

[Chairman: Mr. Pashak]

[10:03 a.m.]

MR. CHAIRMAN: Sorry for the delay in bringing the committee to order this morning.

The first item on our agenda is the approval of the minutes of the April 15, 1987, meeting. I assume you've all had an opportunity to read the minutes. Is there a motion to adopt the minutes as circulated? Mr. Ady?

MR. ADY: I don't have the minutes with me, so I probably shouldn't move that.

MR. CHAIRMAN: Those of you who don't have your minutes, would you like an extra copy? It was so long ago, almost three weeks since our last meeting. Would anyone like a copy of the minutes to have a look at them?

MR. HERON: I would.

MR. CHAIRMAN: Would you move the adoption of the minutes then?

MR. HERON: Sure.

MR. CHAIRMAN: Mr. Heron will move the adoption of the minutes. Those in favour? Agreed. Those opposed? The motion is carried.

The next item on the agenda is to look at the mandate of the committee. I've had the legal counsel for the Assembly prepare it, a brief statement with respect to the mandate of the committee, and with your indulgence I'll just read it quickly to you.

The Chairman in any committee exercises the same powers as the Speaker with regard to keeping order and decorum and steering the orderly conduct and debate of the committee. I refer you in this instance to Standing Order 62(1) which states "the Standing Orders of the Assembly shall be observed in the committees of the Assembly so far as may be applicable except that (a) a member may speak more than once and (b) in Committee of the Whole no member may speak for more than thirty minutes at one time." Standing Order 62(2) reads "speeches in committees of the whole Assembly must be strictly relevant to the item or section under consideration." (3) reads "The Chairman shall maintain order in the committees of the whole Assembly (including your committee) -- [this committee] -- deciding all questions of order subject to an appeal to the Assembly."

So in effect, if you challenge a ruling that I make in this committee, it can only be taken to the Assembly itself. So if I rule a member out of order because of the line of questioning that he is taking, he is out of order, and your only appeal is to the Assembly itself.

(4) reads "When a question of privilege arises in the committee or when disorder persists in a committee the Chairman shall adjourn and report to the Assembly."

So if I rule a member out of order for the line of questioning that he takes and he persists in it, then I have the powers to adjourn the committee and take that problem to the Assembly myself.

(5) reads "From the Chairman's decision no appeal may be made to Mr. Speaker." (6) reads "In case of an appeal to the Assembly, the Chairman shall leave the Chair immediately and report in writing the point of

order which he has decided.

And then the legal counselor to the committee says:

I urge you -- [me] -- to look very closely at Standing Order 62 in its entirety, including subsections (7) and (8) which do not appear above.

Now, I think the reason for getting this legal opinion on the operation of the committee stemmed from the question of: what is it we're attempting to do in this committee? And it seemed to me that we were repeating in many instances what happened in the Legislature; that is, we had many members making political points. And my view of the operation of this committee, and I think it would be supported by the Auditor General and others, is that what we should be looking at is the expenditures themselves and whether those expenditures were in line with policy that was established by the government.

So with that I would entertain some discussion on this question.

MR. R. MOORE: Thanks, Mr. Chairman. I agree with what you said, and I appreciate your explanation as to the powers of the Chairman. I think we all understood that, although some challenged it.

I would like to make a motion in this regard so that we can get it out here before us and debate it. I'd like to move that the Public Accounts Committee will review the contents of the public accounts report and the Auditor General's report for the fiscal year ended March 31 of the year prior. Now, if I could speak to it, I would speak to it . . .

MR. CHAIRMAN: We have a motion on the floor, and it's seconded by Mr. Alger. All right. Okay. I think you . . .

MR. R. MOORE: To back up that motion, why I brought it forward -- it's so that it's in line with what our Standing Orders say and other authorities on it.

Now, in Standing Orders, section 50, regarding public accounts -- and I'll quote: "Public Accounts, when tabled, shall automatically stand referred to the Public Accounts Committee." Now, that's in our Standing Orders.

Now, I go to *Erskine May*, on page 728, under the Committee of Public Accounts. I'll just quote two sections out of that. It's a long section going into the history of public accounts. It says:

The committee does not seek to concern itself with policy; its interest is in whether policy is carried out efficiently, effectively and economically. Its main functions are to see that public moneys are applied for the purpose prescribed by Parliament.

And it goes on further to in there to say:

The committee bases its work on the reports which the Comptroller and Auditor General makes either to Parliament . . . or direct to the committee.

That's under that section. Under another section in the same book, on page 753, under section 3, Accounts and Audit:

Appropriation Accounts, which are audited by the Comptroller and the Auditor General and his staff throughout the year, are formally rendered to him by about the end of September and laid before the House in the January following the end of the financial year to which they relate. A scrutiny of these Accounts and the audit of the Comptroller and Auditor General is the main work of the Committee of Public Accounts during the session.

So that's what I base my motion on, that we do direct our attention and our questions to that, to the spending expenditures of that year and not to policy. Policy is not within our jurisdiction as outlined by these authorities.

MR. CHAIRMAN: Okay, is there any further discussion on Mr. Moore's motion? Are you ready for the question then? Those in favour of Mr. Moore's motion? Those opposed? The motion is carried.

Now, I'd ask that the hon. Mr. Elzinga come at 10:15, but I understand they're ready to meet with us, so I'll invite them in now.

MR. HERON: Now that the motion has been passed, I would like to also commend you, Mr. Chairman, in one of the recent meetings where you found it necessary to rule, for the, in my view, good job of chairing on that particular issue. I think it's very timely that this was brought forth and very timely that this motion appeared on the books. So I look forward to some pretty good meetings in the future under these more directed guidelines.

MRS. MIROSH: He wants to know if you can come over on our side of the House.

MR. CHAIRMAN: If I'm going to what on your side of the House? [interjections]

So in keeping with this motion, I think it would be very helpful to always refer to a particular item in the public accounts themselves or in the Auditor General's report when asking the minister a question. That would certainly assist us, I think, in keeping to a sound review of the report rather than getting at the policy questions.

Well, I'd like to welcome the hon. Minister of Agriculture, Mr. Elzinga, to our meeting this morning and invite him to introduce his guests and make an opening statement if he should so choose.

MR. ELZINGA: Well, thank you very much, Mr. Chairman. Let me say at the outset what a delight it is for me to be back here with the Public Accounts. We had the privilege last year. My opening comments are going to be very brief. Let me say at the outset that it's rather unusual to be seated on this side of the House. I notice that over here you even get pink highlighters.

But I want to introduce the individuals with me, and I'm sure that the majority of the Public Accounts members do know them. Firstly is our deputy minister, Mr. Ben McEwen; then our chief financial officer, Mr. Dave Yakabuski; Larry Lyseng, who is also involved with our financial services; and Jim Arnet, my executive assistant.

I'm not going to have a very long opening statement except to indicate my delight at being back here again. We're going to do our utmost to respond in a very full and forward manner. I know there's a good number of questions, and we'd just as soon deal with the issues that are uppermost in your mind. So on that note we'll just throw ourselves in your very capable hands, on the basis that in the event that we can't give you a detailed answer now, we will follow it up and make sure that we get back with a full response at a later date.

