuing that? Are there better areas? Again, it's being mandated that it needs to be in our fuel area. It's just a concern that we have. I guess I'd like your comments on the whole bioindustry and where we should be going. I mean, it's one thing for fibre to fuel, but food to fuel just seems like the wrong way to go.

The Chair: Thank you.

Go ahead, please.

Mr. Hayden: Thank you, Mr. Chair. I wish that I had the privilege of dealing with that and making the changes if I felt they had to take place, but that, of course, is federal legislation with respect to the percentage of biofuel that goes into those fuels. I understand exactly what the member opposite is talking about, and I have some of the same concerns.

One of my greater concerns is that where that ethanol is produced, as an example, is very likely also where it's going to be mixed off with the product. When I look at the value-added opportunities for our conventional energy industry in this province, I think that there's a benefit to producing that ethanol locally, too, so that we don't ship off product to have value added to it in another jurisdiction and then shipped back to us. When I look at it from an agricultural point of view, I think that there are some financial opportunities.

I, like the hon. member, do have concerns when we live in a world that is facing some really critical challenges with respect to the amount of food that we produce for the number of mouths that we need to feed and we're doing the biofuel end. I do question sometimes whether the process of producing those actually is meeting the goals that people would like to meet environmentally or not. As strictly a business decision when I talk about it as a ministry, I think that there are opportunities for our producers here to produce that. Also, in the case of ethanol – and I'm sure the hon. member is aware of this – and in the case of biodiesel there is mash, and there's product that's left over from that process that still contains a fairly high percentage of protein that can be used back in a mix for feed for livestock and still add value to the agricultural sector on that end. People are getting better at it all the time. So I think there are some opportunities.

8:00

Mr. Hinman: You bring up valuable points like the malt industry going back through the cattle industry, and I am aware of that. I guess, another brief, quick question.

How much time do we have left?

The Chair: Two minutes.

Mr. Hinman: Two minutes.

Canola diesel compared to soybean: the dew point is considerably different, doesn't cause the problems. With the new mandate of 5 per cent are we producing enough canola diesel fuel? Are we going to be importing soybean? Do you have any numbers on that and how we're facing that dilemma?

Mr. Hayden: I know that we have a serious deficit in the province for what we need to mix off to meet the percentages with diesel, but I also know that there are new technologies and new plants that are coming along. One of the ones that I know the member will be familiar with is stinkweed and the ability to use stinkweed, which has always been a nuisance to us in Alberta, to actually use it and process it and create biodiesel out of it. Apparently, it has some real possibilities. There are areas where we've fought and fought and fought with it in this province. It might be interesting if we see what happens when we can let it go and actually make some money off it and make a product of it. There maybe are some possibilities.

Mr. Hinman: It's certainly a fast-growing weed. That reminds me of an old crop that had so much hope, and then we attacked it, hemp. Can you tell us the hemp story here in the province? I get a few hemp growers that call up. I mean, the fibre side, the food side. It's just a tremendous product. What good news can you tell us about hemp? You talked about peppermint and Spitz. What about hemp?

The Chair: Twenty seconds. Go ahead, please.

Mr. Hayden: Yes, it is taking off. I mean, there are a number of uses. People are even making material out of it very similar to cotton, so it's good for clothing. I don't think we'll ever see the return on investment that they see in British Columbia, but then we're talking a different kind of hemp.

The Chair: Thank you very much. That concludes this section of the questioning.

We'll go to Ms Notley, please. Twenty minutes, and you'll be sharing your time back and forth, too?

Ms Notley: I'll go back and forth for sure. Yeah.

The Chair: Certainly. Thank you. Go ahead, please.

Ms Notley: It's a pleasure to be able to participate in this debate this evening. I want to thank the minister and his staff all for being here to provide information to our many questions.

I think I'd like to start, I guess, where the Member for Lethbridge-East left off because I'm not convinced that we'll get back to this issue in any more detail if I don't raise it in, perhaps, a little bit more detail. That is on the issue of farm worker safety and the advisory council that the minister appointed in March of this year. We've had this discussion at some length in the Legislature, but we have a situation here in Alberta where we are, I believe, at this point the only jurisdiction that does not provide regulatory protection of the safety of farm workers. We, of course, had a judicial inquiry, in which very clearly we had a judge say: why are we not providing regulatory protection for these workers?

To be clear, we are talking about workers. We're not talking about ma-and-pa's farm. We're talking about corporate farming. I think already in other areas of the conversation tonight there has been a fairly sound acknowledgement that as much as all of us can agree – I hope, anyway – that we'd rather not see the continued decrease in family farms. In fact, that is what we're seeing in that we have much larger farming operations coming into play because that's the primary way that the industry stays viable given all the various and sundry pressures. Part of that is that we have a growing group of employees who are simply employees. So we have that situation.

Then we had, of course, last year, in 2010, when the fatality rate on farms almost doubled. We went from 13 fatalities in 2009 up to 22 in 2010. The response, unfortunately, from this government was simply the appointment of the Farm Safety Advisory Council. I have a few questions around that. I mean, the minister at one point suggested that there were farm worker union reps, I think, on the council. But my view of the council is that there's only one rep that has any connection to farm workers and that the remainder of the representatives are either government officials – I think there are one or two – or are in some fashion connected to the ownership side of the agricultural industry either in terms of being representatives of organizations created by the owners or by being owners themselves.

My first question to the minister – I'll do a whole series of questions on this issue – is simply: how can you possibly expect such a lopsided council to properly address the genuine issues faced by workers who are workers and not family members on large corporate farms throughout the province? Why is there not a greater balance? In particular, why aren't there any actual farm workers who are in the position of being employees sitting on this council, able to provide some insight into that experience? The representative of the UFCW is, I believe, more experienced with the food processing side of things and was not necessarily someone who had experience working on farms as an employee. While that's a great choice – I've no difficulty with that particular representative – we're still in a position of having this gross imbalance in terms of the makeup of your council.

The next question around that. I looked at the farm safety website that the ministry hosts. I was going through that, and quite frankly I saw a number of programs that were primarily geared to dealing with young farm workers or the children of farmers and that the mechanism for delivering those programs was either through 4-H or through people attending fairs or trade shows. But there didn't appear to be a mechanism that went out to the actual farm and looked at delivering any kind of safety training, whether it be to the employer or to the workers or to anybody else. Basically, if you happen to be a farm worker whose employer doesn't

invite you to attend the trade show and learn stuff on your own time and if you happen to be one of those many foreign farm workers that you were just talking about with the previous member, you've of course never been through 4-H. So what is the mechanism for education?

I mean, I quite emphatically believe that education is not the only way to fix the problem. I think that you do need to have regulation. I've been involved in health and safety in a number of different employment scenarios, and the fact of the matter is that you're not going to make it happen unless you put rules in place. Notwithstanding that, let's just say for a moment that we are simply going to hope that all people need is to be educated and that they'll never be asked by their employer to do something that's unsafe. How are we going to get that education happening? The mechanisms of delivery that I see on your website don't appear to get right to the heart of the matter.

Then I see there are some fact sheets that actually provide a little bit of how-to, you know: how to run a tractor, how to deal with various types of equipment. I'm wondering whether there are any mechanisms for translating that for people who don't speak or read English as a first language because, again, we have a number of workers in this province for whom English is not the first language. So how are they educated?

