



Legislative Assembly of Alberta

The 31st Legislature
First Session

Standing Committee
on
Alberta's Economic Future

Ministry of Agriculture and Irrigation
Consideration of Main Estimates

Tuesday, March 19, 2024
3:30 p.m.

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**Legislative Assembly of Alberta
The 31st Legislature
First Session**

Standing Committee on Alberta's Economic Future

Getson, Shane C., Lac Ste. Anne-Parkland (UC), Chair
Loyola, Rod, Edmonton-Ellerslie (NDP), Deputy Chair
Phillips, Shannon, Lethbridge-West (NDP), * Acting Deputy Chair

Boparai, Parmeet Singh, Calgary-Falconridge (NDP)
Cyr, Scott J., Bonnyville-Cold Lake-St. Paul (UC)
de Jonge, Chantelle, Chestermere-Strathmore (UC)
Elmeligi, Sarah, Banff-Kananaskis (NDP)
Hoyle, Rhiannon, Edmonton-South (NDP)
Stephan, Jason, Red Deer-South (UC)
Wright, Justin, Cypress-Medicine Hat (UC)
Yao, Tany, Fort McMurray-Wood Buffalo (UC)

* substitution for Rod Loyola

Also in Attendance

Ip, Nathan, Edmonton-South West (NDP)
Johnson, Jennifer, Lacombe-Ponoka (Ind)
Sweet, Heather, Edmonton-Manning (NDP)

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|-----------------------|--|
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Standing Committee on Alberta's Economic Future

Participants

Ministry of Agriculture and Irrigation
Hon. R.J. Sigurdson, Minister

Agriculture Financial Services Corporation
Darryl Kay, Chief Executive Officer

3:30 p.m.

Tuesday, March 19, 2024

[Mr. Getson in the chair]

**Ministry of Agriculture and Irrigation
Consideration of Main Estimates**

The Chair: I'd like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the estimates of the Ministry of Agriculture and Irrigation for the fiscal year ending March 31, 2025.

I'd ask that we go around the table and for the members to introduce themselves for the record. Minister, if you could please introduce your staff, the officials who are joining you at the table.

To get this thing started, I'll show you how it's done. My name is Shane Getson. I'm the MLA for Lac St. Anne-Parkland, better known as God's country.

For those who are new here, *Hansard* will be operating the microphones. They'll take that away from you, and you don't have to be messing with the microphones.

We may as well start off with members to my right.

Mr. Wright: Thank you, Mr. Chair. My name is Justin Wright. I'm the MLA for the charming constituency of Cypress-Medicine Hat.

Ms de Jonge: Chantelle de Jonge, MLA for Chestermere-Strathmore.

Mr. Cyr: Scott Cyr, MLA for Bonnyville-Cold Lake-St. Paul.

Mr. Yao: Tany Yao, Fort McMurray-Wood Buffalo.

Mr. Stephan: Jason Stephan, Red Deer-South.

Mrs. Johnson: Jennifer Johnson, Lacombe-Ponoka, and to my right my assistant, Becky Lees.

Mr. Sigurdson: I'm R.J. Sigurdson, MLA for Highwood and Minister of Agriculture and Irrigation. Joining me at the table today, to my left, I have my deputy minister, Jason Hale; right beside him we have John Conrad, our assistant deputy minister of primary agriculture; to my direct right is Matt Grossman, assistant deputy minister of finance; and beside him is Darryl Kay, CEO of Agriculture Financial Services Corporation.

Ms Sweet: Good afternoon. Heather Sweet, MLA for Edmonton-Manning.

Ms Phillips: Shannon Phillips, MLA for Lethbridge-West.

Dr. Elmeligi: Sarah Elmeligi, MLA for Banff-Kananaskis.

Mr. Ip: Nathan Ip, MLA for Edmonton-South West.

The Chair: Perfect. It doesn't appear that we have anyone remotely today. Excellent. All aboard who's coming aboard. This is great.

I'd like to note the following substitution for the record: hon. Ms Shannon Phillips for Member Loyola as deputy chair. Welcome aboard, Deputy.

Housekeeping items to address before we turn to the business at hand. We've already mentioned microphones, so that's good. Committee proceedings are live streamed on the Internet and broadcast on Assembly TV. The audio- and videostream and transcripts of the meeting can be accessed via the Legislative Assembly website. Please turn your cellphones to the least disturbing setting possible; silent is preferable.

Now, here's the really fun part. Everybody knows me. I hate reading from notes, but we have to get through this together so that we can have this on the record. Hon. members, the main estimates of the Ministry of Agriculture and Irrigation shall be considered for three hours. Standing order 59.01 sets out the process for consideration of the main estimates in the legislative policy committees. Suborder 59.01(6) sets out the speaking rotation for this meeting. The speaking rotation chart is available on the committee's internal website. Hard copies have been provided to the ministry officials at the table and the members. For each segment of the meeting, blocks of speaking time will be considered only if both the minister and the member speaking agree. If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the main estimates schedule, and the committee will adjourn. Should members have any questions regarding speaking times or rotation, please e-mail or message the committee clerk or raise your hand. He's just off to my left.

With concurrence of the committee I'd like to call a five-minute break about partway through, kind of a wellness break. If we do consider that, the shot clock for the overall meeting will keep running. It will be five minutes only. If you're not back in time, we will start without you. Does any member have an issue with taking a bit of a break at the halfway point? Seeing none, very much appreciated on behalf of the chair.

Ministry officials who are present may, at the direction of the minister, address the committee. Ministry officials seated in the gallery, if called upon, have access to the microphone in the gallery and are asked to please introduce themselves for the record prior to commencing.

Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery may not approach the table. Space permitting, opposition caucus staff may sit at the table in order to assist their members; however, members have priority to sit at the table at all times.

Points of order will be dealt with as they arise, and individual speaking times will be paused; however, the block speaking time for the overall three-hour meeting will continue to run. Any written material provided in response to the questions raised during the main estimates should be tabled by the minister in the Assembly for the benefit of all members. Finally, the committee should have an opportunity to hear both the questions and answers without interruption during estimates debate.

Debate flows through the chair at all times, including instances when speaking time is shared between the member and the minister. In other words, no heckling. You'll have a very congenial chair at the front. I can smile and nod with the best of them. If it starts getting heated for any reason, I'll pull you back and address it through the chair.

The other thing that's awfully handy and that we've had really good success with in the other meetings: if we just reference – and this goes for all members, government caucus included – the strategic plan, the government estimates '24-25, the ministry business plans, the fiscal plan, that would be awfully handy, both for those following along at home and for the chair. Also, it helps the minister address your questions and get them answered more expeditiously.

Overall conduct of the meeting: this isn't the Leg.; it's a business room. That is how we're dealing with it. The committee is kind of like a boardroom. If everyone is clear and comfortable with the rules of engagement, we can proceed. Everyone good? All aboard. Here we go.

Minister, I would love to turn this over to you for the first 10 minutes for the opening remarks. Over to you, sir.

Mr. Sigurdson: Thank you, Mr. Chair. It's my pleasure to be here and to introduce the Agriculture and Irrigation representatives joining me at the table: Jason Hale, deputy minister; Matt Grossman, assistant deputy minister of finance; John Conrad, assistant deputy minister of primary agriculture; Darryl Kay, CEO of Agriculture Financial Services Corporation.

Other ministry staff joining me are Karen Wronko, assistant deputy minister of trade, investment, and food safety; Sherene Khaw, director of communications; Shiferaw Adilu, acting executive director of policy services, planning, and innovations; Miranda Senoussi, director of executive operations. Also representing AFSC are Mark Prefontaine, chief strategy and innovation officer, and Steve Lappin, chief financial and risk officer. My office staff are here as well, including Mikayla Janssen, chief of staff; Jessi Rampton, press secretary; Amber Edgerton, ministerial assistant. Thank you, all, for being here.

Agriculture is not just one of Alberta's key economic engines; it's part of the very fabric of this province and so many of our communities. As we face another year of what could be dry conditions, Budget '24 is focused on current and future water planning. This budget also supports and invests in various areas of Alberta's agricultural industry to ensure stable, continuous growth.

Agriculture and Irrigation's operating expense budget for the upcoming year is \$869.7 million, an increase of \$66.1 million over last year's budget. This will ensure we can continue to provide programs and services to attract investments, expand trade, and create jobs in the agricultural sector and rural Alberta. There is also a \$34.8 million increase in capital grant funding, for a total of \$87.2 million for new and existing infrastructure projects, which I will talk more about later.

Our revenue projections for Budget 2024 show a considerable increase of \$162.8 million from last year, totalling \$1.4 billion. The main drivers for this increase are \$537.5 million in federal transfer payments, primarily for AFSC and sustainable Canadian agricultural partnership programs, and \$712.4 million from insurance premiums, fees, and licences.

Now that we've covered the big picture, I'm going to share some highlights and key details. A crucial part of supporting Alberta's agricultural industry in the coming year will be thoughtful water planning. Our province is the irrigation capital of Canada, and we will be turning to it to help alleviate some of our water issues. We are looking to the future with \$5 million over three years for feasibility studies on exploring, expanding, and upgrading water storage systems across southern Alberta like the St. Mary and Waterton basins. That funding will also cover a feasibility study looking at a possible new irrigation district near Pincher Creek.

Irrigation has been playing a massive role in southern and central Alberta agriculture for well over a hundred years. With that in mind, this year's budget allots a \$19 million capital grant for the irrigation rehabilitation program, an increase of \$5.5 million over last year. This funding will help irrigation districts update their water infrastructure, allowing them to do more within their current allocations. Along those same lines, in 2020 we announced a partnership with the Canada Infrastructure Bank and nine irrigation districts to invest \$933 million over seven years in irrigation infrastructure expansion and modernization. The province's total investment is just under \$280 million, and this budget's portion of that funding is \$53.7 million.

Water infrastructure like dams and reservoirs also plays a key role in mitigating drought and flood risk. Budget 2024 earmarks an additional \$50 million over three years for the water management program to complete important projects like the Dickson dam capacity enhancement project. There is also \$900,000 in operating expense funding allotted for the Springbank off-stream reservoir,

which will reduce the flood risk on the Elbow River. This funding will provide security for both Rocky View county and the city of Calgary and their people and businesses.

3:40

Moving on to the Agriculture Financial Services Corporation, for decades Alberta farmers and ranchers have relied on AFSC for lending assistance and insurance programs for crop, livestock, hail, and wildlife damage as well as income stabilization programs like AgriStability. As we face what could be another tough year, AFSC's programs will continue to be a vital lifeline for thousands of producers, which is why Budget 2024 allots \$466.1 million of provincial funding for AFSC, an increase of \$47.7 million over last year. This is largely driven by \$55.6 million in reinsurance costs. Reinsurance is used to help protect the fund balances used for insurance programs and ensure there are necessary funds available to finance future possible losses.

During the '21-23 growing seasons producers were faced with drought conditions and turned to AFSC's business risk management programming. As a result of those crop losses, some producers may see a rise in premium costs. Keeping premiums stable is very important, and that's why AFSC takes a long-term approach, a 25-year approach.

While we need to rebuild the fund, crop prices have dropped slightly this year, meaning we're expecting annual crop insurance premiums to keep relatively steady. Some producers might even see slight reductions. Our current estimates predict premium rates will increase an average of 13 per cent from '23-24, which is still significantly lower than the last decade's rates. Like many other businesses, producers are feeling the pinch of inflation, and AFSC offers relief by limiting annual and perennial insurance rate increases to a cap of 10 per cent and perennial to 15 per cent despite claim losses exceeding premiums over the past few years.

It also ensures Alberta producers have access to financing at rates that are usually lower than any other available source of debt financing, with favourable terms and long amortization periods. AFSC is also continually looking for more modern ways of doing its work. To support those efforts, this budget puts \$900,000 towards drone services to make assessing wildlife damage claims easier and quicker.

Now I'll address supports for rural Alberta. This budget allots funding for rural economic development, ensuring folks in smaller rural areas have the infrastructure and opportunities they need to succeed: \$4.6 million is earmarked for the economic development in rural Alberta plan, which includes up to \$3 million to support economic development and capacity building in rural communities through the small communities opportunities program; \$900,000 to support regional economic development projects; \$700,000 to support rural entrepreneurship, mentoring and coaching, business development, Indigenous women entrepreneurs, and more.

A crucial contributor to rural Alberta's economy and quality of life are ag societies. Across the province 291 ag societies own or operate over 900 essential community facilities like curling and hockey rinks, rodeo grounds, and so much more. Every year ag societies put on or host 37,000 activities, with more than 2.3 million people taking part. To support their work, Budget 2024 includes \$11.5 million for the ag societies grant program to ensure ag societies can keep contributing to the quality of life in rural Alberta. It also includes \$2.5 million for the ag societies' infrastructure revitalization program to support major repairs at ag facilities. Last year that program funded over 34 projects across Alberta.

As for research, agriculture is an industry that relies on it heavily, so it needs to reflect the issues farmers are seeing in their fields and their herds. Results Driven Agriculture Research, or RDAR, leads

those efforts on behalf of the Alberta government. Budget 2024 earmarks \$41.5 million in operating funding for RDAR, \$14.6 million of which is funded through sustainable CAP. Also earmarked is a one-time capital grant of \$3.2 million to help applied research associations throughout Alberta.

Moving on to food safety and bioprocessing, world-wide demand for food grown and processed in Alberta is fuelling our agricultural industry's growth. In the meat sector alone eight abattoir expansions and one new high-volume facility are expected to start up operations before the current fiscal year-end. That's on top of the 122 abattoirs the province already licenses, with a team of 58 inspectors. Budget '24 allots \$972,000 for more inspection staff to meet the capacity and ensure Alberta's food supply continues to not just be high quality but safe as well.

We have also earmarked \$2 million in capital investment for the specialized equipment at the Bio Processing Innovation Centre, the Agrivalue Processing Business Incubator, and the O.S. Longman laboratory. This cost is shared with the government of Canada for 50 per cent and Alberta innovates for 15 per cent. This funding will ensure those locations are able to continue supporting our growing food processing sector.

Thank you.

The Chair: Thank you, Minister. You've taken it right to the wire.

We'll now go to the opposition for the first block. Just a couple of housekeeping items there, too. It's 60 minutes in length. Again, it's either combined or block time and, regardless of the combined or the block time, no more than 10 minutes for each one of the speakers.

With that, to the loyal opposition. MLA Sweet, you have the nod.

Ms Sweet: Thank you, Mr. Chair, and, Minister, thank you for being here and for all of your staff also being here. My hope is that we can go back and forth.

Mr. Sigurdson: Absolutely.

Ms Sweet: Thank you, Minister. I'd like to start, if we could, with RDAR and the performance measures on page 19, and the reason for that is that I believe the work that RDAR is doing will filter through pretty much the whole conversation that we're going to be having in regard to extension services and how we're ensuring that producers have the information and knowledge that they need as we move into what will potentially be maybe another drought or flood season, depending on what area of the province you may be in.