MR. CHAIRMAN: Okay. Thank you very much, hon. minister. The first person to indicate that he wanted to ask a question was Mr. Ady.

MR. ADY: Yes. Thank you, Mr. Chairman. To the minister or perhaps the deputy, whoever he would like to designate it to. I'd like to go to page 3.2 of the Public Accounts manual, Volume I, vote 4. Could you just give me what the impact was on your . . .

AN HON. MEMBER: It's Volume II, Jack.

MR. ADY: . . . department's district offices of having to deliver the many special programs in 1985-86 that were listed under vote 4? Yes, I'm sorry; it was Volume II.

MR. ELZINGA: Let me indicate to you at the outset, Mr. Ady, that we're very proud of the individuals who do work within the Department of Agriculture and their dedication to it. In response to your direct question as to the impact on the department's district offices, I can share with you that the workload has increased substantially, and they put in a number of extra hours of overtime without additional pay, which I just simply emphasize to underscore their commitment.

But dealing specifically with your question, I can share with you that the inquiries as they relate to our special programs almost doubled, in that we had 130,000 inquiries, and that increased to 256,000 inquiries on a personal basis, and people contacting our offices by telephone has increased from 185,000 to 227,000. Again, I underscore that the staff have worked many hours of overtime without additional pay, indicating their dedication not only to our province but to our agricultural sector.

MR. ADY: Thank you. A supplementary, again under vote 4. Recognizing the need for leadership and the hardship that agricultural farm families are undergoing, what did Alberta Agriculture do towards developing the leadership capabilities of farm women?

MR. ELZINGA: Farm women. Well, we've done a number of things, and I'm going to also ask our officials to respond. But as you are aware, we are very supportive of the Alberta Women's Institutes and the Women of Unifarm. We are involved with financial support to them. I believe -- and I stand to be corrected -- that in this public accounts' year, '85-86, we contributed some \$24,500 to the Alberta Women's Institutes and \$10,725 to the Women of Unifarm, acknowledging the leadership role that women do play in the agricultural sector. Maybe our deputy would like to add a bit to that too. Mr. McEwen?

MR. McEWEN: Thank you, Mr. Minister. Also, women are predominate in leadership roles in the 4-H programs, so we relate very closely to them there, and we hope that is good development activity for the women leaders, not just the youth of our province. And they're, again, very active in the agricultural societies with whom we work. Another significant interface which has been expanded with the women in rural Alberta, the farm wives in particular: our district home economists are much more involved in working with the farm family on their business accounting and farm accounting. In so many cases we find that it's the women of the partnership or of the farm family who are most actively involved in this business aspect of farming. So the interfaces are many, and they are varied.

MR. ELZINGA: Maybe I could just close by indicating to you, even though your question was directed more towards the activi-

ties of the department, that it's noteworthy, too, that because of our Premier's commitment not only to agriculture but to ensuring that women play a prominent role in the affairs of our province, that we do have an Associate Minister of Agriculture who is a woman and who is performing just superbly.

MR. CHAIRMAN: Mr. Heron.

MR. HERON: Thank you, Mr. Chairman. I'd like to turn to page 3.5, vote 2, to that section entitled Production Assistance. Dealing with the period under review, particularly 1985, we recall to our minds the drought, frost, and poor harvest conditions faced by producers who had already faced a significant drought in 1984. Feed prices, particularly for hogs, were high due to the scarcity of feed. How did the government assist livestock producers through this difficult period? And in asking that question, Mr. Chairman, I look at some of the numbers; some very significant sums of moneys were expended. I'm looking at a total of \$59 million under the estimates, but under the special warrants, some \$178 million. I would appreciate the minister answering my questions on that topic.

MR. ELZINGA: Thank you very much, Mr. Heron, through you, Mr. Chairman. I think that of any area, this underscores our commitment to the agricultural sector when we do go through difficulties, and it underscores our responsiveness to dealing with any specific difficulties that we do encounter. We had a number of specific, related drought assistance programs, and I'm more than happy to go into them, into detail.

But to give you a brief overview, we had the Canada/Alberta livestock drought assistance program, which was jointly funded by Agriculture Canada and Alberta Agriculture, which was implemented in late summer of 1985. We also had the Alberta livestock assistance program, which was implemented two months later when the severity of the drought was assessed in the north central and northeastern parts of the province. Through the combination of these two programs producers received an initial payment of \$50 per eligible breeding beef, dairy, and bison cow and mare, based on September 1, 1985, inventories. And they received an additional \$25 per head based on April 1, 1986, inventories.

Maybe what I'll do, too, is -- I'll ask our deputy to elaborate on these two programs, if he would.

MR. McEWEN: Thank you, Mr. Minister. The first program, the Canada/Alberta program, as the minister noted, was a federal/provincial program, and then the Alberta livestock assistance program was provincial only. The payments in total -- and they did include or span two fiscal years -- were in the order of \$60 million for the Canada/Alberta program, half of that being Alberta expenditure, and the special Alberta livestock assistance was \$70 million, all Alberta payment.

I don't think there's any question, at least not in my mind, that this assistance in that tough period of time, which was primarily drought instigated -- but also the financial plight or situation of the industry was a rationale for at least the second program -- certainly played a part in maintaining the breeding herds, very little reduction in breeding herds. In fact, right now, maybe more because of our feed grain market adjustment program, our breeding herds are actually growing in the province. They're increasing, which is counter to the trend in North America.

MR. HERON: Well, to follow up on that, is then the assistance provided of this type planned on an ongoing basis if similar drought problems occur again in the future years? I guess what I want to get at here, Mr. Chairman, is: is there a funding commitment on an ongoing basis required of this government?

MR. ELZINGA: No. There are no future universal assistance programs anticipated. But I should indicate that in the event that it's required, I think our record speaks for itself that we would be forthcoming in support to a sector that required it.

I should also indicate to you that as you are aware, with a number of the studies we are looking at, such as the hail and crop insurance review, if we have a responsive overall safety net, a number of these programs would not be required either, because if we had a general program of sorts, they would kick in in the event that it's required. And we're hoping, as you are aware, that through our threefold approach that the Premier has underscored on a consistent basis as it relates to agriculture, we will have those safety net aspects put in place over a period of time to deal with, whether it be drought or a poor payment as it relates to the world conditions for our agricultural products or whatever, so that we will have that consistent safety net put in place.

MR. CHAIRMAN: Further supplementals?

MR. HERON: Yeah. There have been some suggestions that we're not spending as much this year as what we were in this budget here, and the production assistance spent in the period under review has been drawn into that debate. I was wondering if you could explain where we are now in spending in terms of what's coming out of your budget and the Provincial Treasurer's budget and how this particular budget is drawn into that debate.

MR. ELZINGA: Well, that's a very fair question, and what you say is true. Our budget is less than what it had been under this budget year that we are discussing in Public Accounts now, mainly due to the drought-related programs we've just discussed. We reacted, acknowledging the extremity of the situation, as I'm sure we would again in the future. It's only natural, because the programs are redundant, that they would no longer be in place under future budgetary years whereby we were reactive to a problem.