Then my final question is: what is the actual amount of money dedicated in your ministry to some form, however inefficient and ineffective in my opinion, of farm safety initiative? What is that number this year, what was it last year, and what was it the year before? I don't really see it factored out in the budget documents right now. I'd like to know what the progression is with respect to the resources being dedicated to this problem, particularly in light of the 90 per cent increase in farm fatalities in the last year.

8:10

The Chair: Thank you very much.

Go ahead, please, Mr. Hayden.

Mr. Hayden: Thank you, Mr. Chairman. The member covered a lot of ground. There again I was taking notes, and I hope that I can address most of the areas if not all of them.

I think that we do need some clarification. I don't know if it's questions or statements, but we are not the only jurisdiction that doesn't have workers' compensation or occupational health and safety in the farm industry. We're one of three in Canada. We are in the minority. That is without question.

The recommendation for a farm safety council came from the consultation that we did with the agriculture industry. The member talked about it being lopsided and not having the proper representatives. It's a very balanced board. As a matter of fact, it's co-chaired. The one co-chair is from my department, an ADM. The other co-chair is a farm worker, which I think is important. We need to have those there. It's an employee of a livestock operation who actually works with the livestock and is out there. We also have farm operations. The member mentioned that they're getting fairly large, and they are large. I know that one member out of the Whitecourt area is, in fact, a fairly large operation and by choice has coverage with workers' compensation and occupational health and safety. For their operation they feel that it's necessary.

So we have a very good mix. It's difficult, probably, just by the names to pick that out, but I'd be happy to share that information with the hon. member. We have a number of people that are involved with farm workers.

When we talk about lopsidedness, though, I think it's important to state the facts, and the facts are that the 20 largest farm groups

in the province of Alberta came together to give us these recommendations. They represent 50,000 farmers and farm workers. So if there's anything lopsided, it's the recommendations the other way and the size of the groups that those are coming from because they are very, very small. We do want to have best practices taken into consideration. So does the farm safety council, and I expect that that's what we will hear back from them. I think that there may be some opportunities for some changes, without question, that they could talk about.

In total in this year's budget I know that directly we are dealing with about \$320,000 going directly to farm safety programs. One of them is out of the Raymond area, and that's farm safety in the classroom. That program is available to about 50,000 students a year actually in the classroom as part of their programming. It has been very successful, and I would like to see it even become more successful.

Something else that I think maybe bears a little discussion. I think the member will be interested in some of these statistics. Part of the reason for my personal push on farm safety for the younger ages is because of the young people that we're losing in Alberta. The majority of the fatalities on our agricultural operations are people under the age of 26, and that I find very discouraging. Fifteen per cent of the people that have lost their lives or had injuries on our farms are under the age of 17. We've got 4 per cent that are under the age of 10.

There is a lot of heavy equipment. There is a lot of livestock. There are a lot of things happening in an agricultural operation, and I think the quicker we get to the younger people the better. They also bring about good management practices within their families. That's not to say that we don't have problems in the older age groups. We absolutely do, and we need to address those, too. We're talking about an industry where the age of the average operator is, say, 57. I can't give it to you exactly right now, but it's pretty well up there, which is similar to employees in the province because we have an aging workforce out there. We have that in the agricultural sector, too, but we have way too many young people that are being injured and losing their lives on farms.

I expect that the farm safety council, because they're not being directed by me, are bringing back to me the direction that they think we need to move in the province. I have asked them as part of their mandate to look at the best practices throughout the country and what other jurisdictions do and bring those recommendations back.

But I would be misleading the member if I didn't let the member know that the primary producers – and I'm talking about the farm families themselves – have been very clear in their direction to this government. They've struggled over the last several years because of commodity prices and a number of things, and the profitability and the sustainability of the industry have been in question for many, many producers in the province. I don't want to see it all commercialized or industrialized. I want to see an opportunity for there to be farmers. My family farm was 100 years old this past year, so we're 101 this year.

I want to see that opportunity there for a lot of people, and I don't want to legislate or regulate them out of business. We can say that it's only a small part, but there's a cumulative effect of the things that we do where we can make them noncompetitive. Because we are exporting 80 per cent of what we produce, we have to be competitive with the rest of the world, or we're going to be in problems.

I think I've touched on most of the questions, but I'd be very happy to share with the hon. member the farm safety council and the people and their connections because I think we've got an excellent balance there.

The Chair: Thank you very much.

Go ahead, please.

Ms Notley: Well, I appreciate your response. I don't know. Maybe my information is wrong, but I'm looking at your website, and I'm looking at the biographies of the members of the farm safety council. The co-chair is, as far as I can tell, maybe technically an employee but a manager, a senior manager for a farming operation. For anyone that's ever dealt with health and safety issues that impact employees who have to take direction from their managers, they understand that there's a distinction between the two. I looked through every other one, and it was either an owner, operator, farmer, director, manager, so I actually take issue with the way you characterize the co-chair. I would suggest that, in fact, you have one person on there that actually represents employees who have to take instruction from an owner or a manager on the work site, which happens to be a farm.

In terms of the focus on the younger workers I do appreciate that, generally speaking, in health and safety there's an understanding that young workers are at greater risk. Absolutely. I get that. However, I note the fatalities last year. I was just looking through it, and of the 22 fatalities, 17 were over 25, and two or three of the other ones were, like, two- and three-year-old children.

I don't know that the statistics, anyway, for last year necessarily support the complete focus on kids. I certainly have no problem with there being the focus on young workers. My concern is those employees who are not relatives of the farmer working on the family farm but people that are brought in to work as employees, which goes to my next point. Simply, when you talk about, you know, what the farmers have told you on how they're trying to remain competitive and how they're at risk, I agree with you, and I frankly think there are a number of policies that this government has implemented over the last decade that have not been helpful to the smaller family farm's sustainability and competitiveness.

You look at someplace like Saskatchewan, which has occupational health and safety protection for farm workers. What they did there was that they simply defined the smaller farm. They said that where there's anybody that's not, you know, a farm that employs more than five people not related to the farmer, that's where it applies. Frankly, I think there are ways in which you can get at the larger corporate farming operations and ensure that you get that legislation in place like that model and still exempt the smaller family farm from at least immediate need to comply with the legislation. So that was that.

The one other question on this one that I wanted to ask you about was simply that I note your website says that there will no longer be any more reporting of farm-related deaths due to some problem around the criteria used. I'm quite concerned about that. I certainly hope you can give me some indication of why that would be the case and, hopefully, that it will be corrected and that annual farm fatality records will be kept and reported on a regular basis because that was a bit concerning to see.

I'd like to flip over really quickly – I don't have much time at all, so I'll be very quick – and move to the issue of environmental protection and protection of farmland. There's been a good discussion already about some of the pressures on our decreasing availability of farmland, so I won't redo all of that, but I want to ask the minister just this one question because I know you are working with other ministries on the land-use framework and all that kind of thing.

8:20

I'm very concerned about the growing backlog of abandoned wells. You know, we have about 400,000 oil and gas wells drilled right now. There was a study done – I think it was out of the U of A – suggesting that roughly 250,000 acres of farmable land are currently covered by the energy industry footprint, as it were, 70 per cent of good agricultural land.

We're hearing more and more about the fact that we don't actually check these wells that are no longer in use, that nobody is sort of going there from the government to check on them. Then, of course, if there are leaks or contamination, we often can't know because we have a subsurface audit program which only audits about 5 per cent. Some of them have been sitting around not checked for many, many years, and if there is a leak, the contamination to the groundwater as well as to the soil increases in its intensity over time.