My initial question is related to the \$38.5 million that's allocated to RDAR. Part of the performance measure within the business plan is the requirement: "Results Driven Agriculture Research to develop high-quality, robust and adaptable crops and farmed animals, disseminate agricultural research and meet market demands."

Now, one of the questions that I have asked over the years is about the extension services component. When RDAR was initially developed years ago, it was explained that extension services were going to be part of the requirement of the grants that were being disseminated and that that would be built into the responsibility of RDAR. We now know that there is another committee that's been created in relation to extension services given the fact that that isn't happening and that there's a concern from commissions and from other areas across the province that extension services are not being supported in the same way.

My first question to the minister would be: is there a commitment that if extension services funding is going to be requested through the new council, that will be built into this existing budget, first, and then, secondary, a recognition that some of the funding that

RDAR is receiving is not meeting the actual performance outcomes?

Mr. Sigurdson: I mean, first, of course, I think you've highlighted that the Results Driven Agriculture Research funding and the committee itself – you know, in my personal opinion, they're doing great work, and they're seeing a lot of applications to support research extension across the province. Of course, the total funding in RDAR this year is \$41.5 million, of which \$14.6 million is funded through the sustainable Canadian agricultural partnership, or sustainable CAP.

Now, that's part of that accelerating agricultural innovation program. That's where we see a lot of focus of what RDAR is doing, understanding how important research is going to be. We talked a lot about this as we continue to work as a department, understanding that when it comes to research, it's going to be a key component of growing our agricultural industry. I've heard conservative estimates that the demand for food in the next couple of decades will increase by 54 per cent. This is going to be a key component: continuing to make sure that we have funding available for those looking to do research programs in the province.

As you mentioned, that 38 and a half million dollars: this is the 10-year average that's going into RDAR. An additional \$3 million is provided per year until '26-27 to maximize research funding leveraged by front-loading sustainable CAP dollars without affecting the total sustainable CAP-sourced funding to RDAR. This is not a net increase in the RDAR 10-year funding agreement, that ends on March 31, 2030. Budget '24 approved a one-time, \$3.2 million capital grant to RDAR in support of applied research associations as well to replace key equipment and infrastructure, which is going to be a key part of that.

Listen, I think that work that RDAR is doing is having an impact. The agriculture industry is getting the most out of its investments, and Albertans are getting the most for their dollars. Of course, as a department we always continually review the programs that are available, but I am very proud of the work that RDAR is currently doing in the province.

3:50

Ms Sweet: Thank you, Minister.

Through the chair, I appreciate the comments around RDAR. I think my concern is the fact that we know that there is currently a working group that has been developed that includes the ministry, AGI; the Agricultural Research and Extension Council of Alberta; RDAR; Agriculture and Agri-Food Canada; agriculture research associations; crop and livestock commissions; agriculture service boards; postsecondary institutions; and the private sector, all with the intention of asking for a 12-month pilot to work on extension services specifically, that would then ask for additional funds under SCAP, with the pilot being launched in August 2024, so a couple of months away.

The concern is that I don't see any of this being built into the budget. I know that the ministry is part of the discussion in regard to these extension services and this working group. Again, I guess my question – and it's pretty simple – would be: is the money in the budget? Yes or no?

Mr. Sigurdson: You won't see it directly as a line item, but it is in the budget. The ARECA and industry stakeholder group is receiving a \$1.7 million grant for this work that they're going to be doing. That's going to allow them to continue to do the work that they're doing, to answer your question.

Ms Sweet: Okay. Part of the other question that's come out of the working group and the discussion that's come out of the working

group is labour concerns. Recognizing that when the creation of RDAR happened, many of the staff that were existing within the ministry through extension services as well as providing other expert services through the ministry were supported in leaving the ministry at that time – there were about 400 staff that left the ministry in the year that RDAR was created. What we're hearing now is that we have a shortage of experts coming out of postsecondary who do not necessarily have the extension services component, the agronomists, et cetera. I'm just wondering what the ministry's work is and what you're doing to work with the postsecondary institutions to help build that capacity. I think part of the discussion that's happening right now at the working group is to try to recruit people from other provinces. Ideally, it would be great to have people locally working in the ag sector.

Mr. Sigurdson: These are all amazing and great questions. Actually, my department has been doing round-tables across the province, and we've identified labour as being one of those key challenges to continue to grow our agricultural industry across the board. We continue to have a lot of feedback that's provided to us. We think we can continue to work to be able to improve that.

Of course, when it comes to training, this really is a question it would be great to direct to the Minister of Advanced Education. But, of course, our department is always working and having conversations with our postsecondary institutions across the province to continue to connect with them, to understand what their current needs are, and to make sure that we're communicating well within the government together, too, and with our Minister of Advanced Education, to make sure he is aware of both the infrastructure needs and, as well, what we see as trends in agriculture and where we think we're going to need more.

I think one of the highlights that we can talk about is doubling vet services, as a prime example, at UCVM. I mean, this is a massive investment by this government in understanding the shortage of vets right now in the province. This isn't a small investment. This is going from 50 trained to 100 trained when the new UCVM facility is done.

So this is a lot of the work that we're doing: understanding where we need to continue to grow in the space to support the massive growth that we're seeing. And right now, to be clear – I'll say it again – I do believe that agriculture right now in the province of Alberta has got the greatest potential to diversify our economy and grow jobs and growth in GDP, and we're seeing that right now.

Of course, we understand that we're a bit of a product of our own success with that kind of a growth rate and that we're going to have to accelerate and work with our postsecondary institutions to make sure that the labour force is there to be able to support that kind of growth.

Ms Sweet: Thank you, Minister.

Just in regard to the partnership with postsecondary, obviously we do have under RDAR the research component. Working with Olds College, Lethbridge, Farming Smarter, a variety of different stakeholders, looking at those relationships and the innovation that is happening in those postsecondaries as well as those partners, can you walk us through how that knowledge is being – I guess, using extension services, how are we making sure that it's getting down to the local producer? Like, where is that happening today?

Mr. Sigurdson: Well, I mean, these are all great questions. They are. I don't know how they relate to Budget 2024; I apologize. These are all very important questions, and as it relates to agriculture, I'm not sure if there's an area in the budget that you can point to that directly relates to that. I appreciate that there are

concerns in a lot of other areas. I just want to make sure that – these are the kind of conversations that we can definitely continue to have, but I want to stick to focusing on Budget 2024 here right now, considering this is the time we should be discussing estimates.

Ms Sweet: We can look at page 19, under outcome 2, resiliency, rural quality of life, and strengthening, diversifying, and enhancing, which is where we would be talking about some of the resiliency components. Then, in referring, again, to page 20 for RDAR and the performance measures in relation to RDAR – high-quality, robust, adaptable crops, disseminating agricultural research, and meeting market demands – I would also say that if we looked at the budget line items, Farming Smarter and many of the programs are funded under your ministry. I could look at rural programming in 2, 2.1, 2.2, and 2.3 for rural economic development. I believe that they are related to your ministry and the work that AGI should be doing, but we can move on to something else. I have lots of questions.

Mr. Sigurdson: I mean, I can just comment to recognize that RDAR...

The Chair: Maybe I can just help out here a little bit. I've allowed this to go pretty close. Again, folks, you're in very close proximity. The chair gets awfully lonely down here if you don't reference me once in a while, so if you can at least do that. I appreciate the correction to reference the documents; I do like that. Just reference the chair and bring it back here once in a while, and we'll allow you folks to continue.

Thank you.

Mr. Sigurdson: Maybe just to follow up on that question, when you talk about that integration of RDAR and really getting it down to the ground level, recognize that there is also the work that they do in hand with our applied research associations. They will continue to receive in this budget \$4 million in operational funding, and that's administered through RDAR. Of course, \$3.2 million, as I mentioned, was approved in Budget '24 as a one-time capital grant to support replacement of key equipment to be able to build on that.

Those are a lot of the ways we work through RDAR and that RDAR does their work to continue to connect with applied research associations and make sure that they're working collectively together and heading in the direction that they feel farmers, ranchers, producers in this province feel as the direction this work should be headed.

Ms Sweet: Great.

Let's move on to irrigation networks. The capital grant for irrigation infrastructure stalled in '23-24, through the chair. It was budgeted at \$49.9 million but only spent \$13.5 million. This is found on page 45 of the estimates. The budgeted spending has a large increase in this fiscal year, \$72 million, but if you look at the numbers, what has happened is the rollover of the money that wasn't spent last year. The first question would be: what are the inflationary costs associated with the projects, knowing that 70 per cent is held by industry and 30 per cent is paid by SCAP, and is there going to be an adjustment given those inflationary costs for the projects?

Mr. Sigurdson: Well, we've definitely been having conversations to ensure that we want to make sure these projects are going, understanding the overall importance of this continued work. Of course, you will see this continue to ramp up over the years to come. That's kind of how we intended this; each year the amount of work being done will continue to increase. With that, there are no

adjustments in this budget for that inflationary end. This was a one-time, and we're working with our irrigation districts, understanding that they have seen some inflationary pressures.

4:00

But I would comment that we've had a lot of these projects completed already. The work is ongoing. They see the incredible benefit to these programs and this funding to continue to keep this work happening. I think over the years to come we're going to see an incredible amount of success from that.

Of course, you know, just to comment, I mean, 38 of the 92 are substantially complete on the projects already, 34 of 92 are active, and 20 are not started yet. We're continuing to work with those individuals, but we are seeing of course a massive interest and a lot of appreciation for this funding, understanding that once all of these projects are done, the potential for the amount of additional irrigated acres to come online and understanding the impact of that.

A lot of the irrigators I've talked to: they'll say flat out. You know, talking about the growing global food demand in the next couple of decades of being almost 54 per cent, we have farmers down there that on a conservative side of it will say that crops under irrigation increase production by almost 200 per cent. This is going to be a huge key.

We are the largest irrigation district in all of Canada. Actually, the irrigation districts and the work that's going in, the investments by this government, both through the irrigation revitalization program, the \$933 million we've put to the modernization side: this is actually a huge part and piece of why we're seeing so much investment flooding to Alberta right now.

We've had in the years just recently, over \$2 billion of investment, over 4,000 jobs created, and a lot of this hinges on this continued commitment to invest in this key critical infrastructure and being the lowest tax jurisdiction, our agriprocessing investment tax credits. So we definitely want to continue to invest in this area.

Ms Sweet: Thank you, Minister, and through the chair, you actually answered my next one, so that's good. Can you tell me if the 20 projects that have not started are due to the fact that many projects are still waiting for the environmental impact assessment sign-off by the province? How many of those projects are still waiting for the environmental sign-off?

Mr. Sigurdson: None of those projects are waiting for that.

Ms Sweet: Okay. How many projects are still waiting for the environmental sign-off? Because there are projects waiting.

Mr. Sigurdson: I'm not aware of what the actual number is that would be waiting. I don't believe that there are any, but I would have to – I mean, it's not in, as you can imagine, the budgetary side of it, but I can update you the reservoirs that are ongoing right now. Snake Lake is 8 per cent, Chin reservoir is 5 per cent, Delacour is at 1 per cent, and Deadhorse is at 5 per cent. These reservoir projects are moving along, and we're seeing progress on them. As you can imagine, the reservoir side is a larger piece to these investments, but we are seeing progress continuing on all these projects moving forward.

Ms Sweet: Do you know then, through the chair – \$13.5 million was used last year, and most of it has been rolled over. It was \$49.9 million that was budgeted last year, \$13.5 was spent. Then some of it has been rolled over to equal \$72 million this year. My question is: because we have 20 not started but we've got 34 projects, is some of that rollover just due to the fact that we haven't got the completed cost yet? I'm trying to make sure I'm explaining this properly. Is

some of the rollover into this year's budget actually last year's projects, I guess would be the way to put it?

Mr. Sigurdson: Some of it is both, but some of the projects: when they're completed, then they receive the funds. A part of that is, I think, roughly \$13 million, almost \$14 million, is a part of the IRP. We have \$53.7 million in next year not impacted by the deferral of the \$31.4 million. I mean, these are ongoing projects. I mean, what I do want to comment is that we are seeing these projects move forward. There has been a time frame put to complete them all. We're seeing our irrigation districts step up. I mean, they're not going to miss out on the opportunity. We have seen some slight supply chain delays that have delayed some of the job starts, and that's something that I have heard from the irrigation districts. But we are seeing an improvement in that area where we're starting to see that pipe get out. We're seeing these projects start to move forward.

I think you can expect in the years to come, as we close in on the time frame allotted for that full project funding to be allocated to all these, that the amounts will continue to accelerate year over year, and I think that's reflected in some of the upcoming year forecasts.

The Chair: If the Chair were following along at the front and the folks at home, what page would we find these projects that you folks are referencing? Which one are we talking about?

Ms Sweet: Page 45 of estimates, Chair.

The Chair: Awesome. Thank you.

Ms Sweet: I appreciate that minister. The reason that I'm just bringing it up to clarify it is that some of the dollars are not new investment, some of them are deferral dollars, just for transparency in the budget. In addition, just recognizing that there is a cost-share between the irrigation districts. So when there's a slowdown in being able to ensure that that money transfer is happening, I just want to make sure the irrigation districts are not carrying the overall cost and that when these projects are being finished, we're making sure that payment is being transferred. So I appreciate that.

Now, as we continue to talk about irrigation, I'm just wondering if you can maybe update us on where we're at on working with the irrigation networks on notification of the water restrictions that are going to be in place. I recognize some of this goes under environment, but I'm sure you are part of the conversation.

Mr. Sigurdson: A little tough to relate that to the budget, but, yes, these are ongoing conversations. Of course, we recognized as a government last year, very early that we needed to start having a discussion about what this year could look like and how we should prepare. As the Ministry of Agriculture and Irrigation we are at the table. We have a drought command team. We're discussing and working and having conversations with our irrigation districts.

To be clear, our irrigation districts are absolutely phenomenal managers of the water that they're allocated. They do an exceptional job. The feedback that we've got from them on efficiencies, slight changes that can be made, how we can actualize those efficiencies to be able to draw out water this year: the conversations that we're having with them have been an absolutely critical component of the feedback that we're receiving as a government. As we continue to plan and move forward this year, some small changes have been made that even allowed some reservoirs late last year to fill.

I mean, we have great irrigation districts and they manage the water that they're allocated extremely well, and we're going to continue to work with them hand in hand. I've told them. I was

down at the Alberta Irrigation Districts Association meeting, meeting with all the irrigation districts, everybody that I could talk to, saying: "I'm here. We're listening. You need anything; my phone is on." And we're going to continue to approach it that way, understanding that this could be a tough year.