It's interesting to note, though, that our total commitment is close to \$.5 billion, which is about 5 percent of our overall budgetary estimates towards the agricultural sector. I don't say this to get into any partisan dialogue, but it's a heck of a lot more than any other province in Canada on a per capita basis towards our agricultural sector. We are committed to sustaining their agricultural sector through direct support. Also, it's so important that we place added emphasis on ensuring our trade access, our markets for agricultural products both in the United States and the Pacific Rim, and we are placing added emphasis on that because we recognize that it's so important that we do have a home for the products that are raised. But we are going to continue with our strong commitment to the agriculture sector, as our budget indicated.

Let me close on this other point, and then I'll ask if Mr. McEwen would like to add something. But it's interesting to note, too, that a number of our major agricultural programs do not fall under agriculture. Our farm fuel allowance falls directly under the Provincial Treasurer, which is a very substantial commitment towards the agricultural sector. We have research com-

mitments which fall under the heritage trust fund. There are a number of programs that fall under Environment, as it relates to water. We've got utilities involved also in supporting the agricultural sector. So agriculture is supported from a number of different departments, and I think it's important that we take those into context in totality.

MR. McEWEN: If I might just supplement that, Mr. Minister, and underline the last point, there is agriculture benefit coming from other departments. Within Mr. Elzinga's and Mrs. Cripps' department per se the current estimates are \$176 million less than last year, but \$160 million of that difference is made up in a reduction in major programs and in redundant programs. Nearly \$60 million was in drought-related programs last year, not needed or hopefully not needed; \$58 million in an accounting change at the Ag Development Corporation, so that's a big ticket number which doesn't have any meaning in terms of services; it's no reduction in service to the borrowers in the province; \$40 million reduction in our feed grain market adjustment fund, reducing this payment as of July 1; and a couple of other smaller areas of special program reduction. So the difference in what you might consider the traditional or ongoing services and programs is very minor.

MR. CHAIRMAN: Before I recognize the next member of the committee, and with the indulgence of the committee, I'd like to make an explanation to the people in our gallery of just what it is that we're doing here. This is the committee of Public Accounts, and we're reviewing expenditures during the previous fiscal year; that is, up to the end of March 31, 1986. We have with us the Minister of Agriculture, and the members of the committee are asking him to, I suppose, explain or justify expenditures in his department during that period of time. So back to . . . Yes?

MR. HERON: Just briefly while you're welcoming and introducing our guests, since I see one or two people up there with grey hair, perhaps it's appropriate to introduce the chairman of the Senior Citizens' Advisory Council, in the person of the hon. Member for Highwood, Harry Alger.

MR. ALGER: I think that's very nice of him, Mr. Chairman. I am delighted to stand and welcome those of you who are senior citizens. I wanted you to know that I am the manager of your affairs. I'm very delighted for you to be here today. I'm expecting a big group on June 8, but this is really a pleasure that I didn't expect. Welcome to our surroundings.

TOUR GUIDE: I'd just like to tell the members that these are Royal Tours visitors up here, and they are people from the United States visiting Alberta.

MR. CHAIRMAN: Oh, I see. Mr. Downey.

MR. DOWNEY: Thank you, Mr. Chairman. My first question here is the vote on page 3.5, vote 2.2.10, red meat stabilization. I wonder if the minister could just inform us what sums were spent in support of the red meat industry during the 1985-86 budget year.

MR. ELZINGA: Yes, I'm more than happy to, Mr. Chairman, if you'll just give me half a moment. As you are aware, we implemented that program to support the price of cattle, hogs, and

sheep according to the levels to be provided under the tripartite stabilization program, and this has provided support on behalf of stable, over 500,000 cattle and over 1 million hogs, for a total of about \$30 million to cattle producers and over \$12 million to hog producers, with the net cost to Alberta being some \$22 million for the cattle payments and \$9 million for the hog payments, since the federal government shared in the cost of the program by reimbursement to the province of the amounts payable under the Agricultural Stabilization Act.

MR. DOWNEY: Mr. Chairman, thank you to the minister. The previous questioner touched on the feed grain market adjustment program, and my question would be what -- I notice in vote 2.2.9 that our expenditures during the budget year were some \$34 million. I would be interested in knowing what that amounts to in terms of an annual obligation, and I would also be interested in knowing what the minister perceives the effect of that expenditure to be and, in terms of altering the amount paid per tonne, what he would expect the continuing effect to be under the Crow benefit off-set.

MR. ELZINGA: With your indulgence, Mr. Chairman, this might just take a little longer than what the other questions have taken, in view of the fact that it is just a touch more complicated. And let me indicate at the outset that because of the importance of this program and the importance that we place to it, we extended the program. It was due to expire at the end of March. We extended it to the end of June. At its present levels of funding that means \$21 a tonne.

As you are aware, we are going to implement a new program beginning July 1, which is the Crow off-set program, with admittedly reduced levels of funding, which will be \$13 a tonne. We estimate under the Alberta feed grain market adjustment program that the savings resulted in about \$8 per hundredweight as it related to the cost of feeding cattle, and to feed out their hogs they had a savings of about \$13 per hog. As you are aware, the program was implemented to offset -- and I stress offset; it's not a subsidy -- the discriminatory method of payment under the Crow benefit, and that's why we involved ourselves in the program. It's interesting to note too -- and some people have asked -- why we've reduced our support. It's as our deputy indicated earlier: it was part of our restraint package in that we didn't have the funding available to us as we have had in the past years, but we wanted to underscore our commitment, so we continued it at the \$13 per tonne.

As of interest too, it's interesting to note that this previous year the actual economic distortion was \$18 per tonne rather than the \$21 that we were paying. Under the new Crow off-set we feel too that we're going to have a simplified procedure for the farm-fed segment of the program. So that it's easier for farmers to participate, we're also going to involve a greater number of grain merchants so that the certificates will be easier cashed. Again, we're hopeful that through the excellent committee of MLAs that we have established, of which I believe the hon. member is one, and the one-man task force of Hugh Planche, we will be successful in convincing the federal government to examine other alternatives as to how to pay the Crow benefit to the farmers.

MR. DOWNEY: A further supplementary. Mr. Minister, if the actual western disadvantage, and I think you quoted that as \$18 a tonne, actual -- if we pay less than that \$18 per tonne, is it conceivable that our funds spent on a Crow benefit off-set could

in fact be wasted since . . . If I could just elaborate a little on that, if the whole disadvantage is not offset by our program, it will still be more advantageous to feed outside of the Canadian Wheat Board area, and in fact, any amount less than the actual disadvantage might be, if you like, ineffective in terms of the goals we're trying to accomplish.

MR. ELZINGA: If the hon. member's suggesting to me that we should have done away with the program if we weren't going to offer full support levels, I'd be interested in hearing him say it directly. Is he suggesting that?

MR. DOWNEY: If I may, Mr. Chairman. I don't think I'm suggesting quite that. But I would like to hear the minister's judgment as to whether any amount less than the actual disadvantage is in fact effective.