I'm just wondering what kind of work your ministry has been doing to try and ensure that with all this rather rapid drilling activity we have going on, we have mechanisms in place that don't simply rely on the farmer knowing and understanding that something is contaminating their watershed or their soil underground, particularly the subsurface contamination. What work would you suggest might be done to ensure that we can have more assurance, with an "a," in that regard across the province in relation to our good farmland?

The Chair: Thank you very much.

You have about 40 seconds left to answer all those questions.

Mr. Hayden: Well, with 40 seconds one of the things I need to clarify is that I'm sorry if the member is offended about the co-chair, but in fact you need to understand agriculture. Just because you've got a title of manager doesn't mean you work in an office. If you had the title of accountant, you would. I would encourage you to try and get a hold of that particular member on the phone in the office. You won't have any success. They'll be on their cell out in the pens because that is a livestock feeding operation, and that person works directly with the livestock. They are a farm worker, and they do work directly with those livestock.

When we talk about environment, I'm extremely proud of what we've done and what producers have done in Alberta.

The Chair: I'm sorry to interrupt, but that concludes this portion of the meeting.

We'll go to Mr. McFarland, please.

Mr. McFarland: Thank you, Chairman. It's a pleasure tonight to have an opportunity to ask some questions, make some comments on your department, Minister. I had a number of questions, but I think it's important to start off perhaps with a little oversight of our riding and how diverse it is and how it might reflect many of the things that happen throughout Alberta.

I'm sure that you especially and your department are aware that our riding is home to Feedlot Alley, which is in the Picture Butte area and generates a lot of income and provides a lot of sales locations for cow-calf producers. We're home to the potato capital, Vauxhall, Alberta. We have all of two irrigation districts, Bow River and Lethbridge Northern, and part of the St. Mary, and out of the six or so southern MLAs, that have 13 districts, I'm proud to say that we've got almost all of two and part of the third in our riding. We're also potentially home now at Carmangay to the largest wind power farm in all of Canada when Greengate starts their operation with 600 turbines.

Things are looking a little better, but I just hope that you don't get too carried away talking about how prosperous grain and oil seeds are because it's been a long time coming. As somebody who's farmed – this will be our 39th year. I'm envious of you because although our family came here in 1898, nobody has ever been on the same place for a hundred years. The great-grandpa, the grandpa, my dad, and myself all started our own farms, and none of it's been handed down, so it's been a challenge.

If I can reflect on the first year, for instance, that we started farming, you could buy a 100-horsepower tractor for about \$10,000 to \$11,000. A tonne of anhydrous was \$40, and rye was sold to the distillers in Calgary for a dollar a bushel. I can think of gasoline and fuel, that were both 25 cents a gallon. When you fast forward to today, I'm finally making \$4 a bushel for barley, but that tractor that was 100 horsepower is close to \$175,000 if you could buy one new. The swather that in 1980 was \$10,500 is now \$185,000. So please don't try to give people the impression that all is well in grain and oil seeds, because it's been a long time coming. Everything has gone up double digits, but the price that we're getting back is not all that great, because we're still price takers.

Chairman, I had a bit of advice from a former DA one time. He said: you know, when people look at subsidies that come to farmers, I hope they'll realize that we're not subsidizing the farmer; we're subsidizing the consumer because the primary farmer is ultimately a price taker, whether you're the cow-calf or the grain producer. I thought that was quite a nice outlook to have. If people would only realize that for the food that they put on their plate, yeah, the producer is getting subsidized to some degree, but actually if there were no subsidies, the consumer would have to pay far more.

One thing that struck me quite oddly was two weeks ago. I met a farmer from Iowa. And I hope this is something that your department will keep in the back of their minds about the future of our farming. This fellow indicated that he was now paying \$550 cash rent in Iowa. I know that in talking to colleagues here in the Legislature, cash rents vary here in Alberta \$30 to \$60, \$70. At the same time this gentleman in Iowa said that they had to pay \$13,000 an acre for land.

I'm thinking about Canada and comparing it to the U.S. They've got 10 times our population. When you look at it from a general point of view, they're paying about 10 times the cash rent that we are. They're paying about 10 times the value of the land – that might be an average in Alberta of \$1,300 – and they've got 10 times the number of people. When you look at places around Illinois that have gone to huge farms and nobody is on them, I hope that isn't our future. It's becoming far more evident to me that as much as I'd love for our young kids to take over, I really wonder just how in the world they're going to be able to afford this equipment and do things as they should be done and still be able to meet the bottom line.

With that in mind, after all that background here, I also have one concern on biofuels and the future. I heard this morning – actually, it was on Global – a think tank talking about the day that carbon fuels come to an end. People will have to look at alternate forms of energy for their vehicles like electricity. Of course, the farmer in me right away says: well, that might be fine if I'm living in the city, but what's going to power the four-wheel drive tractor? What's going to power the combine? What's going to power, you know, the B train tractor that has to take the produce off the farm, whether it's cattle or specialty grains or any kind of production? I don't think electricity is going to be the answer, and I sure hope that the exorbitant costs, potentially, of carbon fuels in the future

aren't a direct responsibility of the farmer if there isn't some dramatic change in how we look at things.

With respect to AFSC the particular questions I have came up, actually, this past week in one of the communities I was at. They're very appreciative of AFSC's role in providing small-business loans, and they wondered if it could be expanded into areas in small communities. It would be a stretch to say that they're agribusiness, but they're not able to get competitive loans out of traditional lending sources. These are mom-and-pop operations that would like to start up a business in a small community to help sustain that community. It's not a huge amount of money, but they didn't know if there was a mandate or a change in the mandate that could allow AFSC to potentially look at a type of commercial loan for these small businesses in our small communities.

8:30

I hate to say, "Eliminate people that are in urban centres or large or mid-size cities," but I think we have to start looking at the possibility of servicing that need. I think your folks will tell us that your writeoff percentages are actually very admirable. They're way below industry average. I'm not suggesting you take on extra risk for no reason, but I wondered if it would be a possibility.

The second question that came up. Again, it was this past week with renewal of our crop insurance and the deadline coming up on April 30, I believe it is. No doubt, with all the excess moisture everyone has had, people, if they finally get in the field, will walk by April 30, and they'll forget about the deadline. I'm just wondering if there's anything that you could do, some radio ads or some *Call of the Land* type reminders to people about the April 30 deadline. My pessimistic outlook on all this moisture, as good as it is, is that somebody is going to forget to enrol in their crop insurance, and I would hate like heck for somebody to miss that opportunity, because I think this year is going to be a very challenging year. I'm the last to ever knock too much moisture, but you'd hate like heck for some of our guys to put themselves at risk.

The third one. A number of our colleagues here were at a meeting in Lethbridge about two weeks ago, and we met with some of the ag service board folks about Fusarium. I learned a lot. There was one of your staff members there that gave a really good presentation. I gather that the cold, cool weather is a far better host for Fusarium than the hot and dry weather. With the potential, as I see it right now, of cool, wet moisture going into May and so on, if it persists into the summer, I'm just wondering – I think I know what your position is on Fusarium control – what will you be able to do for the southern part of the province, where there seems to be a split point of view on Fusarium control?

If you want to answer some of those questions, I'll be happy to sit down now.

The Chair: Thank you very much.

Go ahead, please, Mr. Hayden.