Of course, we're starting to see a little bit of snow that's happening. I heard that at home we could possibly get 25 centimetres tonight. Very happy to see that.

You know, we're going to continue to work with our irrigation districts, and my colleagues here in the government. Conversations with Minister Schulz have been ongoing and we're having great conversations on what we're going to do to continue to maximize on every bit of water to ensure our producers have what they need, when they need it. I also understand the key component of that is the understanding that we're moving forward with the priorities that water will be human consumption first, livestock next. Of course, there's an animal health and wellness issue there. Then working together to make sure that everybody understands that every bit of water saved in this province that continues to go downstream, grows the food that we put on our tables every day. That's what we continue to work on. We're very committed to ensuring that we will do everything to make sure we're communicating in as real time as possible with our irrigation districts depending on what we see for conditions over this year.

Ms Sweet: Thank you, Minister, through the chair. I just want to recognize that as we're talking about water, the minister had made a comment about understanding where it is in the budget. So I just want to recognize page 19, outcome 2, and then 2.1: "Manage government-owned and operated water infrastructure and allocate water resources in support of the public safety and water security." As we continue to talk about water, we'll be doing it under page 19, 2.1, just to ensure that we recognize that it is actually in the budget and that water is extremely important to our irrigation networks as well as our agricultural producers.

I will take a little bit of a break and pass it along to my colleague from Banff-Kananaskis, as I know that water is also a thing.

4:10

Dr. Elmeligi: Indeed, water is a thing. Thank you and . . .

The Chair: The formalities of how this works; you'd have to ask again with the minister if they want – once you see the time, you ask if it's block or shared.

Dr. Elmeligi: Thank you, Mr. Chair. Minister, would you like to go back and forth? Is that okay?

Mr. Sigurdson: Yeah. Absolutely. Go ahead.

Dr. Elmeligi: Okay. Thank you. Thank you, Minister, through the chair, to you. It's a long thank you. It goes all the way around.

Also, thank you to my colleague who kind of did a pretty nice segue here referring to page 19 and 20 in the business plan. That's where I will start as well. Outcome 2, that my colleague was referring to, is really around agricultural productivity and resilience, and the rural quality of life. Specifically, there is an initiative at the very bottom of page 19 that is supporting the objectives. That is "\$5.5 million . . . allocated for operating, expecting and managing deficiencies in water infrastructure." I feel like, given the extent of water-related infrastructure in Alberta, \$5.5 million doesn't sound like very much.

As the minister has repeatedly commented, we are the largest irrigator in the country. I'm curious about how water infrastructure will be prioritized for inspection. Will it be by geographic area, by

type of infrastructure, by drought risk, or flood risk, and should more be done? Is this \$5.5 million feeling like an adequate amount of money to truly assess all of this water infrastructure?

Mr. Sigurdson: I'll start by saying: yes, I do believe it is. I mean, there's not a prioritization put on water infrastructure based on what we see for conditions every year. The province of Alberta maintains our water infrastructure to the highest standard every year. That is a safety component of everything we do. Of course, as you mentioned, there is \$5 million in operating funding that was approved for dedicated noncapital infrastructure maintenance work such as desilting and brushing vegetation canals. Approximately \$900,000 was approved for 2024-25 as well to support the Springbank dam operational expenses and staffing requirements.

To be clear, we continue to do everything to make sure that every bit of infrastructure we have is maintained to the highest level possible, and we'll continue to do so. We take a whole-of-government approach to managing and maintaining those water infrastructure systems, and that's to ensure that Albertans are assured that they have that safe, reliable water supply. Alberta Agriculture and Irrigation works closely with Environment and Protected Areas and Transportation and Economic Corridors to reduce the risk and potential impacts of floods across the province as well through a lot of these projects. Our top priority is to protect Albertans and their communities.

Dr. Elmeligi: Through the chair, thank you, Minister. I can definitely appreciate that we have a goal to maintain our water infrastructure to the highest standard. I also really appreciate the extent of irrigation in the south and the kind of agricultural productivity that enables.

But I will also, through the chair, remind the minister that the south isn't the only part of the province where water management is required, and water management isn't only associated with irrigation. I'm still concerned that \$5.5 million "for operating, expecting and managing deficiencies in water infrastructure" isn't sufficient, but I'm not sure how we can resolve that in this conversation, so I guess I'll just leave that there for now.

You did mention \$900,000 for SR 1 operational expenses. That just tweaked my interest because SR 1 is in my riding and is definitely still a big conversation amongst the people of Springbank. What kinds of operational expenses are associated with SR 1 this year given that it's not actually going to open until 2025 or be operational, I guess, until 2025?

Mr. Sigurdson: Prior to opening we have to make sure that all the functional tests are done to make sure that it's a safe and operating off-stream reservoir. The estimate that was provided to us – as well as making sure that we have the employees to do that, which were three new, to be able to do that work to ensure it's safe. I mean, as you can understand, this is a critical flood prevention piece, and we have to make sure that we're allocating the correct amount of money to ensure it's fully operational in its first go-around.

Just to loop back to your question before, to take an all-of-Alberta approach, I want to be clear. As I mentioned, for water management and infrastructure in the province, it is a whole-Alberta approach. We're not focused in one area of Alberta. I mean, we have water infrastructure across our province, and we maintain it. Our AGI maintenance and operations increased \$14 million last year as well. We have \$35.2 million that's happening, including that \$5 million you were talking about, the non operational maintenance. But recognize that there's \$35.2 million there, with a \$14 million increase. So we understand how important this infrastructure is, and we are taking an all Alberta-wide cross-approach.

Dr. Elmeligi: Thank you for clarifying.

Through the chair to the minister, moving on to performance metric 2(a) on page 20 of the business plan, which is: "Number of extreme and very high consequence dam safety audit inspections and system improvements benefiting water supply and public safety." I'm just curious. It does say in the business plan that this is a new metric this year. I'm just wondering – I feel like it might be a new metric but probably isn't new work. So through the chair to the minister: how many extreme or very high consequence dam safety audit inspections were conducted in the past year, and what were the outcomes of these inspections in terms of identifying and addressing potential risks to public safety and water supply infrastructure?

Mr. Sigurdson: Of course, as you mentioned, a big part of that is that whole-government approach, that you were asking about, as we continue to look at this. This is an increase of \$50 million over three years in capital investment funding delivered by Transportation and Economic Corridors that's approved, if passed in Budget 2024, in support of AGI-owned water management infrastructure, and primarily for capital rehabilitation. This represents an increase of over 50 per cent on top of the previous \$30 million annually for AGI-owned water management infrastructure, bringing total funding to over \$140 million over the next three years.

Now, \$40 million of the additional funding is earmarked for the delivery of the Dickson dam capacity enhancement project, which is going to be a critical piece. I'm actually, like, really looking forward to getting that project done.

The remaining \$10 million per year, beginning in '26-27, will be used to fund additional large capital projects as well as deliver on smaller capital maintenance work. These investments include priority rehabilitation projects and improvements: St. Mary dam; McGregor reservoir; Waterton dam; Carseland-Bow headworks; Paddle River dam, small capital and channel improvements; Deadfish; Twin Valley; Pine Coulee; Clear Lake. I mean, there's a lot of work that's happening in this pool, and it's great to see the amount of impact that it can have when you put this money forward, when you're looking at creating that water stability across the province.

Dr. Elmeligi: I feel a little confused. My apologies. Were we previously conducting extreme and very high consequence dam safety audit inspections prior to seeing this performance metric in this year's budget? Were those inspections already happening?

Mr. Sigurdson: Understand that under Agriculture and Irrigation we operate the infrastructure, but that's a great question for Transportation and Economic Corridors. You'd have to direct it there. They are responsible for the inspections.

Dr. Elmeligi: Okay. Understood. It's just interesting that it is in the Agriculture and Irrigation performance metrics of the business plan. But I will take that up with Transportation and Economic Corridors.

Can you provide some examples of improvements that have been made to water supply management capabilities and public safety as a result of dam safety audit inspections? If Transportation and Economic Corridors is conducting the inspections, but Agriculture and Irrigation is managing the infrastructure, what kinds of improvements, and where have those improvements occurred?

4:20

Mr. Sigurdson: Well, that's part of the previous answer that I just gave you, a lot of the work that is happening. I'll break it down for you, just to get a little bit more detailed.

Some of the investments that are outlined in here would be the St. Mary dam. That's a river and seepage flow monitoring upgrade; that's \$2 million; McGregor reservoir shoreline erosion program is \$15.5 million; Waterton dam, Carseland-Bow headworks electrical and control upgrades is \$5 million; Paddle River dam capacity upgrades to pass the probable maximum flood, PMF, is \$10 million; small capital and channel improvements – now that's projects across the province that are doing smaller upgrades and repairs – that's \$4 million. We have Dead Fish, Twin Valley, Pine Coulee, Clear Lake electrical and control upgrades: \$3.7 million. This is all providing that additional work to create the security and longevity of this infrastructure that we have.

We have, like I mentioned, over \$140 million over the next three years that's going to continue to go into these improvement projects to make sure these dams or reservoirs are maintained and are safe, functional, and going to be protected for years to come.

Dr. Elmeligi: Excellent. Through the chair, thank you, Minister.

Looking at page 21 of the business plan, in the statement of operations table there's a substantial budget increase for water management from a forecast of \$54.2 million to \$65 million. The fiscal plan says that \$5 million of this is for canal maintenance. What is the other \$4 million for in this budget increase here, from \$54.2 million to \$65 million?

Mr. Sigurdson: Can you refer me to which page you were referring to? I just want to make sure we get the right information in front of us to make sure we have the right numbers that we're discussing.

Dr. Elmeligi: Sorry. Of course. On page 21 of the business plan under expenses for the statement of operations, there's a line item there for water management. It's forecast at \$54.18 million, and the estimate is increasing to \$65.1 million. Then in the fiscal plan on page 95, at the bottom, it says that \$5 million of this increase is for canal maintenance. It's a \$9 million increase. I'm just wondering what the other \$4 million is earmarked for. Is that for building new irrigation?

Mr. Sigurdson: I'll tell you what I'll do, just so we get the full picture here, is really break it down. On the water management expense side, you're talking about that \$54 million to \$65 million, and I'm going to break it down just all the way from top to bottom. In that, there is a \$16.1 million increase from the previous budget. This is primarily due to the \$5 million new funding for non-operational infrastructure maintenance cost funding to supplement the services shortfall for AGI water infrastructure, \$8.7 million increase in administrative services supporting water management infrastructure. That's ongoing contractual obligations for access of First Nations land, First Nation bilateral agreement, Springbank dam infrastructure operational support, and increased utility services off-set by higher revenues; \$0.7 million for general increases to maintain service levels and funding reallocations due to realignment of departmental resources; and a \$1.7 million increase in amortization related to water management infrastructure capital assets.

As you can see, there's a complex amount that's happening in there that relates to that whole increase.

Dr. Elmeligi: Through the chair, thank you to the minister for clarifying.

I recognize that water management is a very broad category, and I was certain that there were many different pieces in it. Thank you for clarifying some of that.

Also, on that – no, I’m going to save that for later. I’m trying to decide. I’m strategically leaving dams for later, but, you know what? Maybe I’ll just dive into dams and reservoirs. I do have a series of questions about dams and reservoirs.

An Hon. Member: Dive in.

Dr. Elmeligi: Dive in. Diving into the dam and the reservoir. I mean, I do love . . .

Ms Phillips: There’s no water there, but okay.

Dr. Elmeligi: Yeah. There’s no water in it right now, but there will be, and I love swimming in Alberta lakes.

There are two particular dams that are on my mind these days, and they are the Eyremore dam and the Bow River dam. If the capital plan invests \$147 million in water management infrastructure and \$5 million to assess the feasibility of developing new reservoirs – this is on page 109 of the fiscal plan, which I don’t have open, but I can. I can open it just like that. Are the feasibility studies for the Eyremore dam and the Bow River dam part of that \$5 million, or is that \$5 million for feasibility associated with the reservoirs only and not those two big dam projects?

Thank you.

Mr. Sigurdson: Well, I can let you know that Eyremore was in last year’s budget, so that is complete. Then, of course, we have investigation for increased storage and conveyance of irrigation water projects. We’re continuing to put \$5 million over the next three years, until 2026-27, included in this budget. We have \$1 million in year 1 and \$2 million in each of the following years to continue to identify and do more feasibility studies. You touched on something that’s extremely important when we talk about Eyremore, and it’s great that Eyremore got the feasibility and it is done. We do need to continue to take a look at where the opportunities exist in the province of Alberta and where they’re going to fit right with the current infrastructure we have and where we can grow in the future and what’s going to provide the best opportunity for water storage and security. So these feasibility studies are going to be essential, moving forward, to provide that additional support that we need surrounding water.

That’s why, as you can tell, in this budget we’re going to continue to have money allocated so that we can continue to do feasibility studies, identifying those areas that we think have the greatest potential and the greatest possible chance of getting through all of the environmental studies, assessments going through. Of course, all the normal processes are required to do this, but, also, you know, where is it going to fit? What’s going to benefit? I mean, we talk about just agriculture sometimes as Agriculture and Irrigation, but these projects provide water stability for the province as a whole. So that’s very important, that we look at those opportunities but, like you said, understanding that we have to look at the whole provincial aspect to this. It’s not just locating in one area. So you’ll continue to see in this budget \$5 million over the next three for additional feasibility studies to continue to identify those areas that we think there are possibilities to continue to grow water storage in the province.

Dr. Elmeligi: Okay. Through the chair to the minister, does that mean that there aren’t specific projects associated with this \$5 million feasibility assessment bucket of money? Like, there are not target locations right now?

Mr. Sigurdson: Not yet, no.

Dr. Elmeligi: Okay. The Bow River dam feasibility study that is currently ongoing, as far as I understand: where is that reflected in the budget, then?

Mr. Sigurdson: Can you please repeat the question? Sorry. I just want to make sure you’re talking about the Bow River dam.

Dr. Elmeligi: Yep. I’ve moved on from Eyremore now.

Mr. Sigurdson: Okay.

Dr. Elmeligi: The Bow River dam feasibility study, which I understand is still ongoing or as far as I know: where is that reflected in the budget if it isn’t part of this \$5 million for feasibility?

Mr. Sigurdson: The only feasibility study I’m aware of that is on the Bow is Eyremore, so you’re talking about the same project, I think. I’m unaware of an additional project. Eyremore was reflected in last year’s budget. The feasibility study has been completed – or the RFP is done. Sorry. I apologize. To clarify, the RFP is done on that project to be able to move forward with the feasibility end of it.

Dr. Elmeligi: I’m referring to the dam where the three possible locations were on the Morley reserve, a five-kilometre downstream expansion of the Ghost River dam, or near Glenbow provincial park. Is that not the Eyremore dam? That’s not the Eyremore dam. Eyremore is downstream from Calgary, is it not?