MR. ELZINGA: Yes, we feel it is effective. We feel it's very effective, otherwise we wouldn't have come forward with a program. But I do agree with the hon. member; it would have been more effective had we been able to sustain the full, actual economic distortion. To determine the actual economic distortion, I gather from what our officials have indicated to me that it's impossible to do it beforehand; one has to do it after, because you have to take into account the grain supplies. But I do agree with the hon. member, and had we had the funds available to us, we would have gone with the actual amount. We still do feel it's very beneficial to offer a good portion of the off-set, which we have done.

It's interesting to note too that as a result of this program, we estimate that an additional 23,000 head of feeder cattle have been fed in Alberta. As the hon. member is aware, we want to do our level best to have further processing and value-added products developed in our province. I do agree with the hon. member that it's always better if we can offer that full support, but acknowledging that we couldn't, we wanted to offer substantial support to offset as best we could the discriminatory method of payment.

MR. CHAIRMAN: Again, I'd just like to point out that we're talking not about public accounts, we're talking about future expenditures here. I'm showing a great deal of tolerance again today, but if you can get back to public accounts themselves, Mr. Downey, I would appreciate it. You have one further supplemental.

MR. DOWNEY: Well, Mr. Chairman, what I am trying to determine is the effectiveness of the \$34 million that was spent in the 1985-86 budget year. And I think I . . .

MR. CHAIRMAN: Just put the question to the minister that simply, and I'm sure he will be glad to answer it.

MR. DOWNEY: I have no further supplementaries, Mr. Chairman.

MR. CHAIRMAN: Mr. Musgrove.

MR. MUSGROVE: Thank you, Mr. Chairman. My question is on page 3.6; vote 3.2 is marketing services. Now, recognizing our need for more value-added industries in agriculture, what is Alberta Agriculture doing to develop new markets for canola meal and canola oil?

MR. ELZINGA: We're doing a number of things. We've worked, as the hon. member is aware, very closely with the canola industry itself, and we believe that there is a good opportunity for expanded markets in the United States, which we are placing greater emphasis on. And I'm going to ask -- not to put him on the spot, but I'm going to ask our deputy if he would respond in a more detailed way on this question that you've just raised. But I want to underscore that we are working closely with the canola industry. We believe there are good opportunities in the U.S. market for further development for sales. And if you don't mind, sir, we'll . . .

MR. McEWEN: Thank you, Mr. Minister. The hon. member asked about both canola meal and canola oil market development, the thrust and the further development. The increased use of canola meal isn't confined to, but is presently primarily in, Canada. In deference to our guests in the gallery, we're still feeding too much U.S. soybean meal in Alberta and in some other parts of Canada, so we have developed and worked with the industry in developing significant Alberta canola meal use in the northwestern states of the U.S. But we're also primarily concentrating at home and working with the crushing industry and the feed industry in explaining and selling the benefits of more canola meal as the protein supplement in our animal feeds.

In canola oil the big breakthrough, the big opportunity, is represented in a couple of years ago the U.S. Food & Drug Administration approving canola oil as a food product. It gained so-called grass status in the U.S., and the U.S. is now our number one target for market development export of Alberta canola oil. And quite a bit has been accomplished already, working ourselves, working with our suppliers, with our crushers, and interfacing with the big users like Procter & Gamble as the biggest buyer at this point in time.

We could go into more detail, Mr. Chairman, but that gives a relative thrust of the meal and the oil, and the potential is really huge in both cases, in particular, with respect to this good quality canola oil, to our friends south of us in the U.S.

MR. MUSGROVE: Supplementary, Mr. Chairman. The minister mentioned some marketing in the Pacific Rim, but specifically what is the market division doing to develop beef export markets in Japan?

MR. CHAIRMAN: Is this a specific item in the . . .

MR. MUSGROVE: Yes. Again, it's under the marketing division, on page 3.6, vote 3.2.

MR. ELZINGA: In response to that -- and it's interesting to note too, if I can just draw a comparison to the public accounts and to our present budget, to leave the assurance with the members of the Public Accounts Committee that because of our thrust as it relates to marketing, the marketing division received the smallest cutback of any in our expenditures, because we recognize it is so important that we have an efficient sales program for our agricultural products. But we are working very closely with a number of the individuals in the private sector, and our department has been very aggressive in developing further markets with the Japanese. As you are aware, the sessions and involvements of our department in the private sector have influenced beef sales made in excess of \$1 million in the past, and that's due to the aggressiveness of the private sector, the Alberta Cattle Commission, and our Alberta office, and especially due

to our superb people within the provincial Department of Agriculture here in the province of Alberta.

So we have met with some success. We are going to place added emphasis on further market development, and we feel that we can meet with future success.

MR. CHAIRMAN: A further supplemental, Mr. Musgrove?

MR. MUSGROVE: Yes, further supplemental, Mr. Chairman. Under the same marketing services, what impact has the strategy to increase market share and the organization rural agricultural products promotion had on the food processing industry?

MR. ELZINGA: The impact has been very substantial -- you're referring to SIMS and to RAPP -- to develop a greater awareness to buy Alberta products. The impact has been very substantial. I'd be more than happy to give the hon. member a detailed list of those individuals who do participate now with the Alberta food processors in further establishing an awareness to buy Alberta products. And just to share with him some figures, consumer awareness in rural areas has jumped from 44 percent of those surveyed, as it relates to the Better Buy Alberta campaign. The Alberta food processors offer the claim that the SIMS program, the strategy to increase market share, and the RAPP program have positively influenced a \$33 million increase in Alberta food products since the program began in 1985. So it has had a substantial impact.

MR. BRADLEY: I have some questions with regard to page 3.7, under research and resource development, vote 5. Just in general, I note that \$12.4 million was expended last year under research. I believe I asked this question last year. It seems to me that that doesn't totally accurately reflect the expenditures by the department in terms of agricultural research. You have some other programs: Farming for the Future. There are some programs that are taking place out at the Alberta Environmental Centre. I wonder if you might comment on that. What is the total departmental expenditure with regards to research activities, and does this figure totally reflect that?

MR. ELZINGA: In a general sense, let me assure the hon. member that we spend close to \$20 million a year on research as it relates to agriculture. As he indicated, we have got \$5 million that comes from Farming for the Future through the heritage trust fund, and we estimate that about \$15 million is spent as it relates to in-house research or research related to annual activities. As I indicated, this does not include expenditures under Farming for the Future, which awards \$5 million annually. Just on Farming for the Future too, we were delighted that we could announce the further extension of this program for an additional five years. Specifically, and it was just recently, we announced an additional \$185,000 to the University of Alberta for poultry research. We have research in the horticultural sector: our Brooks research facility, and this facility was recently renamed the Alberta Special Crop and Horticultural Research Center; we've got a crop breeding program at Lacombe.

But let me indicate overall that research conducted by Alberta Agriculture is well targeted so that the efforts of other agencies are complemented and duplication is minimized. To further underscore that, that is why we have introduced legislation to put in place an agricultural research institute to co-ordinate overall the research activities as it relates to agriculture, to avoid that duplication as best we can, if there is any, and to

maximize the benefit of research to the agricultural community.

MR. BRADLEY: Rather, 5.4.2, farm irrigation. There's some almost \$2 million expended. What sort of research was done there, and what were the benefits of that research?

MR. ELZINGA: What vote is that again?