Mr. Hayden: Thank you, Mr. Chairman. A number of questions. The hon. member will be happy to know that, in fact, we do have a commercial lending program with AFSC and a small-business lending program. We have people through AFSC that work very closely with these small businesses to look at their business plan and make sure that they're working in a good, viable direction. You mentioned that the delinquency rate is very low, and it is. We are the envy of the industry. People have been very good about paying back. We are working on programs for beginning farmers, and we already have some in place, but we're doing some really

aggressive work in that area because they, obviously, need the start-up cash to get going.

I think you'll also be happy to know that we're promoting the April 30 deadline very much with producers to get their insurance, to the point that we have staff now phoning individual producers that traditionally insure and get coverage. We're calling them individually and making sure that they're aware that the deadline is coming. But I take your recommendation, and thank you for that. I think that we can maybe move our efforts up a little more as that deadline approaches. Every year people have to make decisions on what kind of crop they're going to plant depending on the moisture conditions, and they move from wheat to barley and then from barley to oats, as an example.

I love the optimism in agricultural producers, and one of your very first statements shows the optimism. You talked about what a long, hard trail it's been in agriculture and that you're now getting \$4 a bushel for barley and that it's been a long time coming. I'd like to remind the member that you're not getting \$4 after you look at your expenses, but that optimistic attitude is wonderful. Four dollars is what they're paying you, but when you look at the expenses and whatnot, those lines are still tight when you look at your fertilizer costs and your fuel and your equipment, as you pointed out.

With respect to Fusarium the Fusarium committee is to report to me at the end of this month, and I look forward to that report. Our position on Fusarium is unchanged. We have zero tolerance for the seed because we are one of the last areas of the entire North American continent to have areas of our province that are Fusarium free, and as long as we can keep that, we would obviously like to because there are things coming forward through science now where we may be able to control Fusarium a lot better than we are right now.

To keep those areas free of it, I think, will be a huge advantage to us in the future, so we have to think in that direction. It's also the direction that we're receiving from the agricultural field and the ag service boards across the province. It's their recommendations that we've acted on that are keeping these areas Fusarium free.

Cool and damp conditions are a better environment for Fusarium than hot and dry, but we've seen hot and dry, and you can't grow anything anyway in a lot of areas, so we have to put up with what we've got. Producers are getting better at controlling the percentages, the amount with respect to Fusarium, so I'm optimistic for the future.

I think that covered most of the points that you made. You talked about the diversity of the area that you come from. That is the blessing that we have in this province, and that's the diversity in the industry. We have strong sectors all the way through: oilseed, cereal grains, lentils, livestock of all descriptions that we ship all over the world. We're talking about, of course, beef and talking about lamb, talking about pork, talking about elk, talking about deer, talking about bison. It's unbelievable. Very strong markets with chicken, turkey, egg production all the way through. That diversification, I think, is what makes our industry so strong, and it's also what allows us to offer so much to the world.

When we went with the New West Partnership to Japan and China and talked to the people over there, they couldn't believe the types of things that we could offer them. Just from Alberta by itself is enough to make your head spin, the number of things that we've got available that these people want.

When you talk about the partnership that we have with the other provinces, it expands unbelievably. Our friends from B.C., while they were there, talked about their fishery, which is huge: salmon, oysters, all of the shellfish, and the things that were offered there like the huge fruit industry that they have that goes along with ours and complements what we do. One of the things that I would

never have had any experience with or ever heard of is highbush blueberries, which is a huge industry in western Canada.

When we went to the table of the Japanese and the Chinese and said, "These are the type of products that we produce; these are the things that we have available for your marketplace," they were extremely impressed. We fed groups of folks in both countries, over 150 people at each of the gatherings, and they were able to taste British Columbia salmon, Alberta beef, Alberta pork, southern Alberta potatoes, central and northern Alberta mushrooms, northern Alberta honey, highbush blueberries, and the list went on and on and on. They were so impressed with what we had to offer and the types of things that we grow. It really makes you proud to be an Albertan and makes you really proud of the producers of this province and what they do and what they have to offer. We're indeed blessed.

I think that covers most of your questions.

The Chair: Thank you very much.

Mr. McFarland.

Mr. McFarland: How much time do I have left?

The Chair: You have four minutes.

Mr. McFarland: I had one here that also came up. A couple of the farmers have indicated that although their last hailstorms – and they were major storms – were in 2008, the hail insurance premium for Alberta hail and crop is actually higher now, this year, for the same land that didn't experience hail either last year or the year before. They were just wondering why it seemed to be phased in and higher. They understand, I think, the township concept and all that kind of thing. I didn't know if you had an explanation that I could pass on to them as to why the premium rate would be a little higher this year than last year. They understood it'd be higher but they didn't know why two years in a row.

8:40

Secondly, you didn't really respond to the biofuel, but I can understand why. It's speculative. In the event that you see a move into other forms of energy being required for our primary producers, would you and your colleagues be able to keep that on your radar for future talks with other ministers across Canada? I think it will be an issue in another decade that not everyone can afford the newest equipment, as I tried to explain, with the cost changes. You know, some people will always be farming with older equipment, and I don't think we have to do something that's going to accelerate pushing them out of the market because some of us are proud to be family farms. Some of us don't subscribe to bigger is better, because it ultimately ends up being the demise of our small communities that we're proud to be part of.

The Chair: Go ahead, please.

Mr. Hayden: Thank you, Mr. Chairman. There actually is a fairly simple explanation with respect to the hail insurance and the increase in rates. It's based on the price of the commodity. When we shop our insurance out in the open market, they base what the premiums are, that we have to collect to pay to them to cover, on that \$4 barley that you're talking about. A year ago, when it was \$2 barley, obviously, the insurance would be lower if you were going the same yield for the same yield. When I make reference to the same yield from one year to the next, our insurance coverages are averaged over a 25-year period, so a large loss last year doesn't translate into a large increase this year. It's more a fact of the actual value of that crop than it is from one event to another.

We don't see fluctuations plus or minus that exceed 10 per cent in any given year. The biggest factor that we deal with, of course, as I said, is the factor of the commodity price. We're seeing prices that we haven't seen for many, many years. In a way, the higher premium is a very positive indicator because the value of the crop and the forward values of those crops as being predicted by the marketplace are very, very strong. They're very strong in all areas of the things that we produce for the next four to five years for certain as we look out forward, so that's good.

I will take your advice with respect to the biofuels and the concern about the nonrenewable energy source. We are told that we're going to be dependent at the very least for the next 50 years on conventional fuels, and 50 years can go by in the blink of an eye. I know it has for me and then some. We do need to look to the future.

The Chair: Thank you very much. That concludes that portion.

We'll go back to Ms Pastoor.

Ms Pastoor: Thank you, Mr. Chair. Actually, I'm hoping that the minister was making very good notes from the hon. Member for Edmonton-Strathcona because I would like to know the answers to orphan wells, inactive wells, and all the buried pipeline. And that pipe: I'm not sure what it's made out of, but we were talking about concrete pipes bursting in the winter.

Mr. Hinman: Concrete canals.

Ms Pastoor: Concrete canals. Some of the pipe that I looked at when I took a tour of the irrigation district I think were PVC, so I'm not sure how they act in the cold.

Anyway, I would like you to answer the questions that the other hon. member had brought up, particularly buried pipelines. How do we know that they they're not breaking? There may not be anything in them, but what are they doing to the soil? I'm not sure what they're made out of: copper, steel. Certainly, it wouldn't be stainless steel. If you still have the questions.