4:30

Mr. Sigurdson: Correct. It is. Yeah.

Dr. Elmeligi: So this other dam . . .

The Chair: There might be something under transportation. It might not be in the ministry. I’m not sure.

Dr. Elmeligi: Okay. Sorry.

Mr. Sigurdson: Maybe I’ll just clear this up. This is where I said that working with our irrigation districts, farmers and ranchers – understand that they’ll move forward with putting their own feasibility studies done. It doesn’t necessarily mean that it’s a government project. As I mentioned, our irrigation districts, our farmers and ranchers, First Nations themselves sometimes go ahead with taking a look at an area and trying to understand what possibilities exist within their area, which they will then move to the second level, approaching us for formal feasibility.

This one doesn’t sit on the table with the government of Alberta at this time. I know there’s a Bow River Working Group that’s probably taking a look at this. Once they get to a next level where they identify where they believe there is a potential for additional water storage is when they would generally take it to the next level, approaching the government of Alberta to say: hey, listen, we’ve identified some areas for, we believe, a formal feasibility study. That’s the great part of having the \$5 million over the next three years. When they do approach us, we’ve got that feasibility money in this budget and over the next two years to be able to continue to do work when they get to a point they think they can present a possible potential for water storage.

Dr. Elmeligi: Okay. Through the chair to the minister, thank you.

I think that the dam that I’m referring to may be falling under Environment and Protected Areas, so I would appreciate perhaps some clarity after estimates, maybe in writing, from you and the Minister of Environment and Protected Areas just about where these lines are blurred so that Albertans can have clarity about the

funding streams and the specifics for some of these large infrastructure projects. Dams are incredibly expensive, so I think making sure that Albertans know who to go to and who to talk to and where the money is flowing from is critical for government accountability. I'll leave this Bow River dam aside. That's totally fine.

Moving forward, I'm curious that Eyremore dam has finished the feasibility study. There are also three reservoirs being discussed as part of the irrigation expansion. There's Snake Lake reservoir expansion and Deadhorse Coulee, both in the Bow watershed, and then Chin reservoir in the Oldman, I believe. I'm curious. These three reservoirs, particularly the Chin reservoir and the Oldman, I find interesting at the moment because the Oldman dam is dry or almost, and water shortages in southern Alberta are very, very real. Has the government explored the potential of expanding the capacity of existing reservoirs as an alternative to constructing new infrastructure? I know Snake Lake is an expansion, but is there the opportunity to deal and expand with existing infrastructure instead of building new things?

Mr. Sigurdson: Yeah. Definitely a lot of the projects that we're seeing and actually many of them on the list that I quoted are expansion projects, and recognize that a lot of these are interdistrict reservoirs. We lean on our irrigation districts to identify that potential, and that's why we work with them. You know, understand that they're a big part of getting these projects done. So, yes, expansion is a big part of it. Like you said, it's a very cost-effective way to do it. That's why we continue to look at every possibility to be able to grow storage. Many on that list that I quoted before are exactly that. Those projects are directly related to increasing capacity.

Dr. Elmeligi: What studies or assessments are conducted to compare the costs and benefits of expanding capacity or building new infrastructure? Can you describe a little bit of: like, what is the threshold where an environmental impact assessment might be triggered? I understand that an environmental impact assessment for the Snake Lake reservoir has been triggered and that there is a wait time of waiting for Environment and Protected Areas approval for that particular reservoir expansion. Can you give me a sense of: where are those triggers for environmental impact assessment, and what kinds of data feed into a cost analysis of expanding existing infrastructure versus building something new?

Mr. Sigurdson: Understand that our irrigation districts are huge partners in these projects, so when you look at how interested they are to continue to partner with us, they're paying a share of this, too. They're a big part of this. Our farmers and ranchers are part of a lot of the cost that goes into this as well as a share with the government of Alberta. The return on investment right now probably is far higher than any of us could imagine at this table when we talk about the growth in the agricultural industry right now.

When it comes to the assessment sites that you're asking about and how those assessments are triggered: great questions for the minister of environment but not a question I can answer to you. It's really more appropriate that you direct that to the appropriate minister.

Of course, we work with EPA, but like I said, when it comes to the feasibility studies, we take a look at each project individually, and that's why we allocate the money to do exactly that, look at the feasibility. But when we look at anything that we're doing in the government right now, the return on investment on this and growth in ag – when I tell you that land under a pivot increases, at a very

conservative level, at almost 200 per cent production, it's incredible. That's where you look at the cost share on some of these programs. It's a 70-30 split with our irrigation districts, and they're more than happy to put their money forward, too, in a partnership with the government to move these projects forward, understanding what it means to them to be able to grow production and expand their farming operations.

Dr. Elmeligi: Through the chair, thank you to the minister.

I just have one last question about these reservoirs. There is broad public concern about the potential impacts, especially if we're building reservoirs off the Bow River, and how that might affect in-stream flows in the Bow River. I understand that some of this falls under the Ministry of Environment and Protected Areas, and I will be bringing that up with the minister tomorrow afternoon. Don't tell her. Just joking; you can. It's okay.

My question, though, is really around public consultation and how the ministry of agriculture is working with other ministries to conduct thorough and robust public consultations and how far downstream those public consultations go given that rivers flow through multiple communities.

Mr. Sigurdson: Of course, there are very strict guidelines. And understand that these are, as I mentioned, great questions for the minister of environment. I'm sure she'd be happy to answer these questions when it comes to how the process is and how these projects get approved.

I would say as the minister of agriculture that I continue to consult by putting on thousands of kilometres of my truck every day, meeting with farmers and ranchers upstream, downstream, and all over Alberta and continue to have these ongoing conversations with them. My commitment is to always put myself in front of Albertans to have these discussions. What I would say is that when it comes to in-stream levels, I would comment that what we see with the reservoirs and the systems that we have in place: they have a lot of times provided the stability to stream flows. We have to have a conversation about that, and of course that is a conversation that we continue to have with Environment, understanding providing that storage can help with keeping our water stream levels consistent, and we can pull and draw from that.

As I mentioned, I'll continue to consult. The actual formal process: a great question for the minister of environment tomorrow. I promise I won't tell her it's coming.

Dr. Elmeligi: Through the chair, thank you to the minister.

I'd like to throw it back to my colleague from Edmonton-Manning for some of her agriculture-related questions.

Ms Sweet: Thank you.

Minister, ready to go back and forth?

Mr. Sigurdson: Yes. Please go ahead.

Ms Sweet: Okay. Let's just go really quickly, because we've got a few minutes left, back to irrigation. So 1(b) on page 18, "irrigation efficiency increases the number of acres [and supports] agriculture and other uses with the same volume of water." I appreciate the investment that's being done within the networks in the canal system. I'm just wondering what conversations are happening as we look at – let me back this up a little bit.

4:40

I really believe that the drought can be an opportunity for economic growth and investment through innovation. I think this is a great opportunity right now for the government to be looking at

using the expertise of our postsecondary institutions and the knowledge that is coming out of RDAR and our producers' knowledge around the work that they do. We can be looking at those irrigation networks, investing in those irrigation networks outside of the canal system, and then using that information and that expertise to share it globally around the world about how we manage our water systems.

In saying that, I'm just wondering. Irrigation networks are not just about the canals; they're about the pivots. They're about, you know, the soil measuring. It's about all of the things. Where is the government at when talking about irrigation networks and saying, "Well, there's a second step to this conversation"? How are we supporting producers in now adopting the next step, which is about the soil monitoring and the pivot systems and the other opportunities there?

Mr. Sigurdson: Great question. Actually, the technology we're seeing and the growth in the space, moving to drop heads, higher efficiency pumps: this is happening right now. I'm proud to report that our irrigation districts are over 80 per cent modernized. They're already moving in this space. They are understanding how many additional acres they can irrigate under efficiency alone, covering canals, moving to piping systems. We have invested a lot in the irrigation rehabilitation, but as well we have programs that also incentivize our farmers and ranchers to move from, you know, lower efficiency pumps to higher efficiency pumps. We have grant systems that help them get the next level of technology. Those programs are essential as we continue to look at getting all of our irrigation districts completely modernized. Getting over 80 per cent is great. I think on efficiencies alone – and through those efficiencies we've heard numbers that up to an additional over 100,000 to 200,000 acres could be possible to come online if the irrigation districts decide that they want to go down that pathway.

I will talk about the fact that through this sustainable Canadian agricultural partnership we have that five-year \$3.5 billion investment that includes \$1 billion in federal programs and activities, 2 and a half billion dollars in cost-shared programs and activities, and through that we have our on-farm water stream and our irrigation water grants to be able to move additional innovation and support these farmers and ranchers through direct grants.

Ms Sweet: Sorry, Minister. Can you just clarify. The producer can apply for those grants, like, directly can apply for those grants, or is it going through the irrigation networks?

Mr. Sigurdson: We have grants through the SCAP program that farmers and ranchers can apply to directly. I do believe under the irrigation grant through SCAP they're up to \$35,000 in multiple steps to be able to apply, and that helps them transition from – you know, we have some of our irrigators that were operating on either diesel or natural gas powered pumps, and this allows them the ability to invest to move over to electricity or higher efficiency pumps. It allows them to invest in drop pivot technology.

Like, these are direct grants to be able to support our farmers and ranchers to move in that space and continue to modernize our irrigation districts. The area that you're specifically talking about is just right on the farm and directly related to those pivots.

Ms Sweet: Yeah. Just because we're running out of time, real quick. I think that's the piece that I'm finding is the most important at this point, that we can build the infrastructure for the canal system, but if the producer isn't adopting the technology or doesn't

have the capacity to, whether it's a financial barrier or whatever, it really does restrict the ability for us to look at that water licensing component and the struggles that we're going to face this summer.

Sorry. You were going to say some more, but for me it's the focus on the local producer.

Mr. Sigurdson: Like I said, you're definitely hitting on a topic that I think presents a huge potential. Through those SCAP grants we continue to support our farmers and ranchers to incentivize them to move to that higher technology, to low-pressure systems, drop heads, greater efficiencies in their pumps. It's through that that I think we'll continue to see that they'll be able to irrigate more acres under the same amount of allocation that they're generally given. I think that's the key, ensuring that we continue to provide a clear pathway for them to invest in technology and be partners with them, to make sure that we treat water as the finite resource that it should be.

The Chair: Excellent. Thank you, members, for the first block.

It now goes for the next 20-minute block over to MLA Johnson.

Mrs. Johnson: If the minister is willing, I'd like to do back and forth.

The Chair: Minister?

Mr. Sigurdson: Yeah. Please go ahead.

The Chair: Please proceed.

Mrs. Johnson: All right. Thank you, Mr. Chair and through you to the minister. On page 18 of the ministerial business plan it states – because we haven't talked about irrigation enough yet – that \$53.7 million will be allocated "to irrigation modernization and expansion to minimize the effects of adverse weather conditions, improve water utilization, and support producers to enhance productivity and improve yields." There are some in other areas of the agriculture industry – like your dairy, bison, perhaps beekeeping, grain and oilseed production – that wonder about the equity of irrigation receiving this amount of funding when there's little to none for their own industry. Can the minister explain how and to where this \$53.7 million is distributed and how the government determines what percentage of the budget is going to different sectors of agriculture?

Mr. Sigurdson: Well, definitely still happy to continue to talk about water and irrigation. Great question. Of course, you know, irrigation is not a separate sector within agriculture that operates in isolation. It supports the supplies of specialty seed for the production of systems across the province and beyond and the secure production of feed for the livestock and meat-packing sector. Of course, we have programs available through the sustainable Canadian agricultural partnership funding envelope to provide support and an opportunity for all agricultural sectors depending on what those specific producers' needs are. For example, the sustainable CAP water programs are open to both crop and livestock producers who are interested in better management of risk to water quality and supplies, adaptation to climate variability, and the efficient use of water resources.

Of course, you're talking about the \$53.7 million investment. I think I want to quote – you know, when we look at where it's going, this is the funding that goes to the ag sector strategy irrigation project. This is a partnership between the government of Alberta and CIB bank in nine districts for irrigation modernization and off-stream reservoir projects.

Just to comment and maybe dive a little bit more into detail about the impact of this, irrigation contributes currently around 28 per cent to Alberta's GDP, and this will increase with more irrigated acres. So these investments are incredibly important as we talk about continuing to improve our irrigation districts, protect the critical infrastructure that already exists, and also modernize and embrace new technology. That's going to allow us, as I mentioned, to be able to continue to irrigate more acres under the same amount of allocations. With that, we see up to, at times, 25 per cent water efficiency gains through some of these changes that are happening. This investment, I think, when you look at it: you really could consider this a one-time acceleration of the types of projects that are already supported.

Understand that we have the irrigation rehabilitation program; we've got an increase on that. That's a program that will continue. You know, pretty happy about the money that continues to be invested in irrigation as we continue to understand the incredible importance of what it means for ensuring stability across the province.

4:50

Mrs. Johnson: Thank you, Mr. Chair, through you to the minister. The minister mentioned that irrigation can increase production by up to 200 per cent. This is pretty significant considering that my grandpa used to be really proud of his 30 bushel per acre wheat crop a long time ago, and then this year our farmers today are taking off over 100 bushels per acre. Barley crops this year went up to 180 bushels per acre, a record-breaking year, and some of this barley was due to the great work of our FCDC in my constituency, if I could just put that plug in.

Irrigation is, obviously, very important. If the minister could just explain: how many acres currently are being irrigated in Alberta? How many more acres does the minister anticipate will be irrigated this year? And are there any new projects reflected in the budget?

Mr. Sigurdson: Well, I mean, we have a lot of projects ongoing. As I previously made in a few of my answers, we've got everything from reservoir expansions to programs right now that are improving the efficiencies with covering canals, moving to piping systems. We've got additional money allocated in studies to be able to look at feasibility of additional projects. We would say that probably even when we look at just the modernization side, I would say conservatively, you might see the availability for up to 200,000 additional acres to come under irrigation.

Understand that these decisions will be made by the farmers and ranchers in the irrigation districts, though. That's also important to understand, that those irrigation districts will make those decisions as they continue to see the efficiencies that are actualized within their irrigation districts. As some of these projects move closer to completion, you'll see them start to have conversations about what they feel is reasonable to be able to put out there for additional acres to become irrigated under those modernizations.

As far as total acres, as of today, as you can imagine, it's a very large number. It would be something – to give you an exact number: I wouldn't be comfortable to say it right here. You know, we still are the largest irrigation district in all of Canada, and I would say that – I can break it down. Here's where my math – St. Mary is 504,000 acres; Eastern is 312,000; Bow River is 289,000; Lethbridge Northern, 199,000; Western is 100,000; Raymond is 51,000; United is 34,000, almost 35,000; Magrath, 18,000; southwest, 10,000; Mountain View, 3,700; Ross Creek, just over 1,000 acres. That's currently what we have in the province for irrigated acres.