MR. BRADLEY: 5.4.2, farm irrigation. Expenditure in terms of upgrading irrigation systems in the province: is some of that targeted towards that? What specifically was done under that \$2 million expenditure?

MR. ELZINGA: Well, this is one I'm going to have to consult with my officials on.

MR. McEWEN: Thank you, Mr. Minister. That, Mr. Bradley, isn't research as such. It's in the same vote; research and resource development are in the same vote. That is really the expense of operating and administering the irrigation council, which oversees and allocates the heritage moneys for rehabilitation to the 14 irrigation districts. So that is not a research component. It falls within the same vote, though, as does research.

MR. CHAIRMAN: I'd just like to interject here for a moment to compliment Mr. Bradley for his last supplemental, because I think that's rather a question that's in line with what we should be trying to do in the Public Accounts Committee. Anyway, go ahead; you have a further supplemental.

MR. BRADLEY: Now that I'm getting the thrust of exactly of where I'm headed, I had another question under 5.4.4, under conservation development. Initially, the way this was listed, I thought that was also with regards to research, so there certainly is a concern in terms of soil drifting and soil erosion. Is that where the department targets its funds, and what sort of expenditure was done in that vote in terms of looking at soil erosion and drifting? Or am I in the wrong vote there too?

MR. McEWEN: No, you're quite in the right vote, because as I say, the vote includes our research work and the work we're doing in the conservation and management of land, soil, and water, the water being on-farm water as opposed to the Department of the Environment responsibility off-farm. So this is the budget of our conservation branch within our irrigation and conservation division. It's the nonirrigation work, if you will, and it does relate very specifically to working primarily, but not totally, with agriculture service boards on conservation projects, the very kinds of items that you mentioned: trying to minimize or even roll back salinization, solonchic soils, the wind erosion, the drift that you referred to, water erosion. As I say, that is the expenditure budget of the branch within our conservation of natural resources area. And much, I repeat, of that work is done with and through the ag service boards, which really stretches our dollar and helps co-ordinate the activity.

MR. CHAIRMAN: Thank you very much, Mr. Deputy Minister. Mr. Roberts. Do you feel you have another supplemental coming?

MR. BRADLEY: I just want to ask under that: does the minister feel that sufficient funding is being allocated to that very important area to control soil erosion and soil drifting? Are the

funds that are being targeted sufficient to do the job?

MR. ELZINGA: Quite frankly, we would like to have more funding as it relates to soil and water management and our concern as it relates to erosion. It's an issue that I will be discussing both with our agricultural caucus and our cabinet. As the hon. member is aware, Alberta is one of the two provinces that presently does not have an ERDA agreement with the federal government as it relates to soil conservation -- Alberta and Newfoundland. We're hopeful that we can develop further support amongst both levels of government so that we can do more. We are looking at some proposals, not only as it relates to the specific concern of soil erosion but also some specific proposals for the Blood Indian reservation in southern Alberta, because there are serious problems there.

In addition to that, we were delighted that we could take a small initial step with the announcement a couple weeks ago with a soil conservation program in Vegreville which we jointly announced with the federal minister, the Deputy Prime Minister, in Vegreville, who was so instrumental in doing that. It is just a small step, but in direct response, we hope to do more, and if we do have sufficient funds available, we will do more.

MR. CHAIRMAN: Thank you. Mr. Roberts?

REV. ROBERTS: Yes. I have a few questions, one pertaining to the Alberta Terminals Ltd. I see in volume 1 that there has been an increase over '84 to '85 in the area of advertising and promotion that's really quite staggering, from \$7,000, \$8,000 or so in '84 to about \$40,000 in '85. Is that representative of a policy direction or change vis-a-vis the Alberta Terminals?

MR. ELZINGA: Would the hon. member be kind enough to follow the direction of the Chair and share with me which vote he's referring to?

REV. ROBERTS: It's not a particular vote; it's in volume 1, 7.7 of the . . .

MR. CHAIRMAN: Have you found the reference?

REV. ROBERTS: It's the financial statement for the Alberta Terminals.

MR. ELZINGA: Advertising and promotion, whereby the 1985 total went to \$40,000 from the 1984 total of \$7,000?

REV. ROBERTS: Yes.

MR. ELZINGA: That I'm not sure of, as you are aware. Maybe I can indicate that Alberta Terminals is placing added emphasis on attempting to gain a greater market share. I will make inquiries on the specifics of that and get back to the hon. member.

REV. ROBERTS: I'd appreciate that. Along the lines generally of communications and promotions and so on for the department as a whole, I guess as a city centre member I have some concerns about the need for urban residents to really hear and see what's going on in agriculture, some of the issues there. I guess the Better Buy Alberta program is one of those. I remember the Earl of Sandwich being another that was very effective in terms of communicating to people in the cities, although I see in the

communications vote itself for the department -- if that's where that kind of thing comes out of -- that it was underspent. We're back into volume 2, vote 1.1.7. Would those kinds of communications, public awareness campaigns, come out of that vote, and if so, why is it underspent? Vote 1.1.7.

MR. ELZINGA: Yeah. I believe again you're referring to the estimate amount of some \$2.763 million, and what was expended was \$2.588 million. Is that it?

REV. ROBERTS: That's right.

MR. ELZINGA: Maybe I'll ask the deputy to initially respond, because he has some information as it relates to the administration of it, and then I'll jump in too.

MR. McEWEN: Thank you, Mr. Minister. Communications at that time was the name of what we now call our information services division. So that is the budget for our print and broadcast media division which, as I repeat, was then called communications and is now called information services. So that is one of the divisions that falls within vote 1, our general service division.

MR. ELZINGA: And I can't offer you except to indicate that I'm delighted that they're more efficient than what we had projected.

REV. ROBERTS: As a city centre member I'm not as delighted, because I think we need to hear more and know more about what's going on in the agricultural sector and some of the concerns there, which often go unheeded and unheard downtown.

MR. ELZINGA: Maybe I can indicate then, Mr. Chairman, my delight at hearing that from the hon. member. And when we do conduct what we hope to be a very effective advertising campaign to increase the awareness of the difficulties the agricultural sector is facing amongst the urban dwellers, I will refer to the support of the hon. member for that. I thank you very kindly for that.

REV. ROBERTS: Got it. One last follow-up question, if I may. It has to do with some of the grant payments to various farm organizations. I notice that some of the ones receive a lot of funding and others don't. For instance, the Western Canadian Wheat Growers, the Western Barley Growers and Canola Growers, and the Cattle Commission all received grants of, on the average, about \$50,000, whereas Unifarm is less than \$5,000, Christian Farmers get nothing, National Farmers get nothing. Is there some sort of reason for that kind of discrepancy, or does it have to do with the politics of the department or what?

MR. ELZINGA: Well, a majority of the time we do our utmost to abide by the requests that are forthcoming. I should indicate that the majority of those grants will be cut back somewhat this year as compared to previous years because of our restraint procedure, but we've done our level best to be as forthcoming as we can to respond to the individual needs of those groups. Maybe the hon. deputy would like to indicate something.

MR. McEWEN: Well, if I might just add to that, Mr. Minister.