Mr. Hayden: Sure. Obviously, abandoned wells are not the responsibility of my ministry, but they are located in agricultural communities, and orphaned wells have been a problem. There's no getting around it. But, fortunately, Environment has come out with a new program to expedite the reclamation of those wells. There is an orphan well fund, and from personal experience I've seen where we have moved on them, but it is a concern. When we have an abandoned well or an abandoned operation of any sort in an agricultural area, there can be a number of concerns. One of them could be contamination of soils. Another one could be a wire that livestock could get tangled up in. Another could be weeds, and I've seen situations where there have been noxious weeds in areas that are fenced off in an abandoned area. Obviously, there's a lack of compensation for the agricultural producer that's got to come into consideration. So those definitely can have effects on an agricultural operation.

Our area of responsibility with respect to the resource industry is more along the lines of soil testing, to ensure that we've got good soil quality again, good, productive soil quality. We do work closely with Environment to help make sure that when reclamation takes place, we get the land back in a condition that is going to be productive.

Also, with respect to the pipelines that the member talked about, that's not an area of responsibility for agriculture. Quite frankly, as an agricultural producer and as the agriculture minister I am not familiar with one complaint with respect to any sort of contamination as a result of a pipeline other than where there may have been

a burst in an operational pipeline. Then a reclamation operation takes place after the repair has been done to put the soil back into the condition where it's productive. So there's that part of it.

I think one of the other hon. members talked about the cement canals – they're not cement pipes – the PVC that's used in the irrigation areas. They take great pains to blow those pipes out and to get all of the water out of them because they are hugely expensive, and of course they would be completely destroyed if they had water in them and then froze.

I think that basically covers your questions.

The Chair: Thank you.

Ms Pastoor: I guess just further to that – and it probably isn't your area. I think where producers could perhaps help with the information is to actually identify where all of these things are. I mean, some of these are 50, 60 years old, and I don't know how well the records have been kept. If the producers, whomever, dig something and find something, then I don't think there necessarily has to be an incentive because I think that rural people often do what's best for their neighbour without thinking. It's just what they do. But if there was some kind of education, maybe, to say, "Look; if you find something, let us know," and then it goes into the inventory of what's existing.

Oh, yes. You spoke about the AFSC providing small-business loans. Is this new since maybe the last year and a half? Because I can remember having this conversation with you in terms of the small ag people that maybe can actually make a living off of 10 acres, but they need that money to either get started or, in the particular case that I was talking about, they're started, but they need that little bit to keep on going. Are these monies new, or is this something that has been going on? If they're not new, there should be new money, again, to help those people that are the rural – well, I guess you can even call them urban farmers in a way because they can make a living off of 10 acres.

It's the niche markets for restaurants and, you know, those sorts of things. There is a niche market for organic vegetables, and actually there's a niche market just for vegetarian food. I think we talked about hemp. I was hearing about hemp and, again, not the B.C. type but certainly the type we have. There are any number of people that I know that put hemp in their breakfast cereal.

The Chair: Thank you.

Go ahead, please.

Mr. Hayden: Thank you. No, small-business loans are not new. They've been happening for quite a period of time. There have probably been more people asking for them likely is the change that's taken place.

Commercial loans: now we're doing that to a higher degree than we've done in the past. We have in fact gone back to my colleagues and Treasury Board and talked about expanding the number of dollars that we have available because there are a number of new opportunities for us in the province.

8:50

The fastest growing industry in the agriculture industry in our province over the past several years has been farmers' markets, that increased by 35 per cent the amount that they were selling over the last three years, which is unbelievable. You know, that hasn't happened in any other area. The consumers are more conscious today than they've ever been about the products they buy and where they come from, and they want them from closer to home. So I absolutely agree with the member that there are unbe-

lievable opportunities for the future, and they are supported by the consumer, which is the important part.

I met with Loblaw's and the Real Canadian Superstore – they're all one and the same – and they have been very successful in marketing local produce, which has been very good for our greenhouse industry and also conventional farmers, but the greenhouse industry, of course, goes year-round. We had that conversation about actually marking the packages with the Alberta logo because their experience is that consumers very much want a product that's produced close to home. So we have some real opportunities there.

With respect to the wells farmers do report them as soon as they see a problem because, of course, an agricultural operator wants their land as pristine as possible and they want the environment as healthy as possible because that's how they make their living. The ERCB has mapped all of the wells that are in the province, so we do know where all of the wells have been drilled. That information is available. I know that agricultural producers are very, very conscious about anything that might contaminate their land or cause them a problem, and I feel confident that they would report it.

Ms Pastoor: Thank you. I'd like to go back to the loans if these aren't new. Has there been any kind of conversation about perhaps making the criteria a little bit easier for these smaller ag producers? As you've mentioned, the farmers' markets are huge, but sometimes the criteria is so restrictive that it really – I guess what I'm saying is that I would like to see a break in the criteria. Perhaps it could be – I don't know – lowered or changed in some fashion so that more of these people have a chance to be able to compete.

Now, even in the farmers' markets there's a lot of competition. I certainly can speak for my farmers' market, where, in fact, some of the smaller producers are in direct competition with the Hutterites. Of course, they can come in with loads and loads of vegetables. Again, some of the smarter marketers are saying that theirs are organic, they haven't used pesticides, they don't use vaccinations in their animals or whatever, whatever. So it is competitive for what the consumer is looking for.

But, I guess, back to my original thought. Has the criteria over the last year and a half changed to make it easier for our small agribusiness people to get the money?

Mr. Hayden: I think, Mr. Chairman, it's safe to say that our AFSC people have been more focused on helping the smaller businesses with their business plans to try to make sure that they're viable. It's very important that we don't lend money to people knowing that their chances of success are poor. That's not why we need to be there, and that's not going to give success to the program.

I don't think that we're overly restrictive. I don't think that's the reason that we have less delinquent accounts or less people that renege on their payments. I think the reason is that the agriculture industry itself – they're self-employed on their own property. I know that all Albertans are proud, but there seems to be something within the agriculture community that they will make sure that their bills are paid and work very hard to do that. A lot of that, of course, is because the land that they're on is sacred to them and they want to ensure that they keep that.

So I would say that there's been a bigger effort made to ensure that the operations that these people are asking to borrow money for are viable. I know of some individual cases that have specifically been dealt with by our AFSC people where they have sat down and said: "You need a better business case. You need to put

a better business case together." I don't think reducing the requirements is the answer. I think we have to make sure that what they're suggesting is viable because I think that the harm we could do would outweigh any good that we could do.

Ms Pastoor: Well, I guess as long as you don't just say no and you give them help, that would keep me happy for a while.

Thanks, Mr. Chair. I'll let someone else have it.

The Chair: Thank you very much.

We'll go next to Mr. Jacobs, please.

Mr. Jacobs: Thank you very much, Mr. Chairman. Certainly, I want to say at the outset that I think this ministry and this minister of agriculture have done a great job in relating to Albertans, and I commend them for the work they've done and for their willingness to touch base with and listen to Albertans. I have been privileged to attend several meetings and seminars with the minister and have watched how he's listened to people and taken their input. So I commend you for that.

I would like to start out by talking about the viability of agriculture. I think Canadians have been very fortunate in the last 50, 60, 70 years in the amount of their income they've had to pay for food. As I understand it, we as Canadians pay about 10 to 12 per cent of our disposable income for food. That's a bargain compared to many, many places in the world. We are now starting to see some concern amongst consumers about food shortages or the rising price of food. I think I should say at the outset that the reason I believe that food has been such a great bargain for Canadian and American consumers is because of the efficiency of our farmers and ranchers. They've been able to adapt, and they've been very efficient in the production of food. Now we have a small percentage of farmers producing enough food for the population. It used to take nearly half the population to produce the same amount of food, so they've been very efficient.