When you look at the potential growth of 200,000 off these investments alone, modernization and new technology: it does represent an extremely large number.

Mrs. Johnson: Thank you, Mr. Chair, through you to the minister.

Off of irrigation. On page 18 Alberta Food Processors Association is receiving \$5 million over six years to roll out Made in Alberta labelled products. I'll come back to this, hopefully, in a little bit again. Can the minister explain the made in Alberta program and how this funding will be used in order to ensure made-in-Alberta products are at the centre and are being promoted?

Mr. Sigurdson: I was actually very excited, when I first was appointed as the Minister of Agriculture and Irrigation, to go to the launch of the made in Alberta. I was very excited to meet with the Alberta Food Processors Association and have a conversation of how they felt this was going to be a great benefit for people to really identify made-in-Alberta products. Of course, this association is an external program administrator of the made in Alberta program; that's who's going to be administering it, but the government does have oversight on this. Now, AFPA is required to formally report to AGI twice a year on the status of the program and provide financial reporting. The \$5 million funding is to support the labelling program and the administration of promoting the made-in-Alberta products.

Now, companies that would like to use the Made in Alberta label are required to apply to AFPA, and through AFPA – they're the ones that ensure their products meet the requirements of the program to be able to use the label and list on their website. Now, companies approved to use this label are then promoted on the Made in Alberta website and on social media, in retail store programs such as the Made in Alberta box that you will see at Sobeys and featured on CTV, its fields and forests program. It's been a participant at the Calgary Stampede in the Made in Alberta lounge.

We see additional retail partnerships continue to develop because of this, and it really has provided a lot of support to those great Alberta companies and producers that are producing such a high-quality product to give them that ability just to kind of, you know, put that label on there so people know what they're buying, where it's coming from. We've seen an incredible amount of support for supporting local and shopping local, so it really has been a successful program, and we've seen a lot of great producers take part.

Mrs. Johnson: Excellent. Thank you, Mr. Chair, to the minister.

Page 19, performance indicator 1(c), value of Alberta's primary agriculture commodities and value-added agriculture product exports. This indicator tracks the diversification of agricultural product exports that drive industry growth and contribute to provincial economic growth. Primary agricultural commodities have risen from \$5,808,000 in 2018 to \$7,299,000 in 2022 whereas our value-added agriculture products increased from \$6,683,000 in 2020 to \$8,252,000 in 2021. Can the minister first explain some of the diversity in our primary agricultural commodities and in the value-added products? And can the minister also explain what products are contributing to this positive, almost 30 per cent, increase in value-added products?

Mr. Sigurdson: Well, you'd think that would be an easy question, but it's actually a little tough. We're seeing such a broad-based approach to agriprocessing and value-add in the province that we could have conversations even on investments that are happening in meat and meat processing, packaging, some of the great individuals that are coming, investing in Alberta and creating new

products here, right down to the growth in plant protein and the fact that we're making a huge investment as a government in our facility here just in Leduc to be able to have a fractionator there so they can break it down right into pure plant protein.

You know, some of the key ones, I would say, when you look at the mass growth right now: of course, beef is up \$995 million, or 40 per cent; oilseed cake and meal up \$120.5 million, or 19 per cent. We got crude canola oil up \$114.7 million, or 11 per cent. We continue to see international agrifood exports within the province, as you mentioned, continuing to increase at record levels. We have \$16.2 billion in 2022, up 15 per cent from 2021. Value-added exports were \$8.9 billion while primary commodity exports were 7.3. That's a 30 per cent increase over the five-year average. Alberta food manufacturing sales set a ninth consecutive record at \$21.9 billion. As I mentioned, meat production, manufacturing accounted, when you look at the numbers, for more than one-half of that. Alberta's gross domestic product overall for the agrifood industries was a record 11.2, up 23 per cent.

The growth that we're seeing in Alberta really does support the fact that we do have, you know, the best farmers and ranchers in the world producing the highest quality product. These products, internationally, people are looking for. They're looking for that made in Alberta, that made in Canada. They relate made in Alberta to our fresh air, clean waters, open pastures. That's why we're seeing a lot of investment and interest in our agricultural exports here in the province of Alberta.

5:00

One of the first trips I did was over to South Korea and Tokyo, Japan, and having conversations over there, understanding how much they relate Alberta's product to being such a high quality and how they really do relate it. This is why when you combine it with a lot of the moves that we're making and ensuring that we will remain the lowest tax jurisdiction in Canada, I'm very proud of that. Our investors see that as a huge opportunity. You couple that with the fact that we now have an agri-processing investment tax credit, we are seeing investment lining up to come to Alberta now.

I think we'll continue to see those numbers continue to increase. I mean, when I say that agriculture in Alberta possesses one of the greatest opportunities for growth in our province, both GDP overall and jobs, I'm not kidding. There are businesses lining up. We have hundreds of millions of dollars of investment right now that is coming to this province, and I do believe we will continue to see an exceptional growth in this space based on the fact that we do have those great producers producing the highest quality products in the world.

Mrs. Johnson: It's good news, Mr. Chair. Thank you to the minister. On page 20, 2(b), pest surveillance and monitoring completed has remained rather stable over the years. However, weed surveillance and monitoring has not seen the same stability, going from about 39,000 completions in 2018 and rising to over 57,000 in 2019. It dropped off a bit to 47,000 in 2021 but rose to a record high of over 75,000 in 2022. Can the minister first explain how these metrics are being completed, specifically the definition of "completed" as it relates to weed surveillance and monitoring, and the changing numbers for weed surveillance and monitoring? And maybe you could talk about drones in there a little bit too.

Mr. Sigurdson: I might be able to throw that in there, I guess.

I will comment that those metrics that you're relating to right now, that you've cited, are the number of pest and weed monitoring surveys completed by our agricultural field men across the province. I really want to thank them for the quality of the work that

they do assisting in this area. We have great field men and I'm very happy to represent them as the minister for the hard work that they do. Now, AGI conducts in-house weed and pest monitoring surveys as well to fill in any gaps across the province that aren't addressed by our field men. This is in addition to the survey metrics that you've cited.

This work is a part of the ongoing operational budget of the crop assurance and rural programming branch and is actually reflected in 4.2 on page 44 if you want to break that down. The crop health and assurance focuses on monitoring surveillance and risk mitigation in Alberta's crop industries and develops regulations and response policies for Alberta's crop, bee, and honey industries.

Now, the management of crop diversification: that kind of breaks that down on how they're maintaining and doing that. Of course, the ministry's weed and pest monitoring surveys have been reported as well annually through the prairie pest monitoring network and the prairie weed monitoring network. These were established in 1997 as a joint monitoring network between the governments of Alberta, Saskatchewan, Manitoba, and Agriculture and Agri-Food Canada.

Mrs. Johnson: Thank you, Minister. Through the chair: if the minister can take maybe the last little bit, I'm curious if drones are being used in with these metrics, with the surveillance monitoring? And if not, are they being used now and in what way?

Mr. Sigurdson: Yeah, thank you. I forgot about our amazing announcement of \$900,000 to have drones to be able to assess wildlife damage. I really think this is a great investment to be able to more adequately and expediently assess wildlife damage, considering the vast areas that this can take place on crops. It speeds up the process, it gets money into the hands of the producers quicker and faster. Of course, I think we see through that technology that it's growing in the ag industry so incredibly fast. Of course, as a government, we have to continue to embrace it when it's going to have a net benefit as well.

I think this is an incredible announcement. We're using it at this time for assessment of weeds. But I think we can all agree that when it comes to the technology and the growth in the space and we see the abilities of what is or isn't possible through that technology, we can see where this goes in the future. I mean, this government is going to continue to make decisions that are going to speed up the assessment process, do the things that are in the best interest of the producers and make sure that we are, you know, investing in the technologies that help that work along the way.

Mrs. Johnson: Thank you, Mr. Chair, to the minister.

The Chair: Thank you. Right to the wire there, folks.

Minister and your staff, I'm inclined to soldier on for the next 20 minutes. But I also consider that you've been sitting for a long duration. Are you okay to continue on, or did you want to take a five-minute break?

Mr. Sigurdson: We can do 20 more and then five, if that sounds good to you, Chair.

The Chair: Well, we're not going to do 20 and five. We're going to do 20, and then we're going to take a break. But if that works for everyone at the table, then we'll soldier on for the next 20-minute block.

Mr. Sigurdson: I think we're speaking the same language.

The Chair: Thank you very much.

Over to members of the government caucus. You have a 20-minute block. MLA Wright, I see you. Again, you've been following along. Ask the minister where he wants to go, and we'll let you go from there.

Mr. Wright: Minister, I'd be really inclined to have the back-and-forth conversation like we've seen the rest of the meeting so far.

Mr. Sigurdson: Absolutely. Please go ahead.

Mr. Wright: Perfect. Thank you, Chair, and to the minister. I really want to appreciate some of the things that you touched on. I know I had the opportunity of hosting you in the riding not that long ago. We were able to connect with ag producers, irrigators, business leaders, and our Medicine Hat and District Chamber of Commerce. It was really a fulfilling meeting where we could talk about the struggles that irrigators have as well as our agrifood processing growth along the agrifood corridor along highway 3.

With that, I was wondering if we could take a look at page 1 of the capital plan, page 45 of the estimates, on line 2.2 there is \$2.5 million earmarked for ag society's infrastructure revitalization. As you know, Minister, supporting our rural communities who support our producers is critical for the future of agriculture, and with about 60,000 volunteers across the province, agricultural societies are always on the lookout for opportunities to enhance the quality of life for rural Alberta and our producers. How does this funding support rural communities, and what exactly does this funding cover? How does your ministry work with the ag societies in our communities?

Mr. Sigurdson: Excellent question. I just want to start by saying thank you to all of our ag societies that operate in the province of Alberta for all the great work that they do every day. As somebody that grew up in small rural Alberta, if it wasn't for ag societies, I wouldn't have had a hockey rink to play in. My friends wouldn't have had a hall to get married in. I mean, really to rural Alberta, these are incredibly important spaces.

Of course, the funding that we're putting forward through this, this \$2.5 million that we put forward, not just this year: it's in this year's budget; it was also in last year's budget. It's really focusing on ensuring that our ag societies have access to critical funding to be able to protect that infrastructure. That includes putting in an accessible ramp, fixing stairs, you know, making changes that are going to improve whatever facilities that they have and ensuring that they've got the support from the government to be able to get that work done, understanding how important that infrastructure is to rural Alberta and how essential it is that we make sure that we have a commitment as a government to make sure that the infrastructure is here today and for future generations.

We've seen an incredible – well, we saw a huge amount of applications that came through; 34 projects were funded in the first intake. They include improvements to energy efficiencies. We had some additional – sorry. Wow. Maybe I should have taken that break for five minutes. I'm stumbling over my own words. In 2023 there were 34 projects, and they included improvements to energy efficiency, accessibility, security, and service and program delivery from that direct program. We're happy to continue that program this year and in years to come.

5:10

Mr. Wright: Thank you, Minister and through the chair to you again. It would be amiss as the chair of the Water Advisory Committee not to turn over to water and irrigation. On page 1 of the capital plan it lists \$8.8 million in funding specifically for southern Alberta irrigation projects. As an MLA representative for the south,

what specific projects did this funding go towards? And realizing the importance of irrigation in southern Alberta's agricultural sector, can the minister tell me about the feedback he's receiving from ag producers and farmers about this investment for irrigation?

Mr. Sigurdson: Sorry. I'm just making sure I have the right line items in front of me.

Of course, irrigated agriculture is extremely successful, as I've previously stated, and very important to Alberta. About 1.5 million irrigated acres represents more than 80 per cent of Canada's total irrigated croplands. The money that you're talking about is exactly what our focus is going to continue to be on, growing our irrigation districts, understanding the impact. I mean, as I mentioned, 28 per cent of Alberta's agricultural GDP is generated around irrigation districts. Now, this money is going to continue to go a long way to ensuring the strength of those irrigation districts and the money they need to be able to continue to support the work that they do.

Mr. Wright: Thank you, Minister. Through the chair. When we take a look at the capital plan, on page 1 of the capital plan there's \$53.7 million estimated dollars for irrigation projects. I know we kind of touched base on a few of those in the south, and I know our colleagues across the room here have also brought some pieces up. But when we take a look at the funding in this area, projected to reach \$79.1 million by 2027, what's the reason for this sharp of an increase comparative to our starting point of \$53.7 million?

Mr. Sigurdson: This was the original design. We knew, as we continued to make the announcement, it was going to take a little bit for our irrigation districts, the nine that signed on to this, to get their feet underneath them and understanding that, as I've previously answered, there were a few supply chain issues. We always understood that once they get their feet underneath them and once these projects start to move along, we have to ramp up that money because as they continue, they will accelerate. The money being able to be put out to support those projects is going to have to match that from the government. So as we continue to work with our irrigation districts, and we see those projects continue to be completed and ongoing, you're going to see year-over-year increases until all of that allocation over that seven years that this was intended to take place, the duration – it will continue to climb.

Funding within the same approved amount is not what we actually designed it for. It was just a block every single year that is equivalent. We knew we were going to have to accelerate the payments as we saw more and more of that work continue every year and continue to come online.

Mr. Wright: Thank you, Minister. If we could jump over to food and bioprocessing. I'm looking at page 45 of the estimates, line 3.3. It shows a \$2 million increase in funding for food and bioprocessing from 2023-2024. What does this increase in funding cover, and how does this support Alberta's commitment to developing value-added agrifood processing business?

Mr. Sigurdson: Well, this gives me a great segue to talk about our agrifood incubator that operates in Leduc because they're going to be getting a portion of this.

Of course, we are in year two of a three-year agreement to acquire new state-of-the-art processing equipment. This equipment supports the food and bioprocessing services that AGI offers. The equipment focuses on growing crop fibre bioplastic industries and plant fractionation sectors. The project is jointly funded by AGI, Alberta Innovates, and PrairiesCan. The equipment purchased will be placed in the pilot plants of the Food Processing Development Centre and the Bio Processing Innovation Centre. This equipment

will be used by the food and bioprocessing industry to assist in diversifying our economy.

Eight hundred and twenty-eight thousand will be spent by the biomaterials program; \$512,000 will be spent for the value-added fractionation program; and \$910,000 will be spent on the plant protein fractionation program. Like I said, these investments are going to go a long way to continuing to advance us in the value-added and agriprocessing sectors. This is really where we're seeing a huge amount of potential for growth in the province of Alberta as we continue to see emerging industries like plant proteins, which also offers and creates an additional and valuable crop rotation for farmers that decide that they want to start growing peas, lentils, naturally building nitrogen in the soil, decreasing what they have to lay next year. There are a lot of opportunities here. So we're really trying to focus on that continued investment in these areas as we continue to see both emerging markets and working with our agriprocessors and bioprocessors here in the province.