I like to think of it as the philosophy of the department as opposed to the politics of the department that we in fact primarily fund the commodity organizations as opposed to the general farm organizations. We feel that the general farm organizations do and should draw their support from the commodity sectors; you know, to earn that support from the commodity sectors to make their place in this total area of farm organization.

Another point is that we do in fact pay Unifarm more than is shown on that grant list. We do have a contract of intelligence gathering across Alberta where Unifarm is rather well paid, and they appreciate that contract with us as well.

MR. CHAIRMAN: Mr. Ady.

MR. ADY: My question has been asked, thank you.

MR. CHAIRMAN: Mr. Fischer.

MR. FISCHER: Thank you. I would like to go to vote 3 on page 3.2, on market assistance. There are some special warrants for grants of \$7 million roughly. What are these special grants for? Part of it, I would guess, would be the nutrient processing federal joint agreement. There apparently is more than that. Could you explain that please?

MR. ELZINGA: Could I ask you, Mr. Fischer, what vote is that again, sir? I'm sorry.

MR. FISCHER: It's on 3.3, and it's vote 3, on market assistance.

MR. ELZINGA: Very good. Yes, what you do indicate is true. We do have the Canada/Alberta agricultural processing and marketing agreement in which we do support our private sector in capital expansion or establishment for further processing. We've had over 700 applications for assistance, and in the year just completed about \$5 million of direct assistance has been forwarded to firms who undertook over 100 value-added marketing projects. We do have some special warrants that we did come forward with under that program, and if . . .

MR. McEWEN: Seven million dollars of it was to that grant program.

MR. ELZINGA: Our deputy has just indicated that \$7 million of that was dedicated towards that program, just as you've indicated.

MR. FISCHER: Supplementary then. In view of the fact that our provinces are competing separately on the world market, and it's to do with nutrient processing program, how do we arrive at a figure with the federal government on the nutrient processing program? And how do we compare with other provinces with that? Obviously, our market development is extremely important to us, and that's a major part. Could someone elaborate on that a little?

MR. ELZINGA: Well, as the hon. member is aware, it's a five-year, \$50 million program, a cost-shared program with the federal government. The exact process as to how it was developed to come to those figures -- I wasn't present at that time, so I'm going to ask the deputy if he would like to elaborate a bit on it. But I should point out that the probability exists that with

some of the proposals, as it relates to further expansion of our meat packing industry, we could use up a good portion of that money very quickly, if not all of it. We are encouraged that a good number of the meat packers are looking at further expansion or establishment within Alberta, because it does underscore our faith in the livestock sector as it does indicate a willingness and a faith of the private sector. But on the specifics as to how the program was developed, if our deputy has anything he'd like to add . . . It's a cost-shared program. If the hon. member has any suggestions himself, or if any members of the Public Accounts Committee do have any suggestions, we're more than happy to follow them up with our federal counterparts also.

MR. CHAIRMAN: Given that question, we're veering a little away from public accounts themselves, but as I said, I'm showing some tolerance today.

MR. ELZINGA: Well, I guess, Mr. Chairman, I have to disagree with you, sir. It does fall under that vote that we just referred to.

MR. CHAIRMAN: We're getting into the realm of future and this sort of thing. But in any event, Mr. Fischer, did you have a further . . .

AN HON. MEMBER: We wouldn't be in business if didn't look at the future, Barry.

MR. FISCHER: Yes. Then in your opinion should we be spending more money in giving grants for nutrient processing to help develop more markets? Should we go in that direction? I'm thinking of competing on the world market.

MR. ELZINGA: Well, as the hon. member is aware, that's exactly what we are doing. Our threefold thrust, as was evident in the Public Accounts and in our recent budget, is one, the establishment of a safety net through stabilization or insurance programs; number two, the reduction of input costs as best we can through our farm fuel allowance and a number of other worthwhile programs, such as the farm fertilizer protection plan; then thirdly, we're placing greater emphasis on research and market development. I just throw that out so he is aware. It's exemplified, too, in our recent budget estimates, whereby that received the smallest cutback of any within our votes within the Department of Agriculture, because we recognize the importance of further market development.

MR. FISCHER: And it will be through the marketing assistance possibly that we'll put our major thrust then?

MR. ELZINGA: Both locally and internationally, yes.

MR. CHAIRMAN: Thank you. Mr. Downey.

MR. DOWNEY: Thank you, Mr. Chairman. Again I am striving to determine the efficiency and the effectiveness of the money spent during the 1985-86 budget year. I refer to page 3.6 in volume II, vote 4.4.3, and my question to the minister is: I note that some \$401,000 was budgeted for the local ag development committees. Somewhat less than \$300,000 was spent, and I wonder if the minister could explain why that budget item was underspent, whether the ag development committees are becoming less active, whether there's any direction in this regard from

the department.

MR. ELZINGA: I thank the hon. member for raising that. We feel the ag development committees do just a superb job. As he is aware, they do review appeals for ADC loans. They also review public lands. They also offer advice to the ministers of agriculture. In our present budget we are reducing the funding for our ag development committees, and we are looking at placing greater efficiencies in that system of their relaying their advice to us. That's still in the formative stages, so to speak, even though we have had some budgetary reductions. Here again, as it relates to the amount of money that was budgeted and the amount of money that was spent, we're delighted that there were efficiencies exercised in the performing of their duties.

MR. DOWNEY: Thank you. A supplementary then, and I'm jumping around a little in the estimates, again in the interests of the committee, Mr. Chairman. Page 3.5, vote 1.2.9, the Alberta Grain Commission, again very close to budget. I wonder if the minister could explain what value he is getting for that expenditure?

MR. ELZINGA: Well, let me indicate again, and I do so by commending the Alberta Grain Commission for doing just a super job of offering advice to the agricultural sector and to the minister and the very worthwhile function they perform. On a number of occasions in my year in this position I have called upon them to offer advice -- and I'm sure some members of the committee are aware of it -- for their suggestions as to how the special grains program should be paid out. We're asking them to do some work for us right now in the event that there is a further payment under the special grains program and as to how best we can make sure that that payment is equitable to all producers in the province of Alberta.

But they've also done work, and I received their advice as it relates to the method of payment on the Crow benefit, dual marketing of barley and oats, just a myriad of worthwhile projects that they have done for myself and for the agricultural sector in total.

MR. DOWNEY: Mr. Chairman, I'm unable to relate my final supplementary here to a vote in the Public Accounts, but I understand that there was a substantial amount of money paid out under the Alberta agriculture emergency farm water assistance program. I'd be interested in knowing some details of that. How many farmers benefited? How much money was actually spent, and is there any intent in the department to continue with that program?

MR. CHAIRMAN: You've asked a lot of questions there, Mr. Downey. I wonder if we could get a succinct answer to that question.

MR. ELZINGA: Happy to, Mr. Chairman. Just over \$2 million was spent on the Alberta agricultural emergency farm water assistance program in '85-86 in these public accounts. Nearly 16,000 individual grants averaging \$800 each were paid directly to farmers, assisting their building or rehabilitating water storages on their land. Additionally, 660 farmers were assisted through the program, providing dugout and pumping equipment at a much reduced rate, in that one-half of their costs were reduced.