I think one of the reasons for their efficiency is the family farm, Minister. I think family farms have done a great job of providing food at a very competitive, low price to consumers, and that's a good thing. The problem is that family farms are now – you know, we've seen a real depressed state of agriculture the last seven, eight, nine, 10 years in the livestock sector, that started with the outbreak of BSE. Now we're starting to see the dynamics of agriculture changing a little bit. You know, I was talking to a farmer the other day, and he said he was convinced that if we give farmers the prices they need, they will again bury the world in food. But he didn't know how much longer that could continue given the rising cost of production that farmers face.

The president of AFSC and I were at a meeting last year with some young farmers in the Cardston area. The subject of the meeting was: how are they going to stay viable, and why would they want to continue to farm given the prices of their commodities and given their costs of production? I think Brad will bear me out on this, that there was some frustration on their part about whether or not they wanted to stay in agriculture.

I guess, Minister, my first question to you is that, you know, we need to look at this. You already mentioned tonight the average age of farmers. I think you said it was approaching 60 years of age. So we have the challenge of the survival of the family farm, the survival of agriculture because when people get older, they may not want to continue to farm like you and I do. So viability, survival of the family farm.

I attended a meeting with you in Ottawa recently, and we heard their talk about this same subject. One of the comments I was interested in was the capital gains tax on the rollover of agricultur-

al land from generation to generation. If that was eliminated, it would probably help solve this problem.

Could you just give us some thoughts on the survivability of the farming population, especially family farms?

The Chair: Thank you.

Go ahead, Mr. Hayden.

Mr. Hayden: Thank you, Mr. Chair. An excellent question and a difficult question. We do face challenges. We've seen such a transition in this province. We're one year away from celebrating the hundredth birthday of this building, as an example. Mr. Chairman, a hundred years ago 80 per cent of the population of Alberta were farmers, and 20 per cent lived in urban centres. In the past hundred years that has completely flipped around to where now 80 per cent of the population of our province live in cities, and 20 per cent live in rural settings. Of that group that are in rural settings, probably somewhere in the neighbourhood of 6 or 7 per cent are all that are the primary producers in the population in Alberta.

9:00

What kind of opportunities do they have, and what would keep young people in it? I talked a little bit about the markets that are opening up and some of the opportunities with those markets. The hon. member, I think, is aware of markets like China, Japan, India. They're unbelievable.

Some of the growth statistics I talked about. It's estimated that 70 per cent of the global population will live in urban centres by 2050. Global meat consumption, as an example, is forecast to increase by 14 per cent by 2020 and annually 1 per cent per year after that right up to 2050. Our world population is forecast to reach 9.2 billion by 2050, and that's a 33 per cent increase from the present population.

When I talk to young producers – and I do speak to them quite often – I talk about the possibilities for the future. They're unbelievable. I mentioned before that there are 196 countries in the world, and there will only be six countries in the world by 2020 that will actually grow more than they consume and will export: Ukraine, Kazakhstan, France, Australia, Argentina, and Canada. The opportunities that are going to exist because of that, as I mentioned, are unbelievable. When we break down the needs of the world and the fact that the population is not only increasing but that the wealth of that population is increasing, as the wealth of that population increases, all of the things that we produce become products that are marketable in those areas. We're already seeing it happen.

I think that the lifestyle of the agricultural community is in itself enough reward for being in agriculture.

I know that shortages have caused some of what we're dealing with in higher prices, but there have also been indications from all over the world that there is a shortage of food, and it's a problem. Our producers are getting better at doing what they do. They're producing more food per acre than they ever have in the past to the point that we've got a situation like last year. We had southern Alberta in such a terrible flood situation: many, many acres that weren't even seeded. We had in northern Alberta a very serious drought situation in the Peace area. Yet at the end of last year we produced the third-largest crop that we ever had in the province of Alberta. That's because of new production methods, new technologies, and a far more effective and efficient agricultural producer than we've ever seen in the past.

I think those opportunities for the young farmers are there. I would suggest to the hon. member that we're taking good steps

with respect to AFSC for beginning farmers. We are looking at new strategies with our other provincial partners and the federal government for succession planning and ways that we can possibly work with the taxation system to make it easier for a young producer to take over from their father or from their uncle.

We're seeing some unbelievably innovative methods of young producers that are out there. These young people are amazing in the way that they market their products now. They're computer savvy. They know that their customer can be anywhere in the world, and they know that they don't have to sell into one large bulk container, that they could actually pick their customers globally and sell to them individually in Sea-Cans in the case of grains and lentils and oilseeds. They know that the tastes of the consumer out there are changing, and they're not afraid, like their parents and maybe their grandparents were, to make other choices with respect to the crops that they sell.

We have a huge lentil growing industry in our province now. Not many years ago not many of us would have known what hummus is, but now you can go into almost any grocery store and pick it up. It's becoming a staple for many Canadians, and it isn't just because of the immigrant population that is coming in. As Albertans and as Canadians when we find something that we like, we consume it. There are amazing opportunities because of the things that we produce.

We have unbelievable diversity in our province because of the different environment that people can grow things in. We've got the irrigation and the high-heat units in the south. We've got the longer days in northern Alberta. We produce specialty crops because we've got semi-arid. We have different soil conditions, different rainfalls: all kinds of things that are producing opportunities for different crops.

One of the huge success stories that has great possibilities is the Peace River region and their honey production. It is considered some of the very best if not the best honey in the world because of the types of flowers and the clover that are in the north and the particular type of honey it is, to the point that that industry has grown to be a \$50 million annual industry in the Peace River Country. Unbelievable. Those kinds of opportunities are there.

We have people that would like to do test plots in our province for pharmaceuticals. We deal with people all over the world for painkillers, and these are unstable countries in many cases. We have in Alberta the perfect environment for the growth of poppies.

An Hon. Member: Which part?

Mr. Hayden: I'm not going to say where exactly it is, but it's semi-arid. You can figure it out from there.

We have opportunities in that area, but we've got opportunities in a number of nutraceutical possibilities. Not only can we produce the foods that people need, but we can also produce the medicines that people need.

With respect to the member's question about the sustainability of the industry and the possibilities for the future I think they're limitless. I think that if there ever was a time for young people to get excited about this industry, now is that time. We've got probably some of the best teaching facilities and teaching opportunities for the agriculture industry that anyone has in the world when I look at Lethbridge, when I look at Olds, when I look at Fairview and the amazing instructors that we have there, the technology, the science that they work with for the agriculture industry.

Mr. Hinman: And Lakeland.

Mr. Hayden: And Lakeland.

The people that we're graduating, that are going back into the industry, are second to none in their knowledge. I'm very, very optimistic, and so are the young people. That was one of the largest groups we had when we did our round-table discussions this past year. They are so interactive now. They wanted a web page, of course, with our government so that they could give suggestions and get their input in through an electronic medium, so we did that. It's going to be an ongoing process of ours through Ropin' the Web, which you'll find in our budget estimates. It's an area where we're investing in IT technologies to exchange information. We had an excellent turnout in central Alberta for the youth round-table. Some of the things that the member mentioned are some of the concerns that these people came with, a proper financial environment for them to get going. It's a very, very costly industry to start up in because of the amount of area that you need.