Mr. Wright: Well, thank you very much, Minister.

Mr. Chair, I'm going to cede the remainder of my time to my colleague from Chestermere-Strathmore.

The Chair: Let's proceed. As per your previous colleague, just ask the minister how he wants to run with your questions.

Ms de Jonge: Thank you, Chair, and thank you to the minister. Are you okay if we continue on with the dialogue?

Mr. Sigurdson: Absolutely.

Ms de Jonge: Thank you. I apologize for my raspy voice. I hope that the mic is able to pick up my voice and you're able to hear me all right.

I have the honour of serving as MLA for Chestermere-Strathmore, which as you know, is home to one of Alberta's irrigation districts. That is the Western irrigation district. So a few of my questions today will be focused on irrigation, which I know we've spoken a lot about today already. It's a topic that interests me a lot not just because I'm a farm kid but also because it's so important to the many farmers that call Chestermere-Strathmore home. On the topic of water management under key objective 2.1 under outcome 2 of your ministry's business plan it states that one of your ministry's key objectives is to "manage government-owned and operated water infrastructure." I'm wondering if you can highlight some items in the budget that will support that work.

Mr. Sigurdson: Yeah, definitely. As you can imagine, with a lot of the stressors that have happened in the province over the past couple years, there definitely is within this budget an extreme focus on water and understanding its importance. Under that key objective, as you mentioned, the water infrastructure allocation and security – of course, we have projects funded; \$35.2 million in '24-25 of total funding. We have Springbank water storage operations, First Nations payments as well, desalting and removing vegetation from canals. That's also a very important part of maintaining what we have. I mean, this gets built up over time. We have to continue to support our irrigation districts, understanding that their infrastructure requires regular maintenance year over year.

We have \$5.5 million in the business plan for routine maintenance operations, inspections, monitoring and maintenance: key to make sure that we're getting the most out of our operating within the capacity of the infrastructure that we already have. In addition, we have through that whole-government approach an increase of \$50 million over three years in capital investment

funding that was in Budget 2024 in support of AGI-owned water management infrastructure, primarily for capital rehabilitation.

5:20

Forty million dollars of the additional funding is earmarked for the delivery of the Dickson dam capacity enhancement project. The remaining \$10 million per year beginning in '26-27 will be used to fund additional large capital projects as well as deliver on smaller capital maintenance work. The critical rehabilitation projects that could be included in this are the McGregor reservoir shoreline erosion program and the Paddle River dam capacity upgrades to pass the probable maximum flood, PMF: roughly about \$10 million there.

Ms de Jonge: Thank you, through the chair, to the minister for your answer. I see on page 45 of the estimates that a million dollars is allocated under line 6 for water management. I also see on page 1 of the capital plan that this million is estimated for a water management feasibility study. I believe you may have touched on this a bit earlier, but I have a few questions about that study. I'm wondering, you know, what exactly is going to be funded through this million dollars, and what is the purpose of these studies? Why are they needed, and what's the scope? And how will these studies help our government to support producers through dry years? Perhaps you can touch on: how far along are the current feasibility studies?

One last question, and I don't mind repeating it again afterwards in case I've just listed a few too many questions here. But the funding target for both 2025-26 and 2026-27 were \$2 million for that study. What's the reason for that projected difference?

Mr. Sigurdson: Well, you know, very happy to discuss – when we talk about where we need to go as a province, these feasibility studies are very important to be able to get that done. We're always looking, and we have to be focused on always looking, at what we can do to expand what we have and also how we do more with the water that we do have if we continue to see these dry conditions.

I think it's important that we continue to understand that we've seen roughly a 20-year cycle on this. This is not the first time our farmers and ranchers have seen drought. Any time we can make improvements, it's going to have a huge impact for them the next time around. Of course, as I mentioned previously, the RFP for the Eyremore feasibility is done, and that one's going forward. We have a million this year, as you mentioned, \$2 million next year and the year following.

Of course, we haven't allocated that million to any specific projects as of yet. We work hand in hand with farmers, ranchers, producers, municipalities, irrigation districts to look at what we believe is the next possible area that we can look at doing a feasibility study, but we haven't allocated where those funds are going to be directed as of yet, just understanding that we want to make sure that we do have that money available when those projects do come ahead. What we're seeing this year is based on all the additional investments that have been made, the ongoing work that was already happening.

The million we have this year should satisfy what we believe is going to be brought forward for the feasibility studies, understanding that in the next two years following, we will probably see some increased interest and growing that to be able to provide more feasibility studies and larger feasibility studies if necessary. Hopefully, that answers your question.

Ms de Jonge: It does. Thank you very much, Minister, through the chair. Going to the business plan – this is line 2.3 under outcome 2 – it states that one of the key objectives of your ministry is to "offer

programs and services to help producers plan risk management approaches [and] reduce production and investment risks.” Can you point to any new funding in Budget 2024 that makes improvements to current risk management solutions and programs?

Mr. Sigurdson: Yeah. I think it’s important to outline how important our business risk management programs are in the province of Alberta and what they mean to farmers and ranchers.

I just want to start by opening and always saying that these business risk management programs, our crop insurance, the programs that are available to our farmers, ranchers, and producers: they’re critically important and they rely on them. They will be here for them next year. We’re going to make sure that these programs continue to get strengthened and are here in years and decades to come. We understand how much farmers and ranchers rely on these programs, so we’re always looking at areas that we can continue to improve them.

Of course, when we’re looking at maybe some of the highlights of those improvements of the business risk management programs, I can talk about MDI. We have a high heat condition that was applied to it that was based off the response we heard back. We actually moved to monthly payments to get our money in the hands of our producers quicker and faster.

We’ve looked at the fact that AgriStability – you know, we’ve heard back that there are some improvements that can be made there. With just over 6,000 Alberta producers that participated in the program, there was a \$110 million benefit to the industry. Of course, that’s a cost-share program, 60/40 through the government of Canada and Alberta, so it provides us a great opportunity to be able to leverage some of those funds.

We’re always looking to continue to try to find ways – seeing as how the time is going to run out here, I might have to . . . [A timer sounded]

The Chair: Thank you for that, Member.

I’ve got a quick fun fact, though, taking a lead from Speaker Cooper. Believe it or not, the very first ag society was put in place by Speaker Kowalski. He’s the one that actually spooled it up. The thought back then in the day was to try to bridge the urban and rural divide. And you’ll never guess where the very first one was. That’s right; in God’s country, Rich Valley. So there’s your fun fact moment.

We’ll see you in five minutes after the break.

[The committee adjourned from 5:27 p.m. to 5:32 p.m.]

The Chair: Members, we are back live, and we’re calling this the rapid-fire round, if you would. The first block of the 10-minute time goes to the members of the loyal opposition. Again, same as last time: you can ask for permission to go back and forth, and both parties have to agree to that. In this section there is no ceding of time, so use it or lose it.

With that, MLA Sweet, the chair recognizes you. You get the nod. I would hate to eat up any more of your time.

Ms Sweet: Thank you.

Back and forth, Minister?

Mr. Sigurdson: I don’t think I should change it now. Absolutely.

Ms Sweet: I was, like: just because we’re going into insurance next.

Yeah. I did want to have a quick little chat about AFSC and sort of the upcoming season and also about a little rumour that I heard that I was curious about. I don’t know if you’re going to be able to answer it.

But, first thing, if you can maybe walk us through the pilot project with Alberta Beef and looking at the review of the BRM programs, AgriStability, and sort of what the pilot project’s goal is, I guess.

Mr. Sigurdson: Absolutely. I’m really glad you brought this up. You know, starting back when I first became minister, when I had the chance to go to federal-provincial-territorial meetings down in New Brunswick, it was pretty clear at that time – and it’s been pretty clear for a while – that we were hearing back from a lot of either our combined farmers, that are doing both beef and crop, or beef only that they didn’t feel there was a business risk management program that really fit what they were seeing in the industry. Of course, we continued to have conversations with producers here. We advocated on a federal level to see if they would consider having and opening discussions to be able to see if we can make improvements within the AgriStability program that would better reflect the needs and the balances of those confined farming operations that we’re seeing.

Even when I was just recently in Ottawa, I was able to meet with Minister MacAulay, the federal minister, and have a conversation about this exact issue. Really, on a higher level, I was explaining, considering that the conditions we’ve seen two of the last three years are definitely not ideal, to understate it, that there could be a potential opportunity if we were to run a pilot under AgriStability and gain some feedback. Would they be interested in making some changes that we think would better reflect, of course, and really provide a business risk option to our livestock producers that would actually get them away from being so reliant, maybe in drought years, on just an AgriRecovery program, an ad hoc program to come in late in the year?

Three changes will be implemented as well already in AgriStability that have been agreed upon and that will apply to participants in all sectors. The changes for the 2025 year will be offering a choice of cash or accrual reference margins. Currently it’s only accrual. This was something we heard, that the cash side of it should be allowed. We’re accelerating deadlines to June 30 from September 30 and issuing coverage notices, which was currently not available.

Of course, you’re touching on something. As we see, the best support for farmers and ranchers is coming out of these business risk management programs and AFSC to be able to support their farming operations. It’s really important that we stay connected to the industry and listen to them and make changes as necessary. I think these are great so far. But we are casting that pilot project that you talked about, and we’re supporting a nonpaying 2024 pilot project based on 2023 data to confirm the path forward on these changes in a real-time disaster year.

The pilot finds ways to improve fair and transparent cost recovery for producers. It tests the suggested delivery approaches for feasibility and outcomes. It uses the regional variability of the 2023 Alberta drought to confirm program change impacts with producers in real time. It reviews and determines potential cost savings in AgriRecovery with a more responsive AgriStability. We’ll be using this to champion and garner other support with our FPT partners to hopefully bring this to the table this year at FPT to see if we can get more of these changes implemented.

Ms Sweet: That’s great.

So this is the rumour that I heard. I heard that we’re going to partner with New Brunswick and some of the Atlantic provinces on looking at this pilot. Is that true?

Mr. Sigurdson: When we talk about the program here, we’re focused on our pilot, to be able to really understand what the overall

impacts are. As I mentioned, I'm not going to speak for other ag ministers at this point in time. Of course, when we get to FPT, we sit down and have conversations. I am more than happy to continue to share information with additional provinces on the impacts and what this means.

Of course, Alberta is a beef province. We're 4.8 million. When we look at making changes, because these programs are federal-provincial agreements, I have to work with my other provincial ag ministers to have support there to be able to get these changes across the line, and of course we have to have co-operation with the federal government as well. I would say that as the provincial ag ministers we've had a lot of support from ag ministers about looking at the potential changes that could be actualized through AgriStability.

I look forward to being at FPT. We've seen ag ministers – Ontario, Saskatchewan – be supportive of continued improvements. I look forward to those discussions and trying to get the feds to see if they'll agree with our provincial counterparts on maybe improving some of these business risk management programs.

Ms Sweet: So it's: stay tuned till after the next FPT. We'll see what New Brunswick says.

I would like to move on to estimates line 1.3, Farmers' and Property Rights Advocate, because we're running out of time. It shows a small increase from \$1.072 million to \$1.142 million. The Farmers' Advocate's office is a resource for farmers and ranchers who are affected by energy and utility developments. The UCP has said that they plan to take an agriculture-first approach to renewable energy, but there's no doubt that some farmers and rural municipalities have benefited from renewal energy development, the ones that have wanted it on their land.

5:40

Do you not foresee an increase in the use of the Farmers' and Property Rights Advocate? Will the Farmers' and Property Rights Advocate stand up for producers that want this development even though there's an ag-first approach by the government? Will producers be compensated for the loss of their surface rights? Is this government seriously going to tell producers what they should do with their surface rights?

Mr. Sigurdson: Well, to answer your first question, I think the Farmers' and Property Rights Advocate office, of course, will continue to do their primary function, which is to advocate on behalf of the services for farmers and property owners across Alberta. Of course, they're going to be there. We're going to continue to support them this year in the budget. They've got \$0.9 million in staffing and \$0.1 million in grant funding for the Farm Implement Board. We have support for the front-line services for farmers and property owners across Alberta and provide supports for farmers and ranchers, including, as you mentioned, advocacy, energy, utility and surface rights, and rural dispute resolution. But trying to link it to the fact that it's taking away property rights: we've almost had to have an appropriate regulatory structure in place when it comes to anything we're doing for responsible development in this province. It's actually incredibly important that we move forward with an ag-first approach.

I've heard people argue, "Oh, well, this development of renewables would only account for 1, maybe 2 per cent of the ag land in Alberta," but when you look at the fact that the global food demand is going to increase by 54 per cent, as noted, in just the next few decades and we're only one of five net exporting countries in the world for food, I would say that that's a massive number. And that would be 1 to 2 per cent. To me, that is why we're doing this approach.

I think this is a reasonable step forward, to say that we can move with an ag-first approach. Understand that this isn't an either/or; this is an and. This is agriculture and the possibility of renewables. I think this is balanced to say that we can do both. I think what we'll see, through that partnership and an appropriate reclamation strategy, is the possibility for the renewables sector to continue to grow and strengthen in a reasonable manner and to be able to coexist at a time where the world needs Alberta's agriculture and the world needs food.

I just want to say that that 1 to 2 per cent is concerning. It would mean less food for the globe; people would not be able to eat.

The Chair: And taking it right to the wire, good questions, good answers.

MLA Johnson, I see you. We're in the 10-minute rapid-fire round. So, again, the same thing: you can't cede time. Also, just ask the minister – you both have to agree on how this works in this section – whether it's combined or back and forth.

Mrs. Johnson: Shared time, Mr. Chair, if the minister is willing.

Mr. Sigurdson: Absolutely.

The Chair: There we go.

Mrs. Johnson: Thank you, Mr. Chair and to the minister. Since we're talking about beef, let's keep going. On March 11, 2024, the United States Department of Agriculture, the USDA, under the Biden administration announced a final rule on conditions for when voluntary product-of-U.S.A. or made-in-U.S.A. labels may be used, stating that they will be allowed for meat, poultry, and egg products only when they are derived from animals born, raised, slaughtered, and processed in the United States. There is great concern that this may cause great disruption to the North American meat and livestock supply chains.

The Canadian Cattle Association released a statement calling this new rule the most onerous standard in the world. Nathan Phinney, CCA president, stated that they are very concerned that the rule will lead to discrimination against live cattle imports and undermine the beneficial integration of the North American supply chain.

In the fiscal plan, page 35, it states that the livestock sector is already grappling with challenges. Many conditions, including reduced water supplies, poor pasture conditions, and lower feedstocks, amongst others, are putting the pinch on our beef producers and are expected to dampen live cattle exports in 2024. Considering Alberta is Canada's largest beef producer, at 44 per cent of our nation's exports, what is the minister doing to ensure the success of our cattle industry and to work with our international partners to reduce trade barriers and allow our farmers to continue to feed the world with our quality beef?