MR. CHAIRMAN: Thank you, Mr. Minister. Mr. Alger.

MR. ALGER: Mr. Chairman, at the outset let me indicate to you that I think you're doing a great job, but you're not unlike the regular Speaker of the House in that you fail to see these hands when they come up in order. I won't make a motion, but I'd like to suggest that from here on in we put the questioners in alphabetical order. If Steve Zarusky sits in this august body, we'll hear him at 11:30.

Mr. Chairman, to the minister, on page 3.5 and in vote 2.4.8, the financial assistance to the sugar beet growers in 1984 was a pretty hefty pile of money. What I'm really wondering about, on behalf of the Member for Cypress-Redcliff and the Member for Taber-Warner, is -- I'm under the impression that at that time we discussed very seriously a lot of other growers of vegetables. Did they or did they not get any assistance? I know that they were after it, and I can't remember for the life of me whether we ever managed to help out people that grew carrots, cabbage, and onions or whatever.

MR. ELZINGA: I should point out to the hon. member that in 1985 there was no crop for the sugar beet growers. They decided not to plant any sugar beets, and that's the reason there was no expenditure at that time. As it relates to his question on the vegetable growers, I'm more than happy to share with him that there was compensation as a result of the severe winter of 1984. There was \$700,000 paid out under the fresh vegetable incentive program in the '85-86 year to help offset production costs for the 1985 crop. And the program covered five vegetable crops: carrots, cabbage, onions, rutabagas, and parsnips.

MR. ALGER: How much did you spend, Mr. Minister?

MR. ELZINGA: Seven hundred thousand dollars.

MR. CHAIRMAN: Any further supplementaries?

MR. ALGER: Yes, Mr. Chairman, a supplementary. On page 3.2, I'd like to discuss -- and I'm not sure I'm in the right vote, so you can catch me if you want -- but it's on vote 4, under field services. Well, I guess I am; I've got to be.

You have supported in the past to preserve and improve our agricultural production. You've put on a lot of Alberta service boards. Are they still thoroughly in existence, and are you going to continue to do that?

MR. ELZINGA: The ag service boards?

MR. ALGER: Yes.

MR. ELZINGA: Yes.

MR. ALGER: The one I'm specifically worried about is the soil erosion board. That one is going to be one of our biggest features, Mr. Minister, and I hope . . . Well, I'll anticipate your answer.

MR. ELZINGA: What you raise and underscore is the question I was put earlier. We do agree with your concern. The ag service boards do play a very instrumental role as it relates to soil conservation. We've got 66 agricultural service boards throughout the province, and they play a very meaningful role. Alberta Agriculture has provided cost-shared grants to assist them in

delivering their services to the agricultural community in that \$3,919,000 was provided in basic grants. An additional \$134,000 was allocated to soil conservation projects under the federal/provincial agreement, just to underscore your concern.

MR. ALGER: That's a very important issue, Mr. Minister, and I'm pleased you're keeping it up.

Further supplemental, Mr. Chairman, if I may, on vote 4. This is the one I was confused on on page 3.2. The agricultural societies of the province -- and we've got lots of them -- particularly mine, at least, are in pretty bad shape. I wondered whether or not -- I know we're supporting them, but are we really doing them a justice, or are they just badly managed, or what the dickens is the problem?

MR. ELZINGA: Well, we feel that the majority of them are very well managed, and they perform an extremely worthwhile service. I can share with you some actual figures as it relates to support, if the hon. member wishes, in that Alberta Agriculture provided capital and operating grants to assist our agricultural societies in providing programs, facilities, and services to rural Albertans: 202 agricultural societies received a total of \$1,098,470 in operating grants, 131 agricultural societies received a total of \$181,893 in fair grants, 17 agricultural societies received a total of \$479,000 in capital grants. And this support has enabled agricultural societies to provide, as I indicated earlier, just a very worthwhile and valuable service to our agricultural communities.

MR. CHAIRMAN: That is, I think, your third supplementary.

MR. ALGER: Is that . . . Am I done?

MR. CHAIRMAN: Do you have a quick follow-up question?

MR. ALGER: Yes. It wasn't a supplementary anyway; it was just to indicate that I appreciate the amount they are doing. I think, Mr. Chairman, I'll probably have to discuss with him further how to get my own societies out of debt. I'm not sure that I'll ever do it. But the final part of my thinking is that when you listed those numbers, are they all part of a total group? How many societies do we have? I thought we hung in there at about 180, but you've obviously got more than that.

MR. ELZINGA: There are 202 agricultural societies, but then there is the A fairs, which I understand are the major . . .

MR. ALGER: But they're not part of that.

MR. ELZINGA: The A fairs do not fall under this.

MR. CHAIRMAN: Mr. Shrake.

MR. SHRAKE: Yes, Mr. Chairman. Back in vote 3 you mentioned the selling of the canola meal to the U.S. and some beef to Japan, and then you've also just slightly touched on the Pacific Rim. But I was just wondering if we've looked at getting into that Japanese market -- they've got a lot of money now -- and trying to sell them some of that canola meal. And something else, they raise a lot of animals, and they are eating a lot of meat now. Have we tried to sell them some of our food pellets for their animals, such as the alfalfa?

And while we're on that area, have we tried to sell beef to

Japan? I was wondering how much money and effort we've put in in Korea. I guess they too -- they're selling those Hyundai cars, and they've got a lot of American dollars now all of a sudden, and they're eating meat. Have we tried to sell them some of our alfalfa? I understand there is a market there for millions of tonnes of such things as any kind of feed. Of course, we have a lot of alfalfa; we have a heck of a surplus of it in this province, and I wonder what kind of money you spent there.

MR. ELZINGA: The short answer is, yes. The Japanese are our largest market for alfalfa, and we are selling some to Korea. Maybe I could just bootleg something in, too, Mr. Chairman, which is very exciting. We have had for the last while an exchange program with the Seiyu department store, a Japanese department chain, whereby we have one of their individuals working in our food processing laboratory in Leduc, and we have an individual from the Department of Agriculture from the province of Alberta working with them in the Japanese market so that we can, hopefully, develop shelf-ready product for the Japanese market. Just to underscore the seriousness in which we are approaching the issue of further expansion of our marketing capabilities.

MR. SHRAKE: Just one short supplementary. I guess this last year we've had big hay crops, and of course we've had a warm winter so now you can't give the alfalfa away. But the Koreans -- I guess there's a big market there, millions of tonnes -- don't like our cubes of alfalfa because they crumble, and you lose a little bit. They're very frugal; they hate losing it. They want the pellets. Did we spend any money trying to upgrade our alfalfa processing plants to swing into producing the pellets rather than the darned cubes?

MR. McEWEN: Yes, we have. The acoustics weren't great; I'm not sure I totally caught your question. Some of the speakers seem to have some interference.

We are working with our pellet suppliers, our cube suppliers, and more recently we have put some seed money, by way of grants to individual companies in the Alberta alfalfa processing industry, to enable them to develop the capability of supplying high density, highly compacted bales, which are bigger and go beyond cubes. That is a growing market in Japan in particular that up till now has been mostly supplied from the U.S. We've had some success -- I say we, us working with and through the industry -- in providing pellets and a few cubes to Korea, but that market isn't anything the size of nor have we had the success in it, as is the case in Japan. It's a very competitive marketplace. We think that eventually Alberta's advantages in energy costs in particular will further supplant California, the western U.S. supply, to these Asian markets.