The Chair: Thank you very much.

Mr. Jacobs, please.

Mr. Jacobs: Thanks, Mr. Chairman. And thank you, Minister, for an optimistic answer.

I'd like to now go to the subject of traceability in the livestock sector. This is a subject I hear a lot about as I mingle with Alberta ranchers and livestock producers. In my view, to have a solid traceability system you have to have a good way to identify livestock. At this point we still don't really have a system of identifying livestock that's free from error. If you can't guarantee the livestock identification, you have troubles with traceability.

The first question, I guess, is: what are we doing to develop better methods of retaining ear tags or better methods of identifying? Second to that, I hear from a lot of auction markets these days who are concerned about – and I know this is some federal jurisdiction as well as provincial – a level playing field. For example, if we require all livestock auction markets to do an audit or to do a test on ear tags and numbers but don't require cattle that are sold in the country to go through the same procedure, it's really not a level playing field. Could you give us a couple of comments on identification and a fail-safe method and also a level playing field in traceability?

9:10

The Chair: Thank you.

Go ahead, please.

Mr. Hayden: Thank you, Mr. Chair. I think that, first of all, I would like to let the member know – and the member, I think, is somewhat familiar with it – of one of the initiatives that we undertook over the last couple of years. It was undertaken with six auction marts in the province, where through Growing Forward funding we were able to finance panels on the side of the runs where the cattle and the livestock come in, the panels that read the tags as they come through, and to test the success of that. I have the preliminary findings now. I don't have the final report yet, but I have preliminary findings. The reading success with these panels has been excellent. We're up, you know, in the high to mid-90s percentile of tags being read on the way through. That still causes me concern because anything that doesn't get read on the way through still requires the manual reading with the wand and tracking it down and the possibility that the tag has been lost.

Now, we are working with the industry and working with the federal government because we have concerns about the present tags. In a year like this past year that we've had, we didn't have a lot of melting, it didn't feel like, but we did have some. In a lot of cases the form that our feed comes in for our livestock is in round

bales. As an example, if the twine is frozen into the bale and doesn't properly get removed and the animal feeds off of that bale and gets that twine hooked on the present tags that are available and pulls back, it will remove the tag and not necessarily in a pleasant fashion. I think that there are possibilities for better technology. I mean, we can put someone on the moon; we should be able to design a tag that'll stay in an animal's ear.

There are a number of options I think we can look at for the future, but the problem has to do with some of the markets that we're going into. We use chip technology a lot of our pets, where a chip is inserted under the skin. It's virtually painless. I can say that. I don't have a chip in me, but it's painless for the owner. That chip can be easily read. The problem is that for some of our export markets there's a concern of the chip migrating through into an area that might be used for food production. So we need better assurances to that end, but there are possibilities that we can do something there. It's possible that we could put them in the ear similar to the way the hormones used to be put in. That is a possibility, but there are people that think that things can still migrate. I don't understand how they'd get by the cartilage, but there are concerns that are out there.

It would be less of a concern with respect to traceability if we weren't such an exporting market. As I mentioned before about what we produce in agriculture, we export about 80 per cent of what we produce. When we talk about livestock, we only have about 46, 47 per cent of the Canadian beef herd in our province, but we process 70 per cent of the Canadian herd through the processing facilities in our province. Of that that's processed, the vast majority of it, obviously, is exported. It's our customer that sets the standard which we have to meet, and our customer is China, Japan, India, and many other nations that I could mention, the European Union. These people want the traceability; we are required to do it.

We have a very high percentage now of age verification that's being done in the province because we're working in a co-operative manner with the producers. I would like to see them feel the benefit of their efforts more than they have to this point, but because I've been on trade missions and because I've been out there and talked to the customers, I know that we absolutely have to do this in order to compete with the people we're competing with around the world.

As far as premises ID, along with the traceability we're very close to a hundred per cent of our producers in the province that have taken part in the premises ID. That, of course, was undertaken for our concern with respect to the control of disease. We've seen what's happened with foot-and-mouth disease and what has happened to markets in other nations when they haven't been able to crack down on it quickly and control it. It has absolutely devastated the markets in a number of countries, but because of our traceability and because of our premises ID, we're well out ahead of that game.

I experienced last week something that I had no idea I was going to as a benefit, and I found it really interesting. We were down in the Medicine Hat area and very concerned about the flooding and the Seven Persons dam overflowing. We had seven livestock producers right in the waterway coming off of the Seven Persons dam, and our agriculture department, our ministry, was able to take a look and communicate to the emergency services people exactly where those livestock were so that they could be moved to higher ground. Now, it was designed for disease purposes, but it, in fact, worked out that it helped us to identify where the livestock were. Their lives were in jeopardy because of an environmental situation and a possible weather situation and a possible flooding situation. So we're seeing benefits.

We have to move towards better technology. I agree with the hon. member. We're now dealing with low frequency tags, and I think that probably if we went to high frequency, our readability would be better. But we absolutely have to provide what the customer wants, and the customer wants traceability, the customer wants safety assurances, and more and more the customer wants Canadian product because we are doing these things.

The Chair: Thank you very much.

You have about 30 seconds for another question if you want.

Mr. Jacobs: Well, I'll just make the point, then, that another concern I hear from producers constantly is research and innovation. One of the ways that we can help the industry is through developing better products, better grain varieties, et cetera. I notice in your budget that you actually reduced the amount of money you project to spend on research and innovation. I just had a question about that.

Mr. Hayden: The majority of that will be picked up from Growing Forward, and that's a program that we're doing with the federal government. It's still very much our priority.

The Chair: Thank you very much.

We'll go next to Mr. Hinman, please.

Mr. Hinman: Gosh. I thought he was going to have to give a written response to the parliamentary assistant. Glad that was able to get in there so efficiently. I almost have to say that I find it humorous that when the opposition wants to spend some time asking questions, the government always has individuals to get up and ask questions. But if we go out for a phone call, the government dismisses in about five seconds. It's good to see that they're able to get in their full time and limit the time that the opposition could actually ask some questions.

I want to start . . . [interjections] Hon. Member for Livingstone-Macleod, you'd like to ask him some questions? You know, I would sit down if I actually believed that if we left, you'd ask him for 15 minutes, but I know that you wouldn't, so I'll sit here and I'll take the time up.

I guess I want to go over a few smaller items. You know, we went over some of the big ones. Again, I do want to reiterate that I really hope that you'll push with Environment: water storage, water storage, water storage, on-stream, off-stream. We've got to do it. We're losing our most valuable resource in southern Alberta. Whether it's for residential or agricultural use, we've got the potential. I hope you'll do it there. It's a wonderful success story: the PVC pipe that we use from our polymers from the oil and gas industry to help the irrigation industry in southern Alberta. I mean, the evaporation levels and everything else that we've reduced has been really great.

I want to go over a few things: the rural Alberta development fund, \$1.6 million for geotourism. You know, it's always a tough balance on where we should spend our money. Are we getting good value for it? I guess I look at this, and again I go back to the great entrepreneurs, especially of our province. They've come up with the idea, they develop it, and it's marketable. I just see that this is a flip on the actual opportunity that we have. The individual or the individuals who thought of geotourism – most entrepreneurs, and I'll even go back to Bill Gates, started in their garage, and they spent countless hours of sweat equity.