Mr. Sigurdson: Of course, last year at trilateral I'll state that I had the opportunity. Now, our trilateral meetings, just to be clear, are the meetings in which we meet with Canada, U.S., and Mexico to have discussions such as this. I partnered up with multiple other provinces that said that we didn't believe that this was in the best interest of the beef industry as a whole, and I mean that in saying that. I don't think it's good on either side of the border. That's the format for us as ag ministers, and that's really where we do that advocacy piece.

We did express that to our U.S. counterparts. Of course, I'm disappointed in the recent decision that was made to go. I don't want to say this as downplaying it, but this is voluntary. The previous, you know – this is only voluntary. You also stated that it's very onerous. The structure of this is massively onerous. I

would say that that would probably mean that most people are not going to voluntarily take part in this. But I'm only predicting that.

I mean, I know how integrated our beef sector is with the northern U.S. states and how many times cattle, you know, sometimes move back and forth across the border. I would say that that integration: the producers that I spoke to in those northern U.S. states want to continue to have that integration, and it's in the best interest of the beef industry on both sides of the border.

Of course, that voluntary side of it: we'll have to see what the uptake is going to be in the U.S. I think the way that it's structured is going to really drive up the cost for those individuals that want to take part in it, so we're going to have to see if people feel that they're going to be able to get the benefit of that additional label at the grocery store on the other side.

I still am concerned. We will continue to keep an eye on it. It is not going to be implemented until January of 2026, so we will be having these discussions again at trilateral this year when I'm down in Arlington, Virginia, and we're going to continue to advocate that we don't believe it's in the best interest of the beef industry or our, you know, ongoing trade negotiations on both sides of the border.

Mrs. Johnson: Thank you, Mr. Chair, through you to the minister. Our Alberta greenhouses are an important part of our food production in Alberta. Big Marble Farms and Doef's Greenhouses are two of Canada's largest greenhouses, and they're right here in central and southern Alberta. They're among Canada's largest producers of tomatoes, cucumbers, peppers, and eggplants. Growing local is good for the environment, it's good for our health, and it's good for the economy. However, the carbon tax has put a tremendous strain on the cost of doing business and producing food to feed our growing population. Can the minister clarify how much this is costing these important industries and how much more this will cost as of April 1, when Trudeau rolls out this April Fool's joke on our farmers and consumers when we're all paying more just to eat?

The Chair: Member, I hesitate to interrupt. I'm not sure if I missed it, which budget document you're referring to.

Mrs. Johnson: I did not refer to it.

The Chair: Okay. We'll say that it was strategic planning carrying forward, but yeah, just if you can try to refer to a document.

Mr. Sigurdson: I'll start by commenting on – and we're seeing a lot of interest in the vertical farming in Alberta and understanding how important it is to continue to strengthen our food supply chain here in the province, understand the importance of what that means. I've had the opportunity to visit a lot of these vertical farms, see what they're growing in Alberta and the possibility. Of course, with the new technology of vertical farms it's making it a more viable option, and it's actually becoming more cost-effective for those producers based on that new technology. We continue to support our industry in multiple different ways. We want to continue to keep an eye on the potential of what vertical farming will mean in Alberta and the growth of what is possible there.

You know, from 2019-23 AGI investment attraction generated the following related to the vertical farming alone: we saw \$192 million in investment and 376 jobs. We're currently looking at an additional 15 investment leads with over \$441 million now in potential investments and over a thousand jobs. So we understand the potential in this space, and we are going to continue to keep an eye on it and what we can do to continue to make sure that we continue to see that level of investment continue to land here.

5:50

A lot of that is going to be ensuring that we continue to be the lowest tax jurisdiction possible, which is a great lead-in to the carbon tax. Yes, you're right. The impact on farmers and ranchers: I've been very clear. When you consider, you know, from a bin to a truck and a truck to a tractor and a tractor around a field and then a sprayer around a field and a combine around a field, back to a truck and back to a bin and then through grain drying and back to another truck – and I can go on and on and on. There are so many layers of the carbon tax on our food right now. We've seen the direct correlation: every time the carbon tax is increased, it gets passed on right to our consumers in the grocery store. I can only say that when you look at some of our supply-managed agricultural products like butter or milk, you will see it directly reflected when it goes up. It's a very good indicator of the impact. The increases have been ongoing, consistent. It's continuing to hinder our agricultural industry.

And I'll actually argue this: the biggest issue that I continue to hear from our farmers and ranchers is that they have to be competitive on a global stage. Their commodity prices are based on a global market. They don't get to just crank up the price of canola and wheat based on what they're seeing for an influx of cost to produce. Every time the carbon tax goes up, it makes our farmers less profitable, full stop. When they're less profitable, they can't invest in new innovations, new technologies. They can't move towards more sustainable farming practices that they want to. They're being regulated to a point now where they can barely afford to continue to operate in the manner that they are. So, yes, I'm deeply concerned. I don't think this is in the best interest of our farmers and ranchers, and I really hope there's a reconsideration to the continual crank-up.

Overall I would like to see the carbon tax removed completely from anything agricultural related; hopefully, one day, from this country as a whole, period.

Mrs. Johnson: Thank you, Mr. Chair, through you to the minister.

On page 21 of the ministerial business plan can the minister explain what primary agriculture is under expenses and the approximate 40 per cent increase from '23-24 to '24-25?

Mr. Sigurdson: The primary agriculture division works to increase the competitiveness and resilience of Alberta's producers by supporting innovation, improvements in agricultural practices, and technology integration. Division programs are designed to encourage agricultural potential and to enable industry resiliency in the face of challenges, adverse weather, and disease events. Of course, I have much more details here, but we have a \$22.3 million increase from '23-24 as a part of the seven-year plan.

The Chair: With that, we're over to the government caucus time. MLA Cyr.

Mr. Cyr: Thank you, Minister. And through the chair to you, would you be willing to do back and forth, sir?

Mr. Sigurdson: Yes. Please, go ahead.

Mr. Cyr: All right. Thank you for that. Minister, I would like to thank you, sir. You actually had announced a grant in my constituency to the Cold Lake Agricultural Society of \$100,000 through the ASIRP program, and I know that we're very thankful for that. It shows that the ministry is really getting that money out to rural and helping us really maintain these important agricultural societies like you've been talking about for the last little while. I also had put in there that I would love to have you come up to my

constituency one day to see some of my agricultural societies as well, sir.

What I will say, though: I, while talking with one of my board members, Dean Dube – this is underneath the key objective 1.2. What happens here is that he brought up a real concern, sir. One of those concerns is that they're putting about \$6,000 to \$7,000 a month right now into utilities, and this is a crushing, crushing amount for any one of our ag societies. Now, I recognize that, again, when it comes to our ag societies, they've been around, and this one specifically for 76 years. It's quite an achievement that this ag society has been able to get through. What he had asked me to do is make sure that I pass that on to you, sir, really just to make sure that you understand the struggles, because they're really believing that after 76 years this could financially make them very unstable.

Moving on to the other part here, the beef industry: this is something that is very strong up in northeast Alberta.

Irrigation is something you've been talking about, and I know you're really excited about irrigation, sir. That being said, we still do have a lot of ag throughout the rest of the province. We have a lot of water up in my area – yay – but drought is a concern. Getting back to drought management, I've been hearing from many of my constituents, a lot of them ranchers, that they are understandably concerned about drought and its impact on their larch, particularly on the tail end of an unusually dry winter. Page 18 of the fiscal plan mentions an expense increase of \$1.5 billion in 2023-24 for agricultural disaster and emergency assistance, mainly for indemnity and insurance payments and income supports due to drought conditions. The question that I've got here is: could the minister expand on the work that's being done to lessen the impacts of drought on Alberta's agriculture producers, specifically targeting the northern parts? This is really what I'm hearing up in northern Alberta.

Mr. Sigurdson: Understandably. That's why we continue and I continue to advocate very strongly on behalf of the programs that are available to those that aren't under irrigation and don't have control of the water supply. It really exists under AFSC and the programs we have for business risk management and understanding that we have to continue to make changes and strengthen the programs we have available. What I've heard from farmers, anybody that's dryland farming: please make sure crop insurance is there, is strong, and will be there for years to come. So that's exactly what we're focused on.

Of course, there has been an expense increase there. The government of Canada and Alberta updated the 2023 Canada-Alberta drought livestock assistance initiative criteria to support more livestock producers. We've expanded eligibility to 23 additional regions and extended the deadline for AgriRecovery to support more producers and get loss on that end. This really is a key component to derisking, and providing more stability to farmers in the province of Alberta will be to continue to make sure that our business risk management programs that we have – and continue to improve the suite of them.

I talked about some of the changes that we've looked at that are possible within AgriStability. We talked about some of the changes we've made to MDI. A lot of what I've heard also from northern Alberta was that a lot of people weren't participating in MDI because there need to be more weather stations. We need to close the gap so that it's far more accurate. We incorporated a high-heat condition into that. They didn't want to wait until the end of the year, so we went to a month-to-month payment on this. These are the things that we're going to continue to do to support farmers and ranchers in areas across the province to be able to keep them whole

if they continue to see dry conditions and support them through these tough times.

We don't know what this year is going to be yet. We don't. I would say that on the reports I'm hearing, we're hearing a shift from El Niño to La Niña in May, June. We don't know if that's the case or not. It could shift. Hopefully, we catch the rain when we need the rain. We'll have to take a look at what this year ends up being. There may be an opportunity this year, if there is a severe drought in areas, for another AgriRecovery program. We'll have to deal with that when it comes. Of course, that is a partnership with the government of Canada. We have to get them to agree to it. We'll continue to support farmers across this province, and I just want to assure them that the risk management programs that we have, the crop insurance that we have is here for them. They pay into it. It's going to continue to be there for them, especially through these tough times and these tough years that we've had.

Mr. Cyr: Thank you for that answer, through the chair.

One of the things that my area is known for is Hamel Meats. What happened is we actually had one of my local butchers send beef jerky up to space. We're actually world-famous, if you will. [interjection] Yes, sir. It's things like this that we all can point to and say that this is a real success for Alberta.

6:00

Getting into my next question, because you were probably wondering where I was going with this one here. Under outcome 2 in your ministry's business plan, a key objective of the AGI is to support agriculture reliability, enable market access through crop and animal health programming and surveillance networks.

On page 44 of your estimates under line 3.2, food inspection and surveillance, I noticed that there is in fact a \$1.2 million increase from the previous budget on food inspection and surveillance. Can the minister please explain how the increase in funding will support Alberta's growing meat processing sector? Again, thinking: Hamel Meats.

Mr. Sigurdson: You know, I wasn't sure where you're going with that. I thought we were headed to space together, but you brought 'er right back down to home, and I'm glad you did.

You know, this money is actually going to food security through food inspectors. Actually, this is a good-news story overall because what we're seeing is growth in the processing sector. We have eight abattoirs and one high-volume production facility coming on this year, which is a great-news story. The number one thing we have to make sure that we have in order to ensure strength in our livestock industry is abattoirs and processing facilities, and the more we have, the better opportunities our farmers and ranchers have to be able to get processing when they need it, where they need it.

The opportunities even expand beyond that. I was just recently at the bison convention 25th annual show and sale, their silver anniversary. Congratulations to them. They actually said to me that it's great to see this shift and this movement happen because, of course, they didn't have access to processing capacity.

This money is to, of course, make sure that all these facilities are properly inspected and that we're making sure that we have that food safety at the highest level that we've always had and we continue to protect that. That's going to bring on the FTEs that we feel are necessary to ensure that. As I mentioned, this is definitely a good-news story. Of course, Alberta's Meat Inspection Act specifies that only this inspected meat can be sold in Alberta, and those are the inspectors that we're bringing on right now for these facilities.

Mr. Cyr: Well, that was very specific. Thank you for that. I know that my ranchers up in northeast Alberta believe in you, sir, and what you're doing for the ranching industry and for our agriculture industry as a whole. The fact is that we understand that irrigation is a priority, but we also see that northern Alberta is seeing that same priority being given to us, so thank you, sir.

The Chair: Over to the members of – I see Member Ip.

Mr. Ip: Thank you, Mr. Chair. I'd like to begin by actually following up on a question that . . .

The Chair: The clerk is reminding me that you have to say those words: back and forth or combined.

Mr. Ip: Yes. Of course. Excuse me. Through you, Mr. Chair, to the minister, if you would be willing to share time.

Mr. Sigurdson: Absolutely.

Mr. Ip: Thank you very much.

The Chair: Green lights across the board. Good to go.

Mr. Ip: Excellent.

I'll begin with actually a follow-up question to the previous question asked by the independent member, and that is pertaining to the mandatory country of origin labelling currently proposed by the United States. Certainly, I just want to underscore how this will have a significant impact on Alberta producers, not just beef producers specifically, but it will have cascading effects all along the supply chain. To illustrate, some 80 per cent of Canada's beef packing capacity is based in, as an example, the JBS plant in Brooks, the Cargill plant in High River, and the Harmony Beef plant north of Calgary.

When the United States last brought in this type of requirement in 2008, cattle exports dropped by 42 per cent and hog exports dropped by 25 per cent. I know the minister has mentioned, certainly, some of the advocacy that he has been doing. Trade, of course, is multijurisdictional. Through you, Mr. Chair, to the minister: is this government working collaboratively with federal counterparts and able to sort of put aside differences to continue to advocate for the interests of Alberta, and what is the government doing on that front?

The Chair: In there as well there was some document you referenced, where that was . . .

Mr. Ip: Yes. It specifically pertains to key objective 1.2 and relates to line 3.4 on page 44 of the estimates.

The Chair: I appreciate it. I thought that's what you said, but my left ear is a little off, so thank you for that.

Mr. Ip: Thank you.

Mr. Sigurdson: Yes, definitely. You know, I've had conversations with Minister MacAulay. We've both expressed our deep concern. I do have to correct you in saying this is not mandatory. This is not mandatory country of origin labelling; this is a product-of-U.S.A. labelling program that they're doing. It's different slightly to what you're saying, and it's only voluntary, too. Like, producers in the U.S. aren't forced to take part in this, and it is voluntary alone. Understandably, it's a deep concern. You're right.

There could be an impact. We don't know what that is. I've expressed my deep concern. We're working with our federal counterparts in Ottawa. Minister MacAulay has expressed concern

as well. We want to make sure that we continue to strengthen our agricultural industry as a whole, and I've really been clear in saying that when we continue to take down some of the barriers, it gets stronger on both sides of the border. Also, with that, it makes it more affordable for people on both sides of the border, and we've been clear on that.