MR. CHAIRMAN: Thank you. Mr. Bradley.

MR. BRADLEY: I have a question on 3.6 under 3.2.9, the Food Processing Development Centre. With some \$625,000 budgeted for that, could the minister advise in terms of that expenditure? Is that to provide for ongoing operating costs? Has that particular centre achieved its goal in terms of providing the type of assistance to the development to the food processing industry? Is it anticipated that that will be a break-even proposition? I'm saying in the sense that the people who use it will pay for the services, that it isn't an ongoing expenditure to government in the future.

MR. ELZINGA: Well, the short answer is yes. I'm going to let the deputy elaborate.

MR. McEWEN: Thank you, Mr. Minister. Nineteen eighty-five, eighty-six was the first full year of the operation of the food development centre at Leduc. We're pretty proud of the activity that's been generated there, including in that first year. It has grown since then, but, Mr. Chairman, we're not talking about now; we're talking about then. We've had, over the course of the period since the centre opened, more than 300 product and process development projects carried out in conjunction with the private sector, primarily Alberta-based, not just branch plant food and beverage processors. We think it's very key to the development of our industry. I was at a meeting before coming here with one of the most noted scientists in Canada, and he used the term that those of us in so-called industrial economies better continue to "innovate or evaporate." I thought it was well stated.

MR. BRADLEY: I have another question under 4.5, again on page 3.6, with regards to farm financial management services. I should, just initially to the Auditor General, in adding up the expended column under farm financial management services, I came to a total of \$1,090,254. I note on page 3.2 under that same vote 4.5, the total is \$1,090,255. There appears to be an inconsistency there of \$1. Is that due to rounding off error, or . . .? I don't intend to belabour the point.

MR. SALMON: In trying to figure out the items below those figures, I noticed there was that inconsistency.

MR. BRADLEY: To the minister, under that area there are two very important votes: 4.5.4, farm financial counseling, and 4.5.5, management training. Given the concern there is in terms of the agricultural industry with the financial crisis that farmers find themselves in, I note in both those areas that there's an underexpenditure in the '85-86 year. Under 4.5.4, \$840,000 was budgeted; only \$241,000 was expended, so only 28 percent of the funds allocated under farm financial counseling were expended. Similarly, under management training, 4.5.5., only 32 percent were expended. What is the object of those two programs, and have they met their goal? Why is there that underexpenditure, when I would think that the farm community during those years, with the struggle they had, would require that type of assistance?

MR. ELZINGA: Again, we offer whatever services are called upon us to offer. I would suggest maybe that it wasn't called upon to the degree that we had hoped or thought it would be called upon. It's a very worthwhile program, and if you'll allow me a moment, maybe I could elaborate a bit on the two programs because they are so important during this time of financial stress in the agricultural community.

As the hon. member is aware also, we do offer enterprise counseling through ADC in addition to this, but we do have a financial management training program entitled Gear-Up Financially. It's an in-depth course in farm financial management, and it's designed to provide participants with a better understanding of their financial strengths and weaknesses. Thirty-one courses were given across the province to April 1, 1986, the first winter that they were available. Four hundred and fourteen farm couples took the course, and the evaluation indicates overwhelming success and praise for the course in that a definite

need is being met. Ninety-nine percent who did participate in taking the course felt that it was very useful and very worthwhile for their own farm enterprise.

Provision is made for farmers to request a four- to five-day consultation service, where a consultant analyst will analyze their situation and discuss the situation and various alternative solutions with them so that they can decide on a very rational basis. The farm consulting program to April 1, 1986, again was used by 397 farmers, and recipients were generally quite satisfied with the analytical information they received. Overall the program is designed to assist those who have been involved in any financial concerns. Again if he wished to get into some specifics, we're more than happy to do so. It is a service that we are delighted we can offer to the farming community in the event that they wish to exercise that service.

MR. CHAIRMAN: I'd like to get one more questioner in before our time expires, if that's all right. You've really had your two supplementals. Do you have a very quick question?

MR. BRADLEY: Well, I was just wondering, in terms of this underexpenditure, what sort of advertising was done to the farm community to make them aware of this program.

MR. CHAIRMAN: Well, I guess that could be answered rather quickly.

MR. ELZINGA: I would assume the majority of it was done through our local offices by way of making that information available at our district offices throughout the province of Alberta. Also, as the hon. member is aware, our DAs have regular columns in the various weekly papers whereby they've exercised the option to make that available through their weekly columns.

REV. ROBERTS: Just before we wrap up, Mr. Chairman, with the Auditor General here, I'm wondering if departmental officials can respond to some of the recommendations that the Auditor General has made in his report, particularly beginning with recommendation 13 having to do with what I take to be a recommendation that the level of assurance should be higher for a field audit of grants paid under the Alberta feed grain market adjustment program and to upgrade audit procedures generally. Has the department done anything to respond to that recommendation?

MR. ELZINGA: Yes. I should share with the hon. member that our deputy, Mr. McEwen, responded on April 22, 1987, as it relates to both recommendations 13 and 14. If you would like, I'm more than happy to read into the record the correspondence that we've had. If that's your desire, we're in your hands, sir.

MR. CHAIRMAN: I think that would be reasonable.

MR. ELZINGA: The following are responses regarding the recommendations number 13 and 14 contained in your memorandum dated March 16, 1987:

1. Recommendation 13.

It has been established as a matter of policy that 8% of feed users registered under the Alberta Feed Grain Market Adjustment Program were subject to field inspection on a randomly selected basis. Field inspection procedures have been upgraded to

include verification of the accuracy of the farm fed claims. To improve the accuracy of the subjective evaluations that are made, a procedure has been instituted to reconcile grain inventories with what has been sold, produced and fed with inventory on hand at the time of field inspection.

Consideration is being given to the tabulation and evaluation of results of field inspections, and to ensure that the claims made are in line with the program conditions.

2. Recommendation 14.

The need for senior management staff to be adequately involved in planning, defining and documenting procedures relative to program delivery is recognized. We intend to use our best efforts to do so. Similarly, the need for following established procedures in providing suitable training and supervision will also be addressed.

So we are addressing those concerns.

MR. CHAIRMAN: Thank you very much, Mr. Minister. One further supplemental?

REV. ROBERTS: Yes. Nothing was said about recommendation 15, as well with the Alberta Hail and Crop Insurance Corporation.

MR. ELZINGA: Right. As the hon. member is aware, that falls under the associate minister. We're happy to bring that to your attention. We don't have that here with us at this time.

MR. CHAIRMAN: I think I have to call the . . . It's now 11:30, and I'd just like to announce that the date of the next meeting will be May 20. The Hon. David Russell will be with the committee to deal with Advanced Education expenditures.

Mr. Moore.

MR. R. MOORE: Mr. Chairman, I move that we adjourn.

MR. CHAIRMAN: Agreed?

HON. MEMBERS: Agreed.

[The committee adjourned at 11:30 a.m.]