To me what I see with geotourism is that someone has come up with an idea, and the government has paid them \$1.6 million. It's a very expensive way of letting some entrepreneur actually develop the idea. I really think that, you know, whether it's a university

student or someone else that wants to work on this, we could do it. I just wonder what's the value sometimes of paying for these ideas if these individuals can't actually develop them on their own? It's neat. I like it. I just don't know, especially in our tough budgets, that \$1.6 million is the way to go.

I want to segue from there, in that it's always amazing – and, again, I couldn't write as fast as you talked either – how many programs that you said that you were involved in with Alberta agriculture. I'd love to hear the number of programs that you actually have. The real question is: what's the performance analysis that you're doing on all of those programs? Are we really getting value for our money in the millions of dollars that you're putting out? There's no question that we're going to have some success stories, but is it worth it? Would Alberta not continue to produce if we didn't have so many programs?

9:20

I guess I'll give a specific one. Again, I tried phoning Tom Droog tonight. I don't know. Do you know Tom Droog at all? Very interesting character. Oh, I didn't mean to make the minister's assistants work so hard.

Mr. Hayden: Yeah. I guess I have met him.

Mr. Hinman: Anyway, an incredible individual who has worked really hard with the prairie baseball league. Seeing as how you're the minister, you'll probably have this answer: did he get government assistance to go over to China and develop markets, or did he pay his own way to do that? Maybe you could expand a little bit then, seeing as how you talked about the Spitz story, on how much government involvement was really in there or whether that was an entrepreneurial individual who did it on his own and then government kind of takes the glory for that, on the innovation. Anyway, if you could expand on that a little bit. Tom's probably out having a great time tonight and didn't answer his phone when I tried to call him. I wanted to ask him on that.

The Asia trip. I think one of the most disappointing things I've seen in the time that I've been here is Bill 1, the Asia committee. I guess I have to ask, you know, what's the performance that you feel as an ag minister going over to Asia and the trip that you took over there? How do we know that we're getting value for our money? I know lots of agricultural people. One individual from southern Alberta is Bob Balog. He's made multiple trips over to China, paid his own way, developing and trying to open markets. Is there really value? What's the performance test on doing those things? Like I say, do you have any numbers on how many Alberta farmers and entrepreneurs are going over to Asia on their own outside of government? Do you realize that people like Bob Balog – do you know how many times he's been to China trying to market beef on his own, not being part of any government little trip that's going over there?

I don't know, with the speed that we went through, but I asked about a few other numbers on page 46, and I don't know that I got the answers. I might have to go back through *Hansard*, but I don't want to miss them in case I did. Corporate services and the money that's being spent there is down \$1.1 million. What is corporate services, and what do we get for that? Also, human resources, up \$343,000, what is that?

What I really, I guess, would like to ask the minister – and I think that you could set a precedent on this – is that when you put out your budgets and vote by there, boy, it would sure be nice if you actually had some line items in there that said, like, \$900,000 is going to the livestock identification act. It's so hard to get a lot of it. You go through it, you know – like item 4.6, surveillance

support. It would sure be value for Alberta taxpayers to be able to read those right in the documents rather than going through great hoops and jumping back and forth and flipping pages and looking at different areas on the web to see where the money is really being spent. It's just very difficult to go through the books and actually see: what's the value? What are we doing? What are the programs involved in them? It just seems like we should and could do a lot better.

The \$114 million drought relief to Alberta beef ranchers last year took seven months. I don't know if you've looked at that so that it can be more efficient. I mean, insurance is always such a struggle, whether you've had an accident with your vehicle, you know: can you get one to replace it? But in agriculture it just seems like: why are these programs so slow? It just doesn't get there, and it's frustrating for the individuals. They spend hours and hours on the phone trying to find out where it is. Is it possible to get the system functioning where the delays are not so long?

I guess my question is, jumping back because I didn't go through all of it, did you get shanghaied and end up over at the World Expo site? How did that work into your trip to Asia? Again, I'm very concerned on the actual value of that. Like I say, it's always interesting, when you're using other people's money, how we can justify the spending and the programs whereas would we do it on our own, like entrepreneurs Tom Droog and Bob Balog, go over to these places?

It's interesting, too. Back on May 6, 2010, in the *Calgary Herald*: a \$180,000 study commissioned to determine whether more testing for BSE or mad cow disease in cattle will allow Alberta farmers to pry open export markets. I'm just surprised that we need to spend that kind of money. When you're over there in Asia, can't you just ask them the question: what does it take to get into Japan? If it's testing every animal, come back and work with CFIA and say: look; why don't we allow these entrepreneurs and these people who want to set up a meat-packing plant to have more freedom in order to actually test every animal if that's what the market is requiring?

I want to jump back again to the hemp car. It's kind of an older story. I'm not sure where it is. Agriculture and Rural Development gave \$6 million in kind. I'm wondering if you have any idea what that actually was in that program, why they gave the in-kind support of \$6 million, what that could have possibly been. That seems like an awful large number for just an in-kind donation or, well, put towards that.

I appreciate the ag minister and the work that he's trying to do in this area. It's quite a challenge. I guess what I would throw out, you know, is: what are we doing that's innovative? You talked about Medicine Hat.

The Chair: Thank you, Mr. Hinman. That's 10 minutes. We'll give the minister some time to answer those questions, please. You've had 10 minutes.

Mr. Hinman: I set my own clock. Because last night the minister got 13 minutes, I thought you'd give a little bit of latitude, but I'd be happy to turn it over.

Mr. Hayden: Thank you, Mr. Chairman. A number of issues, so I'll just flip through a few of them. When we talk about the value of our trade missions, we have to take a look at what we're talking about here. Japan is an example. Forty per cent of their canola comes from Canada. When we go over on these missions, we work with the industry. We set up an awful lot of the meetings for the industry. Something that I think the hon. member will be interested in knowing is that you have to work government to government in order to get the legislation and regulations changed so that we get access to those markets. One of the indicators of success was, of course, having the Chinese come over and inspect our plants and open up new markets for our livestock, which would not have been possible without government involvement. We work very closely with the industry.

With respect to the question about Tom and Spitz I think the hon. member will be interested to know that Tom tried with all the conventional financial operations to get funding, and I'm very proud to say that Spitz was started with funding from AFSC. So did it work? Did government work for Tom? Yes, it did. Of course, they started with sunflowers, but then there was product development. We have a product development department that operates out of Leduc, of course, in the market with pumpkin seeds and a number of things. That's available to processors all the way through. It's a wonderful success story when you see an operation like that that no longer needs government and is able to move in unbelievable directions. I think Tom sold the company now, as I recall.

Mr. Hinman: Yes. He made a lot of money, and we didn't get a very good return on it, as he did.

Mr. Hayden: And he's doing very well.

Also, with the limited amount of time that's left, Mr. Chairman, I'd like to talk a little bit more about water storage because I know that the hon. member said that that was an area of huge concern. We do need to move forward, and as we do our land planning, it's going to be very important that we make sure that the water storage on-stream and off-stream is part of that. One of the parts of that that I would like to speak about because it was one that I was involved in is Bill 19. Bill 19 allowed us to put legislation in place to set aside land so that we can do things like those water projects.

The Chair: Thank you very much. That concludes the time for the estimates for Agriculture and Rural Development. I want to thank the minister and his staff and all the members and their staff that have helped us out tonight and spent this time here this evening.

I think this concludes all the estimates for the entire government budget, so we'll be dealing with voting on this tomorrow and the reports that come out.

Pursuant to Government Motion 5 the meeting is now adjourned. Thank you.

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

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