We were at trilateral. We met. We advocated against this. They've made a decision to go to voluntary. We're going to have to keep an eye on it. It doesn't take place or get implemented until January of 2026. Hopefully, we can continue to get them to reconsider. I would say that how onerous this program is, I would – I mean, it's hard to say how many producers will take part in this, but considering they're seeing cost inflation pressures of production, to be able to throw this on top of it, they may not get the high participation rate that, really, we think it could be. But, yes, it's still a concern.

I want to say that even what we're doing here in Alberta with our pilot project in Lloydminster and the great success that we're seeing there shows how when you really start to work together as an ag industry and start understanding that our borders are just that, and we need to get rid of them and really start working together as a country collectively, it benefits both sides. So I'll continue to advocate, but, yes, we are working both with our provincial counterparts and our federal counterparts to push back on this voluntary product-of-U.S.A. labelling program.

Mr. Ip: Thank you for that clarification, Minister. I'm going to switch gears a little bit. Through you, Mr. Chair, to the minister, I want to talk about regional economic development alliances. There has been a signal that the government intends to change the partnership with REDAs. Let me just underscore that REDAs are an incredibly important organization in regional economic development, particularly in rural Alberta.

SouthGrow Farms was able to leverage a \$300,000 investment from the government of Alberta into a \$4.5 million capital project to build charging stations, as a specific example. I would just like to ask as this pertains directly to outcome 1 of the business plan: how will the change in partnership, potentially, impact economic development, particularly in parts of rural Alberta?

Mr. Sigurdson: Well, I mean, of course, as you can imagine, REDAs aren't under my department; that's under Jobs, Economy and Trade. What I can tell you about is how we continue to augment the amazing work that's happening in rural Alberta through our economic development in rural Alberta plan, which is where we're focusing as a department right now.

6:10

We've set out a five-year commitment to guide rural economic growth in Alberta, with a focus on innovation, diversification, and sustainable long-term economic development. We have \$4.6 million allocated in fiscal years '23-24 to implement this economic development in rural Alberta plan. We have up to \$3 million to support economic development, capacity building in rural communities via our small communities opportunities program; \$700,000 to support economic development, capacity building grants for rural entrepreneurship, support, mentoring, coaching, business development, Indigenous women's entrepreneurs, and much more; and \$900,000 to support regional economic development projects. Of course, the year 1 progress report is under way for this EDRAP program, and I'm actually looking to release it in spring of this year to see the impacts of that.

If you do get an opportunity to sit in on estimates with Minister Jones on Jobs, Economy and Trade, you can – more than happy;

I'm sure he'd be able to answer your questions on the REDAs and the changes there.

Mr. Ip: Thank you very much. We didn't actually quite get to that question, so I was hoping to get it through here, but thank you for that clarification.

I want then to proceed to value-added agriculture products, in referencing 1(c) on page 19 of the business plan, and staying within outcome 1 of the business plan as well. Through you, Mr. Chair, Minister, you had mentioned the importance of value-added agricultural products. I just want to highlight two significant industries that have tremendous potential in Alberta. One of them is organic foods, and the demand for organic foods continues to increase. In fact, according to the University of Alberta, sales of organic food in 2017 totalled \$5.4 billion, and in Alberta 74 per cent of consumers make weekly purchases of organic food, yet it only accounts for 1 per cent of the province's total food production. My question: is this on the government's radar? And do we currently – even through the specific line item that's listed – have programs that can support the organic industry?

Mr. Sigurdson: Okay. I'm going to try to rattle this off because I've got a minute and 25 seconds, and it's such an exciting area to be able to talk about. Definitely through our department, we have our AgriInvest team. They do an incredible job supporting industry that's looking to invest, grow, expand in the province. I would advise anybody that if you have not reached out to my department and connected with our AgriInvest team and you're looking at investing here in the province, whether it's through organic or any other agricultural value-add or agriprocessing, any idea, please reach out to them.

Our 2019 AgriInvest and growth strategy met all of its targets before the end of March 31, including \$2.1 billion in investments, 332 projects, 4,132 jobs. In 2022 Alberta's total agrifood exports set a record high: \$16.2 billion in exports, 55 per cent in value-added. The government of Alberta, the Canada Infrastructure Bank, and nine irrigation districts as well invested \$933 million over seven years on that modernization that we were talking about.

We're seeing such a huge interest in all spaces in agriculture right now. The support that comes through my department, through our AgriInvest team to connect anybody looking to invest or grow here in the province is essential, and that's why, in one second, I would advise everybody to reach out to them.

The Chair: And over to MLA Johnson.

Mrs. Johnson: Thank you, Mr. Chair and, through you, to the minister. On page 21 of the ministerial business plan, can the minister explain the debt-servicing costs under expenses and the increasing amount over these upcoming years?

Mr. Sigurdson: Well, of course, AFSC's rising borrowing costs reflect a growing loan portfolio which is now in excess of \$3 billion. This increase in interest expense is more than off-set by the \$20.6 million increase in lending interest revenues. We undertook an independent review of AFSC's lending program in 2021, and the conclusion was that AFSC plays a valuable role in being there for Alberta producers, and particularly when we start talking about some of the great challenges we're going to see to be able to get the next generation into farming and generational farmers to take over their mom and dad's or grandma and grandpa's farm. This is going to be very, very important to have the programs they have for the next generation, including the younger, next generation start-up operations and anybody at an early stage of agribusiness.

In 2021 the government eliminated provincial administrative funding for the lending program and now requires AFSC to maintain a sustainable portfolio. For the past three years AFSC's nonsubsidized program provided hundreds of millions in annual financing to Alberta producers and agribusiness. Our budget figures reflect the continued growth of these loans while ensuring that the government of Alberta does not subsidize the operating cost to deliver on this program. AFSC is working to make this fully sustainable, non government subsidized, and ensure that we still have that lending ability there for those important loans to our farmers and ranchers.

Mrs. Johnson: Great. Thank you.

Mr. Chair, through you to the minister, if I could go to page 20, to RDAR. Can the minister explain how many research projects there are right now and give an example of what some of those research projects are? As stated here, RDAR is there to "develop high-quality, robust and adaptable crops and farmed animals, disseminate agricultural research and meet market demands." How many projects are there, what are some examples of some of those, and how much of RDAR's funding is allocated to staffing and administration?

Mr. Sigurdson: Well, thank you for the question. Of course, the total funding for RDAR in this fiscal year is \$41.5 million, of which \$14.6 million is funded through the sustainable Canadian agricultural partnership as part of the accelerating agricultural innovation program. Remember that that's a partnership, so we're leveraging federal dollars through that program to be able to do this.

Remember that RDAR is kind of arm's length away from my department, and we did that on purpose, to set up a board to administrate. They, of course, were provided a mandate on how, through certain criteria, to be able to select programs that they're going to continue to invest in. I just want to be clear that that's how RDAR works. I don't make decisions for RDAR. RDAR makes decisions based on certain criteria that they believe are in the best interest of where Alberta is going, where agriculture is going, where research is needed, and so on and so forth.

Of course, that \$14.6 million through that sustainable CAP portion is made under the agricultural science, research, and innovation program. My business plan, outcome 2, states that the RDAR budget is \$38.5 million. An additional \$3 million is provided in this year until 2026 to maximize research funding leveraged by front-loading sustainable CAP dollars without affecting the total sustainable CAP-sourced funding to RDAR. This is not a net increase in the RDAR 10-year funding agreement, that ends on March 31, 2030. Budget 2024 approved a one-time \$3.2 million in capital grants to RDAR in support of the applied research association, going to our ARAs as well, to replace key equipment and infrastructure.

That's the breakdown. I mean, as far as looking at some of those other detailed areas of specific projects, I think it would be better to reach out to RDAR themselves to be able to have a conversation with them. Like I said, this department is trying to stay a little arm's length away and allow, with a specific mandate, the professionals in that space to be able to make those decisions. I just don't believe that the government should be picking winners and losers. We should have a board set up to make appropriate decisions that they feel are going to be in the best interest to grow our ag sector through research and innovation.

6:20

Mrs. Johnson: Great. Thank you, Mr. Chair, through you to the minister. I just want to say thank you to your staff for coming this

evening – is it this evening already? It's pretty close – and for taking the time to share this information, all these answers with us.

I'm going to pass at this point.

The Chair: Okay. With that, we would go to the government caucus. MLA Stephan, I recognize you.

Mr. Stephan: Thank you. Through you, Mr. Chair, I'm just wondering if the minister would be okay with back and forth on the questions.

Mr. Sigurdson: Absolutely. Please go ahead.

Mr. Stephan: And I'm going to speak into this mic. It's a little better.

Through the chair to the minister, I want to turn to page 21 in the business plan, and I want to talk about the insurance expense. We have budgeted \$527 million, and when I look at last year's budget versus forecast, if I kind of look at all the other numbers: you know, fairly close, budgeted with actual. But this \$1.9 billion insurance cost: I understand that there were some weather challenges. I'm just wondering, and maybe you could share. I mean, we've estimated \$527 million for insurance costs. I'd be interested in understanding the analysis that your ministry went through in arriving at the \$527 million. When we saw the \$1.9 billion, it's quite a difference there.

I understand there are anomalies. I'm kind of curious. You know, was this sort of a complete black swan event, unprecedented insurance costs? Could you talk about that a little bit, Minister?

Mr. Sigurdson: Yeah. Definitely. It does stand out, of course. As you can understand, when we take both the forecast and the budgeted, that's based on the historical averages. I mean, really, when it comes down to predicting whether we are or are not going to get rain or if we are or are not going to see hail or infestation from pests and everything, it's really tough to manage. Of course, what we've found is that having the historical average there is important and then understanding that that money, that big lump sum you're seeing – a big portion of that is the indemnity part that farmers and ranchers pay into.

Of course, that money comes back over that 25 years to be able to build back that premium pool, and that's what was paid out last year. That's why our government is now having to look that our AFSC is working to be able to build back that premium pool. But understand that that portion, other than a small reinsurance cost, comes back to the government over a longer period of time. We don't forecast for disasters in this area. We do in our contingency, which is where we should be. Through our contingency, that's been increased to \$2 billion this year, is where we pull for our disaster funding for wildfires and for drought. That's why our government has increased it to \$2 billion on that side, understanding that we could see another struggled year.

But that money that you're seeing, that \$1.9 billion payout, is a very detailed breakdown of a cost share between the farmers and ranchers, the government of Canada, and the province of Alberta. Now, when you look at the 60-40 split, 40 per cent of that being the responsibility of the farmers, the other 60 per cent is another 60-40 split between us and the federal government. We represent about 24 per cent of that. That is that premium pool fund that does get built back over a long period of time.

What I'll do is that I'm actually going to bring in – I do have him at the table, and he's been really quiet for the last three hours. I'm actually going to ask Darryl Kay, our CEO of AFSC, to comment on how they deal with this. I think this is a very important conversation.

Mr. Stephan: Yeah. I don't want him to be bored.

Mr. Kay: Five minutes to go; I thought I was going to make it through.

Thank you, Minister. I appreciate that. The minister handled the question really well. Really, what we're trying to do on the indemnity side: we have an estimate based on historical averages. The important point to make is that these are statutory programs. We will always make claim payments. Regardless of how we budget, those claim payments will be made. Some of that may be through our budget, some of it may be through the contingency fund, but we'll always make those payments.

We've had some tough years. I think that after this year we'll have paid out close to \$6 billion in the last three years. What that tells me is that the program responded. It responded when producers needed it most. But now we start that long process of rebuilding. Because we take that long-term approach, like the minister mentioned, that 25-year approach, we can provide premium stability to producers. It'll take some time to rebuild it. We're fairly confident this year that a typical producer will likely see the same premium year over year. Part of that is because commodity prices have fallen. We know that rates will be going up, but a typical producer shouldn't see significant increases in their premium. We will rebuild the fund, and we'll make sure it's there when we see another drought like this.

Mr. Stephan: I have a couple of follow-up questions relating to that. This fund, which is really a rainy-day fund – although it's kind of the opposite. I'm just wondering: has that fund now been exhausted with, you know, kind of these high-claim years that we have been seeing lately?

Kind of another related question with that. I see that while our cost expense lines of insurance almost quadrupled or more than quadrupled, our transfers from the government of Canada, which I assume – and maybe I'm wrong in this. When I look on the revenue side, I assume that that's their contribution – maybe I'm wrong – in terms of insurance. But we have, like, this huge increase in the expense line and a fairly low contribution from the feds. I don't think we're treated fairly in Alberta. I'd like to understand, with the large insurance cost, why their transfers are not proportionate to the expense. I'd like to understand that a little bit, too.

Mr. Sigurdson: Well, I'll start, and then I'll probably let Darryl kind of augment my comments. Yeah. Because of two of the last three years being very severe, you know, that indemnity fund portion was depleted. Then, of course, we have to go into a period of building back that fund over a long period of time, and we have to take that long-term approach, because we can't apply the sheer cost of that all at once to our farmers and ranchers. They wouldn't be able to afford the premiums. It's always capped between perennial and annual crop insurance as well. So we move into a state of that long-term build-back.

As far as the transfers that you see coming out of the federal government, that would be the money that we're receiving for their portions of different programs that have been implemented, from AgriRecovery and so on and so forth.

I'll let Darryl kind of, you know, finish this up.

Mr. Kay: Thank you, Minister, and thank you for the question. To the first comment, we are going to finish the prior crop year, 2023, underwater for the first time in a number of years, but it has happened before. It happened in 2002, and it happened in 1985. This isn't necessarily a different circumstance for us. We build up the crop fund over a number of good years, and we typically pay

that crop fund out when we see the drought conditions like we have over the last three years.

We begin that long process of rebuilding. When we go below the surplus amount, what happens is that both the federal government and the provincial government contribute to what we call deficit financing. Both governments will contribute. We will pay every claim that is owed to a producer. I think that, again, that's an important point to make. Even though we've depleted our surplus, that doesn't mean we'll stop making claim payments. All those claim payments will continue to take place.

Your question about the budget: the minister handled it well. Both the province and the federal government contribute to our programs, our BRM programs. In the case of insurance, they contribute to the premiums that we pay each year. And the minister talked a bit about that split, the 40 per cent for producers, 36 per cent for the federal government, 24 per cent for the province.

The Chair: I hesitate to interrupt, but we have reached the end of our three hours. I must advise the committee that the estimates have been considered.

I'd like to remind the committee members that we are also scheduled to meet this evening, March 19, 2024, at 7 p.m. to consider the estimates of the Ministry of Arts, Culture and Status of Women. As per the famous song by Semisonic, the band hailing out of Minnesota, the famous lyric says, "You don't have to go home, but you can't stay here." Those that aren't participating in that meeting, please give us time to clean up the room, turn it around. Thank you very much for your candour.

I consider this meeting closed and adjourned. Thank you.

[The committee adjourned at 6:30 p.m.]

